

Fitzrovia Finance Ltd.

Report and Financial Statements

Year Ended 31 March 2019

Company number 08846389



FITZROVIA FINANCE LTD.

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**FITZROVIA FINANCE LTD.
OFFICERS AND PROFESSIONAL ADVISERS**

Directors

Mr B Bauman
Mr K Devon-Lowe
Ms K Pourgalis

Registered office

6th Floor
338 Euston Road
London
NW1 3BG

Company number

08846389

Auditors

BDO LLP
55 Baker Street
London
W1U 7EU

FITZROVIA FINANCE LTD. STRATEGIC REPORT FOR THE YEAR ENDED 31 MARCH 2019

The directors present their report for the year ended 31 March 2019.

Introduction

Fitzrovia Finance Ltd. ("the Company") is developing an online marketplace connecting Borrowers and Investors. Borrowers are given access to attractive interest rates for property development and investment loans through an online interface. Investors provide the capital to facilitate secured property loans at market competitive risk-adjusted rates of return.

The Company operates online with no branch infrastructure using technology to lower costs and deliver a user-friendly user interface. The marketplace facilitates loan appraisal, loan approval, borrowers' and lenders' onboarding (including Know Your Customer ("KYC") and Anti-Money Laundering ("AML") checks), loan management and payment servicing, whilst providing the regulatory and legal framework for each transaction.

Review of business

The Directors are satisfied with the development and integration of the platform achieved during the year. The Company was granted full authorisation to operate a Peer to Peer ("P2P") lending platform by the Financial Conduct Authority ("FCA") on 30 October 2017. The Company successfully completed a soft launch of the platform and is now preparing for an official release to the wider market.

Principal risks and uncertainties

The Directors are responsible for determining the level of risk acceptable to the Company. This is subject to regular review.

The Directors believe the principal risks facing the Company are as follows:

- **Market risk** – As the FCA encourages more competition, a high number of new entrants are entering the marketplace lending sector. While noticing the activities of the Company's peers, the Directors have a robust business plan in place to ensure both a competitive position and an acceptable return.
- **Regulatory risk** – The regulation of marketplace lending is evolving and the Directors are constantly monitoring and adapting to the risk that it represents.
- **Operational risk** – the Directors believe and have reasonable expectations that the Company has adequate resources, both financial and non-financial, to continue its operational activities for the foreseeable future.
- **Credit risk** – the risk of loss if another party fails to perform its obligations or fails to perform them in a timely fashion.
- **Financial crime risk and fraud** – there is a risk that money laundering and other suspicious activities take place on the platform. Cyber-fraud in the UK remains a constant threat but the Directors protect the Company against it fastidiously. The Directors are confident that their action against fraud is focused and robust.

The Directors seek to mitigate any risks through the application of strict compliance policies, the implementation of adequate procedures, diligent controls, as well as monitoring processes at the operational level of cash flows.

Key Performance Indicators ("KPIs")

As the Company is not fully operational, the Directors are of the opinion there are no KPIs.

Approved by the Directors of the Company on 4 July 2019.



Karl Devon-Lowe
Director

**FITZROVIA FINANCE LTD.
DIRECTORS' REPORT
FOR THE YEAR ENDED 31 MARCH 2019**

The Directors present their report together with the audited financial statements for the year ending 31 March 2018.

Results and dividends

The loss for the year amounted to £143,769 (2018: £103,278). The Directors do not recommend payment of a dividend (2018: £nil).

Directors

Mr B Bauman
Mr K Devon-Lowe
Ms K Pourgalis

Creditor payment terms

It is Company policy to agree and clearly communicate the terms of payment as part of the commercial arrangements negotiated with suppliers and then to pay according to those terms based upon the timely receipt of an accurate invoice.

Charitable donations

No charitable or political contributions were made during the year (2018: £nil).

Auditors

Each of the persons who are Directors at the date of approval of this report confirms that:

- (1) so far as the Directors are aware, there is no relevant audit information of which the Company's auditors are unaware; and
- (2) the Directors have taken all the steps that they ought to have taken as a Director in order to be aware of any information needed by the Company's auditors in connection with preparing its report and to establish that the Company's auditors are aware of that information.

This confirmation is given and should be interpreted in accordance with the provisions of s418(2) of the Companies Act 2006.

BDO LLP are deemed to be re-appointed under section 487(2) of the Companies Act 2006.

Approved by the Directors of the Company on 4 July 2019.



Karl Devon-Lowe
Director

**FITZROVIA FINANCE LTD.
DIRECTORS' RESPONSIBILITIES STATEMENT
FOR THE YEAR ENDED 31 MARCH 2019**

Directors' responsibilities

The Directors are responsible for preparing the Annual Report and the financial statements in accordance with applicable law and regulations.

Company law requires the Directors to prepare financial statements for each financial year. Under that law the Directors have elected to prepare the financial statements in accordance with United Kingdom Generally Accepted Accounting Practice (United Kingdom Accounting Standards and applicable law). Under company law the Directors must not approve the financial statements unless they are satisfied that they give a true and fair view of the state of affairs of the Company and of the profit or loss of the Company for that year. In preparing these financial statements, the Directors are required to:

- select suitable accounting policies and then apply them consistently;
- make judgments and accounting estimates that are reasonable and prudent; and
- prepare the financial statements on the going concern basis unless it is inappropriate to presume that the Company will continue in business.

The Directors are responsible for keeping adequate accounting records that disclose with reasonable accuracy at any time the financial position of the Company and enable them to ensure that the financial statements comply with the Companies Act 2006. They are also responsible for safeguarding the assets of the Company and hence for taking reasonable steps for the prevention and detection of fraud and other irregularities.

**FITZROVIA FINANCE LTD.
INDEPENDENT AUDITOR'S REPORT
AS AT 31 MARCH 2019**

Opinion

We have audited the financial statements of Fitzrovia Finance Ltd ("the Company") for the year ended 31 March 2019 which comprise Income statement, Statement of financial position, Statement of cash flows and Statement of changes in equity, and the notes to the financial statements, including a summary of significant accounting policies. The financial reporting framework that has been applied in their preparation is applicable law and United Kingdom Accounting Standards, including Financial Reporting Standard 102 The Financial Reporting Standard applicable in the UK and Republic of Ireland (United Kingdom Generally Accepted Accounting Practice).

In our opinion the financial statements:

- give a true and fair view of the state of the Company's affairs as at 31 March 2019 and of its loss for the year then ended;
- have been properly prepared in accordance with United Kingdom Generally Accepted Accounting Practice; and
- have been prepared in accordance with the requirements of the Companies Act 2006.

Basis for opinion

We conducted our audit in accordance with International Standards on Auditing (UK) (ISAs (UK)) and applicable law. Our responsibilities under those standards are further described in the Auditor's responsibilities for the audit of the financial statements section of our report. We are independent of the Company in accordance with the ethical requirements that are relevant to our audit of the financial statements in the UK, including the FRC's Ethical Standard, and we have fulfilled our other ethical responsibilities in accordance with these requirements. We believe that the audit evidence we have obtained is sufficient and appropriate to provide a basis for our opinion.

Conclusions relating to going concern

We have nothing to report in respect of the following matters in relation to which the ISAs (UK) require us to report to you where:

- the Directors' use of the going concern basis of accounting in the preparation of the financial statements is not appropriate; or
- the Directors have not disclosed in the financial statements any identified material uncertainties that may cast significant doubt about the Company's ability to continue to adopt the going concern basis of accounting for a period of at least twelve months from the date when the financial statements are authorised for issue.

Other information

The Directors are responsible for the other information. The other information comprises the information included in the Directors' report, other than the financial statements and our auditor's report thereon. Our opinion on the financial statements does not cover the other information and, except to the extent otherwise explicitly stated in our report, we do not express any form of assurance conclusion thereon.

In connection with our audit of the financial statements, our responsibility is to read the other information and, in doing so, consider whether the other information is materially inconsistent with the financial statements or our knowledge obtained in the audit or otherwise appears to be materially misstated. If we identify such material inconsistencies or apparent material misstatements, we are required to determine whether there is a material misstatement in the financial statements or a material misstatement of the other information. If, based on the work we have performed, we conclude that there is a material misstatement of this other information, we are required to report that fact.

We have nothing to report in this regard.

**FITZROVIA FINANCE LTD.
INDEPENDENT AUDITOR'S REPORT
AS AT 31 MARCH 2019**

Opinions on other matters prescribed by the Companies Act 2006

In our opinion, based on the work undertaken in the course of the audit:

- the information given in the Strategic report and Directors' report for the financial year for which the financial statements are prepared is consistent with the financial statements; and
- the Strategic report and Directors' report have been prepared in accordance with applicable legal requirements.

Matters on which we are required to report by exception

In the light of the knowledge and understanding of the Company and its environment obtained in the course of the audit, we have not identified material misstatements in the Strategic report and Director's report.

We have nothing to report in respect of the following matters in relation to which the Companies Act 2006 requires us to report to you if, in our opinion;

- adequate accounting records have not been kept, or returns adequate for our audit have not been received from branches not visited by us; or
- the financial statements are not in agreement with the accounting records and returns; or
- certain disclosures of Directors' remuneration specified by law are not made; or
- we have not received all the information and explanations we require for our audit.

Responsibilities of Directors

As explained more fully in the Directors' responsibilities, the Directors are responsible for the preparation of the financial statements and for being satisfied that they give a true and fair view, and for such internal control as the Directors determine is necessary to enable the preparation of financial statements that are free from material misstatement, whether due to fraud or error.

In preparing the financial statements, the Directors are responsible for assessing the Company's ability to continue as a going concern, disclosing, as applicable, matters related to going concern and using the going concern basis of accounting unless the Directors either intend to liquidate the Company or to cease operations, or have no realistic alternative but to do so.

Auditor's responsibilities for the audit of the financial statements

Our objectives are to obtain reasonable assurance about whether the financial statements as a whole are free from material misstatement, whether due to fraud or error, and to issue an auditor's report that includes our opinion. Reasonable assurance is a high level of assurance, but is not a guarantee that an audit conducted in accordance with ISAs (UK) will always detect a material misstatement when it exists. Misstatements can arise from fraud or error and are considered material if, individually or in the aggregate, they could reasonably be expected to influence the economic decisions of users taken on the basis of these financial statements.

A further description of our responsibilities for the audit of the financial statements is located at the Financial Reporting Council's website at:

<https://www.frc.org.uk/auditorsresponsibilities>. This description forms part of our auditor's report.

Use of our report

This report is made solely to the Company's members, as a body, in accordance with Chapter 3 of Part 16 of the Companies Act 2006. Our audit work has been undertaken so that we might state to the Company's members those matters we are required to state to them in an auditor's report and for no other purpose. To the fullest extent permitted by law, we do not accept or assume responsibility to anyone other than the Company and the Company's members as a body, for our audit work, for this report, or for the opinions we have formed.

**FITZROVIA FINANCE LTD.
INDEPENDENT AUDITOR'S REPORT
AS AT 31 MARCH 2019**



Alexander Tapp (Senior Statutory Auditor)
For and on behalf of BDO LLP, Statutory Auditor
London, UK

4 July 2019

BDO LLP is a limited liability partnership registered in England and Wales (with registered number OC305127).

FITZROVIA FINANCE LTD.
INCOME STATEMENT
AS AT 31 MARCH 2019

	Note	2019 £	2018 £
Turnover		-	-
Cost of sales		(27,902)	-
Gross loss		(27,902)	-
Administrative expenses		(173,760)	(151,659)
Operating loss		(201,662)	(151,659)
Other income		120	441
Loss before taxation	3	(201,542)	(151,218)
Taxation on profit on ordinary activities	5	57,773	47,940
Loss for the financial year		(143,769)	(103,278)

All amounts relate to continuing activities.

There are no items of other comprehensive income

The notes on pages 12 to 14 form part of these financial statements.

**FITZROVIA FINANCE LTD.
STATEMENT OF FINANCIAL POSITION
AS AT 31 MARCH 2019**

	Note	2019 £	2018 £
Fixed assets			
Intangible assets	6	516,248	373,810
		516,248	373,810
Current assets			
Debtors	7	137,195	57,587
Cash at bank and in hand		74,252	36,723
		211,447	94,310
Total current assets			
Creditors: amounts falling due within one year			
Creditors	8	(75,374)	(407,030)
		136,073	(312,720)
Net current assets/(liabilities)			
		652,321	61,090
Net assets			
Capital and reserves			
Share capital	9	1,005,930	270,930
Profit and loss account		(353,609)	(209,840)
		652,321	61,090
Equity shareholders' funds			

The financial statements were approved by the Board of Directors and authorised for issue on 4 July 2019.



Karl Devon-Lowe
Director

Company registration number: 08846389

The notes on pages 12 to 14 form part of these financial statements.

**FITZROVIA FINANCE LTD.
STATEMENT OF CHANGES IN EQUITY
FOR THE YEAR ENDED 31 MARCH 2019**

	Share capital £	Profit and loss account £	Total equity £
As at 1 April 2017	110,930	(106,562)	4,368
Loss for the year	-	(103,278)	(103,278)
Contributions by owners:			
Issue of share capital	160,000	-	160,000
As at 31 March 2018	270,930	(209,840)	61,090
Loss for the year	-	(143,769)	(143,769)
Contributions by owners:			
Issue of share capital	735,000	-	735,000
As at 31 March 2019	1,005,930	(353,609)	652,321

The notes on pages 12 to 14 form part of these financial statements.

**FITZROVIA FINANCE LTD.
STATEMENT OF CASH FLOWS
FOR THE YEAR ENDED 31 MARCH 2019**

	Note	2019 £	2018 £
Cash flows from operating activities			
Loss for the financial year		(143,769)	(103,278)
Adjustments for:			
Decrease/(increase) in debtors		(21,835)	13,953
Increase/(decrease) in creditors		(331,656)	213,604
Taxation		(57,773)	(47,940)
Net cash inflow from operating activities		(555,033)	76,339
Cash flows from investing activities			
Purchases of intangible assets		(142,438)	(199,616)
Net cash used in investing activities		(142,438)	(199,616)
Cash flows from financing activities			
Issue of ordinary share capital		735,000	160,000
Net cash from financing activities		735,000	160,000
Increase in cash		37,529	36,723
Cash at start of year		36,723	-
Cash at end of year		74,252	36,723

The notes on pages 12 to 14 form part of these financial statements.

FITZROVIA FINANCE LTD.
NOTES TO THE FINANCIAL STATEMENTS
FOR THE YEAR ENDED 31 MARCH 2019

1 Accounting policies

The financial statements have been prepared in accordance with FRS 102, the Financial Reporting Standard applicable in the United Kingdom and Republic of Ireland.

The preparation of financial statements in compliance with FRS 102 requires the use of certain critical accounting estimates. It also requires the Directors to exercise judgement in applying the Company's accounting policies.

The following principal accounting policies have been applied:

Financial assets, financial liabilities and equity

Financial assets, liabilities and equity are classified according to the substance of the financial instrument's contractual obligations, rather than the financial instrument's legal form.

Expenses

All expenses are accounted for on an accruals basis.

Intangible assets

Intangible assets are stated at cost less accumulated amortisation and accumulated impairment losses. Intangible assets are amortised on a straight line basis over their estimated useful life. The useful economic lives of intangible assets are as follows:

Development costs – 5 years

Amortisation of intangible assets begins when they are available for use.

2 Judgements in applying accounting policies and key sources of estimation uncertainty

In preparing these financial statements, the Directors have made certain estimates and judgements with regards to the future. Estimates and judgements are continually evaluated based on historical experience and other factors, including expectations of future events that are believed to be reasonable under the circumstances. In the future, actual experience may differ from these estimates and assumptions.

3 Operating loss

	2019	2018
	£	£
The operating loss is stated after charging:		
Auditors' remuneration – audit services	4,300	3,681
Auditors' remuneration – taxation services	<u>5,650</u>	<u>11,139</u>

4 Directors' remuneration and employees

The remuneration of the highest paid Director was £nil (2018: £nil) and the pension costs were £nil (2018: £nil).

There were no persons employed during the year (2018:0).

FITZROVIA FINANCE LTD.
NOTES TO THE FINANCIAL STATEMENTS
FOR THE YEAR ENDED 31 MARCH 2019

5 Taxation

	2019 £	2018 £
Current tax credit for the year	<u>57,773</u>	<u>47,940</u>

The standard rate of current tax for the year is based on the standard rate of corporation tax in the United Kingdom of 19% (2018: 19%).

The current year tax charge differs from the standard rate for the reasons set out in the following reconciliation:

	2019 £	2018 £
Loss on ordinary activities before tax	<u>(201,542)</u>	<u>(151,218)</u>
Tax charge on loss on ordinary activities at the standard rate	(38,293)	(28,731)
Effects of:		
- Unutilised tax losses	38,293	28,731
- Research and Development tax credit	57,773	47,940
Current tax credit for the year	<u>57,773</u>	<u>47,940</u>

Factors that may affect future tax charges

The Company has estimated tax losses of £510,415 (2018: £286,820) available to carry forward to set off against future profits.

6 Intangible assets

	Development expenditure £
Cost	
At 1 April 2018	373,810
Additions	142,438
At 31 March 2019	<u>516,248</u>
Net book value	
At 31 March 2019	<u>516,248</u>
At 1 March 2018	<u>373,810</u>

7 Debtors

	2019 £	2018 £
Corporation tax	57,773	47,940
Other taxes and social security	2,087	2,167
Prepayments and accrued income	18,706	7,480
Amounts due from group undertakings	58,629	-
	<u>137,195</u>	<u>57,587</u>

FITZROVIA FINANCE LTD.
NOTES TO THE FINANCIAL STATEMENTS
FOR THE YEAR ENDED 31 MARCH 2019

8 Creditors: amounts falling due within one year

	2019	2018
	£	£
Trade creditors	59,923	41,901
Accruals and deferred income	15,451	15,010
Other creditors	-	20,035
Amounts owed to group undertakings	-	330,084
	<u>75,374</u>	<u>407,030</u>

9 Share capital

	2019	2018
	£	£
Allotted, called up and fully paid:		
1,005,930 (2018:270,930) ordinary shares of £1 each	<u>1,005,930</u>	<u>270,930</u>

During the year 735,000 (2018: 160,000) ordinary shares of £1 each were allotted and fully paid up.

10 Commitments under operating leases

The Company had no annual commitments under non-cancellable operating leases as at 31 March 2019 (2018: none).

11 Ultimate controlling party

The Company is incorporated in the United Kingdom and is a wholly owned subsidiary of Alpha Real Capital LLP ("ARC"), a Limited Liability Partnership registered in the United Kingdom. ARC is considered to be the controlling party of the Company at the balance sheet date.

The ultimate controlling party is considered to be the designated members of ARC.

As 100% of the Company's voting rights are controlled by ARC, these financial statements are included within the consolidated financial statements of ARC which are available to the public by writing to the Chief Finance Officer at 338 Euston Road, London NW1 3BG.

12 Related party transactions

The Company has taken advantage of the exemption, under the terms of Section 33 of FRS 102, Related Party Disclosures, not to disclose related party transactions between two members of a group, provided that any subsidiary which is a party to the transaction is wholly owned by such a member.