

**FUNDING CIRCLE SOLUTIONS LIMITED**

Unaudited Financial Statements

For the Year Ended

31 December 2015

Registered number: 08896644



# **FUNDING CIRCLE SOLUTIONS LIMITED**

## **Unaudited financial statements for the year ended 31 December 2015**

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### Contents

	<b>Page:</b>
Officers and professional advisers	1
Report of the directors	2
Statement of comprehensive income	4
Statement of changes in equity	5
Statement of financial position	6
Statement of cash flows	7
Notes forming part of the financial statements	8 - 24

# **FUNDING CIRCLE SOLUTIONS LIMITED**

## **Officers and professional advisers**

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### **Directors**

S Desai  
J Meekings  
P Burton  
A Mullinger

### **Secretary**

L Vernall

### **Registered office**

71 Queen Victoria Street  
London  
EC4V 4AY

### **Bankers**

Barclays Bank PLC  
Level 11  
1 Churchill Place  
London  
E14 5HP

## **FUNDING CIRCLE SOLUTIONS LIMITED**

### **Report of the directors for the year ended 31 December 2015**

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The directors present their report together with the annual financial statements of Funding Circle Solutions Limited (the "Company") for the year ended 31 December 2015. The Company was incorporated on 17 February 2014. The Company is a wholly-owned subsidiary of Funding Circle Ltd.

This report has been prepared in accordance with the special provisions of Part 15 of the Companies Act 2006 relating to small companies.

#### **Principal Activity**

The Company was dormant for the whole of the current year and previous financial period.

#### **Directors**

The directors of the Company during the year and for the period up to the date of this report were:

S Desai  
J Meekings  
P Burton  
A Mullinger

#### **Financial Risk Management**

Details regarding financial risk management objectives and policies are included in note 2 in the notes to the financial statements.

#### **Dividends**

No dividends were declared and paid during the current year and previous financial period.

#### **Going Concern**

Having made appropriate enquiries, the directors consider that the Company has the ability to remain in operation for the foreseeable future, as they have confirmed the continuing financial support and the ability to provide that support of Funding Circle Ltd (parent company) and have therefore continued to adopt the going concern basis in preparing financial statements.

#### **Statement of directors' responsibilities**

The directors are responsible for preparing the Report of the Directors 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 prepared the financial statements in accordance with International Financial Reporting Standards (IFRSs) as adopted by the European Union. 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 period. In preparing these financial statements, the directors are required to:

- select suitable accounting policies and then apply them consistently;
- make judgements and accounting estimates that are reasonable and prudent; and
- state whether applicable International Financial Reporting Standards (IFRSs) as adopted by the European Union have been followed, subject to any material departures disclosed and explained in the financial statements.

## **FUNDING CIRCLE SOLUTIONS LIMITED**

### **Report of the directors for the year ended 31 December 2015 (*Continued*)**

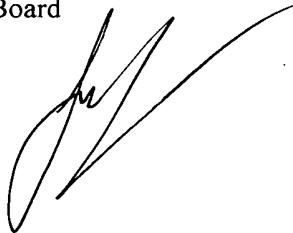
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#### **Statement of directors' responsibilities (continued)**

The directors are responsible for keeping adequate accounting records that are sufficient to show and explain the company's transactions and 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.

Approved by the Board of Directors  
and signed on behalf of the Board

S Desai  
Director  
71 Queen Victoria Street  
London  
EC4V 4AY



27 September 2016

# FUNDING CIRCLE SOLUTIONS LIMITED

## Statement of comprehensive income for the year ended 31 December 2015

	Note	31 December 2015 £	Period to 31 December 2014 £
Administrative expenses	4	(65)	(35)
<b>Operating loss</b>	4	(65)	(35)
Finance costs		-	-
<b>Loss before taxation</b>		(65)	(35)
Income tax	6	-	-
<b>Loss for the year / period</b>		(65)	(35)
Other comprehensive income		-	-
<b>Total comprehensive loss for the year / period</b>		(65)	(35)
<b>Loss and total comprehensive loss attributable to:</b>			
Owners of the parent		(65)	(35)

All amounts relate to continuing activities.

The notes on pages 4 to 24 form part of these financial statements.

# FUNDING CIRCLE SOLUTIONS LIMITED

## Statement of changes in equity for the year ended 31 December 2015

		Share capital	Accumulated losses	Total equity
		£	£	£
<b>Balance at 17 February 2014</b>	8	1	-	1
Loss for the period and total comprehensive loss for the period	9	-	(35)	(35)
<b>Balance at 31 December 2014</b>		<u>1</u>	<u>(35)</u>	<u>(34)</u>
<b>Balance at 1 January 2015</b>		1	(35)	(34)
Loss for the year and total comprehensive loss for the year	9	-	(65)	(65)
<b>Balance at 31 December 2015</b>		<u>1</u>	<u>(100)</u>	<u>(99)</u>

The notes on pages 4 to 24 form part of these financial statements.

# FUNDING CIRCLE SOLUTIONS LIMITED

## Statement of financial position as at 31 December 2015

	Note	31 December 2015 £	Period to 31 December 2014 £
<b>Current assets</b>			
Cash and cash equivalents	10	1	66
<b>Total assets</b>		<u>1</u>	<u>66</u>
<b>Current liabilities</b>			
Trade and other payables	7	(100)	(100)
<b>Net current liabilities</b>		<u>(99)</u>	<u>(34)</u>
<b>Total net liabilities</b>		<u>(99)</u>	<u>(34)</u>
<b>Equity</b>			
Share capital	8	1	1
Accumulated losses	9	(100)	(35)
<b>Total equity</b>		<u>(99)</u>	<u>(34)</u>

The directors are satisfied that the company is entitled to exemption from the provisions of the Companies Act 2006 (the Act) relating to the audit of the financial statements for the year by virtue of section 477, and that no member or members have requested an audit pursuant to section 476 of the Act.

The directors acknowledge their responsibilities for complying with the requirements of the Act with respect to accounting records and the preparation of accounts.

These accounts have been prepared in accordance with the provisions applicable to companies subject to the small companies regime.

The financial statements of Funding Circle Solutions Limited (Registered number: 08896644) were approved by the Board and authorised for issue on 27 September 2016. They were signed on its behalf by:

  
**Director**  
S Desai

The notes on pages 4 to 24 form part of these financial statements.



# FUNDING CIRCLE SOLUTIONS LIMITED

## Statement of cash flows for the year ended 31 December 2015

	Note	31 December 2015		Period to 31 December 2014	
		£	£	£	£
Net cash (used in) / generated from operating activities	10		(65)		65
<b>Net cash (used in) / generated from operating activities</b>			<b>(65)</b>		<b>65</b>
<b>Financing activities</b>					
Proceeds on issue of shares		-		1	
<b>Net cash generated from financing activities</b>			<b>-</b>		<b>1</b>
<b>Net (decrease) / increase in cash and cash equivalents</b>			<b>(65)</b>		<b>66</b>
Cash and cash equivalents at the beginning of the year / period			66		-
<b>Cash and cash equivalents at the end of the year / period</b>			<b>1</b>		<b>66</b>

The notes on pages 4 to 24 form part of these financial statements.

## **FUNDING CIRCLE SOLUTIONS LIMITED**

### **Notes forming part of the financial statements for the year ended 31 December 2015**

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#### **1 Accounting policies**

##### **General information**

Funding Circle Solutions Limited is a private company incorporated and domiciled on 17 February 2014 in the United Kingdom under the Companies Act 2006. The Company is a wholly-owned subsidiary of Funding Circle Ltd (parent company). The address of its registered office is given on page 1.

The principal accounting policies applied in the preparation of these financial statements are set out below. The accounting policies have been consistently applied to all the years presented, unless otherwise stated.

##### **Going concern**

The Company made a loss of £65 (2014: loss for the period of £35) during the year ended 31 December 2015. The parent company agrees to provide continued financial support to the Company. Having made appropriate enquiries, the directors consider that the Company has the ability to remain in operation for the foreseeable future, as they have confirmed the continuing financial support and the ability to provide that support of Funding Circle Ltd (FCL) and have therefore continued to adopt the going concern basis in preparing financial statements despite the net liability position as at 31 December 2015.

##### **Basis of preparation**

The Company maintains its books and records in sterling ("£") and presents its financial statements in conformity with United Kingdom laws and regulations.

These annual financial statements have been prepared in accordance with International Financial Reporting Standards ("IFRS") and IFRS Interpretations Committee (IFRS IC) interpretations as adopted by the European Union and the Companies Act 2006 applicable to companies reporting under IFRS.

For the period ended 31 December 2014, the Company prepared its financial statements in accordance with United Kingdom GAAP. These financial statements for the year ended 31 December 2015 are the first the Company has prepared in accordance with IFRS. Refer to Note 13 for information on how the Company adopted IFRS.

The financial statements have been prepared on a going concern basis, applying a historical cost convention except for certain financial instruments that are carried at fair value.

## FUNDING CIRCLE SOLUTIONS LIMITED

Notes forming part of the financial statements for the year ended 31 December 2015 (*Continued*)

### 1 Accounting policies (continued)

#### Basis of preparation (continued)

##### *Changes in accounting policy and disclosures*

*(a) Standards and amendments to existing standards and interpretations effective on or after 1 January 2015 adopted by the Company*

Standard/ interpretation	Content	Applicable for financial years beginning on/after
<i>Annual Improvements to IFRSs (2010 – 2012) Cycle:</i>		
IFRS 2 (Amendment)	Share – based payments	1 January 2015
IFRS 3 (Amendment)	Business Combinations	1 January 2015
IFRS 8 (Amendment)	Operating Segments	1 January 2015
IFRS 13 (Amendment)	Fair Value Measurement	1 January 2015
IAS 16 (Amendment)	Property Plant and Equipment	1 January 2015
IAS 38 (Amendment)	Intangible Assets	1 January 2015
IAS 24 (Amendment)	Related Party Disclosures	1 January 2015
<i>Annual Improvements to IFRSs (2011 – 2013 Cycle):</i>		
IFRS 1 (Amendment)	First-time Adoption of International Financial Reporting Standards	1 January 2015
IFRS 3 (Amendment)	Business Combinations,	1 January 2015
IFRS 13 (Amendment)	Fair Value Measurement	1 January 2015
IAS 40 (Amendment)	Investment Property	1 January 2015

The directors of the Company made an assessment in accordance with the criteria of the standards and concluded that none have a material impact on the Company and hence have not been included in the disclosures

## FUNDING CIRCLE SOLUTIONS LIMITED

### Notes forming part of the financial statements for the year ended 31 December 2015 (Continued)

#### 1 Accounting policies (continued)

##### Basis of preparation (continued)

##### *Changes in accounting policy and disclosures*

##### *(b) New standards, amendments and interpretations issued but not effective for the financial period beginning 1 January 2016 and not early adopted*

The following new and amended standards and interpretations have been issued and are mandatory for the Company's accounting periods beginning on or after 1 January 2016 or later periods and may have a material impact on the Company:

Standard/ interpretation	Content	Applicable for financial years beginning on/after
IFRS 5 (Amendments)	Non-current Assets Held for Sale and Discontinued Operations	1 January 2016
IFRS 7 (Amendments)	Financial Instruments: Disclosures	1 January 2016
IFRS 9	Financial instruments: Classification and measurement	1 January 2018
IFRS 11 (Amendments)	Accounting for acquisitions of interests in joint operations	1 January 2016
IFRS 14	Regulatory deferral accounts	1 January 2016
IFRS 15	Revenue from contracts with customers	1 January 2018
IAS 16 and IAS 38 (Amendments)	Clarification of acceptable methods of depreciation and amortisation	1 January 2016
IAS 19 (Amendments)	Employee benefits	1 January 2016
IFRS 10 and IAS 28 (Amendments)	Sale or Contribution of Assets between an Investor and its Associate or Joint Venture	1 January 2016
IFRS 10, 12 and IAS 28 (Amendments)	Investment Entities: Applying the Consolidation Exception	1 January 2016
IAS 1 (Amendments)	Presentation of financial statements	1 January 2016
IAS 27 (Amendments)	Equity Method in Separate Financial Statements	1 January 2016
IAS 16 and IAS 41	Agriculture: Bearer Plants	1 January 2016

The Company's assessment of the impact of these new standards and interpretations is set out below.

The amendments to IFRS 5, IFRS 7, IFRS 11, IFRS 14, IAS 16, IAS 38, IFRS 10 and IAS 28, IFRS 10, IFRS 12 and IAS 28, IAS 16 and IAS 41 apply prospectively for annual periods beginning on or after 1 January 2016. The directors of the Company do not anticipate that the application of these amendments will have a material impact on the Company's financial statements.

The directors are yet to assess IFRS 9, IFRS 15 and IAS 19's full impact and intends to adopt IFRS 9, IFRS 15 and IAS 19 no later than the accounting period beginning on 1 January 2018.

The directors are yet to assess amendments to IAS 1 and IAS 27's full impact and intends to adopt IAS 1 and IAS 27 amendments no later than the accounting period beginning on 1 January 2016.

## **FUNDING CIRCLE SOLUTIONS LIMITED**

**Notes forming part of the financial statements for the year ended 31 December 2015 (*Continued*)**

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### **1 Accounting policies (continued)**

#### **Basis of preparation (continued)**

##### **Expenses**

Expenses include bank fees and regulatory costs. They are recognised as an expense in the statement of comprehensive income in the period in which they are incurred (on an accruals basis).

##### **Foreign currency translation**

Items included in the financial statements are measured using the currency of the primary economic environment in which the entity operates (the 'functional currency'). The financial statements are presented in pounds sterling, which is the Company's functional currency

## FUNDING CIRCLE SOLUTIONS LIMITED

Notes forming part of the financial statements for the year ended 31 December 2015 (*Continued*)

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### 1 Accounting policies (continued)

#### Basis of preparation (continued)

#### Financial instruments

##### *Financial assets*

Financial assets are classified as financial assets at fair value through profit or loss, loans and receivables financial assets, and available-for sale financial assets as appropriate. The Company determines the classification of its financial assets at initial recognition. When financial assets are recognised initially, they are measured at fair value, plus, in the case of investments not at fair value through profit or loss, directly attributable transaction costs.

Financial assets are derecognised only when the contractual rights to the cash flows from the financial assets expire or the Company transfers substantially all risks and rewards of ownership.

Financial assets recognised in the statement of financial position as investments are classified as available-for-sale. They are recognised at fair value both on initial recognition and subsequent measurement.

Financial assets recognised in the statement of financial position as trade and other receivables are classified as loans and receivables. They are recognised at fair value and subsequently measured at amortised cost less provision for impairment. A provision for impairment is made when there is objective evidence (such as the probability of insolvency or significant financial difficulties of the debtor) that the Company will not be able to collect all of the amounts due under the original terms of the invoice. Impaired debts are derecognised when they are assessed as uncollectible.

If in a subsequent period the amount of the impairment loss decreases and the decrease can be related objectively to an event occurring after the impairment was recognised, the previously recognised impairment loss is reversed, to the extent that the carrying value of the asset does not exceed its amortised cost at the reversal date. Any subsequent reversal of an impairment loss is recognised in the Statement of Comprehensive Income.

Cash and cash equivalents are also classified as loans and receivables. Cash and cash equivalents includes cash in hand, deposits held at call with banks and other short-term highly liquid investments with original maturities of three months or less. The carrying amount of these assets approximates their fair value.

## **FUNDING CIRCLE SOLUTIONS LIMITED**

Notes forming part of the financial statements for the year ended 31 December 2015 *(Continued)*

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### **1 Accounting policies (continued)**

#### **Financial instruments (continued)**

##### *Financial assets (continued)*

The Company assesses at each financial position date whether there is objective evidence that a financial asset or group of financial assets is impaired. If there is objective evidence (such as significant financial difficulty of the obligor, breach of contract, or it becomes probable that the debtor will enter bankruptcy), the asset is tested for impairment. The amount of the loss is measured as the difference between the asset's carrying amount and the present value of estimated future cash flows (excluding future expected credit losses that have not been incurred) discounted at the financial asset's original effective interest rate (that is, the effective interest rate computed at initial recognition). The carrying amount of the asset is reduced through use of an allowance account. The amount of the loss is recognised in the Statement of Comprehensive Income.

##### *Financial liabilities*

A financial liability is derecognised when the obligation under the liability is discharged or cancelled or expires.

Financial liabilities included in trade and other payables are recognised initially at fair value and subsequently at amortised cost. The fair value of a non-interest bearing liability is its discounted repayment amount. If the due date of the liability is less than one year, discounting is omitted.

#### **Provisions**

Provisions are recognised when the Company has a present obligation (legal or constructive) as a result of a past event, it is probable that the Company will be required to settle that obligation and a reliable estimate can be made of the amount of the obligation.

#### **Share capital**

Shares are classified as equity when there is no obligation to transfer cash or other assets.

#### **Current and deferred tax**

The tax expense for the period comprises current and deferred tax. Current tax is provided at amounts expected to be paid (or recovered) using the tax rates and laws that have been enacted or substantively enacted by the year end date.

Deferred income tax is provided in full, using the liability method, on temporary differences arising between the tax bases of assets and liabilities and their carrying amounts in the financial statements. However, deferred tax is not accounted for if it arises from initial recognition of an asset or liability in a transaction other than a business combination that at the time of the transaction affect neither accounting nor taxable profit or loss. Deferred tax is determined using tax rates and laws that have been enacted or substantially enacted at the year-end date and are expected to apply when the related deferred tax asset is realised or the deferred tax liability is settled. Deferred tax balances are not discounted.

Deferred tax assets are recognised to the extent that it is probable that future taxable profit will be available against which the temporary differences can be utilised.

## FUNDING CIRCLE SOLUTIONS LIMITED

Notes forming part of the financial statements for the year ended 31 December 2015 (*Continued*)

### 2 Financial risk management

The board of directors have overall responsibility for the establishment and oversight of the Company's risk management framework.

The risk management policies are established to identify and analyse the risks faced by the Company, to set appropriate risk limits and controls, and to monitor risks and ensure any limits are adhered to. The Company's activities are reviewed regularly and potential risks are considered.

#### *Risk factors*

The Company has exposure to the following risks from its use of financial instruments:

- credit risk
- liquidity risk

#### **Principal financial instruments**

The principal financial instruments used by the Company, from which financial instrument risk arises, are as follows:

- Cash and cash equivalents
- Trade and other payables

#### **Categorisation of financial assets and financial liabilities**

The table shows the carrying amounts and fair values of financial assets and financial liabilities by category of financial instrument as at 31 December 2015:

	Carried at amortised cost – Asset/(liabilities)		Carried at fair value	
	Carrying amount	Fair value	Based on market derived data	Based on individual valuation parameters
	£	£	£	£
<b>Assets per statement of financial position</b>				
Cash and cash equivalents	1	1	-	-
	<u>1</u>	<u>1</u>	<u>-</u>	<u>-</u>
<b>Liabilities per statement of financial position</b>				
Trade and other payables	(100)	(100)	-	-
	<u>(100)</u>	<u>(100)</u>	<u>-</u>	<u>-</u>



## FUNDING CIRCLE SOLUTIONS LIMITED

Notes forming part of the financial statements for the year ended 31 December 2015 (*Continued*)

### 2 Financial risk management (continued)

#### Categorisation of financial assets and financial liabilities (continued)

The table shows the carrying amounts and fair values of financial assets and financial liabilities by category of financial instrument as at 31 December 2014:

	Carried at amortised cost – Asset/(liabilities)		Carried at fair value	
	Carrying amount	Fair value	Based on market derived data	Based on individual valuation parameters
	£	£	£	£
<b>Assets per statement of financial position</b>				
Cash and cash equivalents	66	66	-	-
	<u>66</u>	<u>66</u>	<u>-</u>	<u>-</u>
<b>Liabilities per statement of financial position</b>				
Trade and other payables	(100)	(100)	-	-
	<u>(100)</u>	<u>(100)</u>	<u>-</u>	<u>-</u>

#### *Financial instruments measured at amortised cost*

Financial instruments measured at amortised cost, rather than fair value, include cash and cash equivalents, trade and other receivables, trade and other payables, and loans from related parties. Due to their short-term nature, the carrying value of cash and cash equivalents, trade and other receivables, trade and other payables approximates their fair value.

#### *Financial instruments measured at fair value*

IFRS 7 requires certain disclosures which require the classification of financial assets and financial liabilities measured at fair value using a fair value hierarchy that reflects the significance of the inputs used in making the fair value measurement.

Disclosure of fair value measurements by level is according to the following fair value measurement hierarchy:

The fair value hierarchy has the following levels:

- Level 1 inputs are quoted prices (unadjusted) in active markets for identical assets or liabilities that the entity can access at the measurement date;
- Level 2 inputs are inputs other than quoted prices included within Level 1 that are observable for the asset or liabilities, either directly or indirectly; and
- Level 3 inputs are unobservable inputs for the asset or liability.

## FUNDING CIRCLE SOLUTIONS LIMITED

Notes forming part of the financial statements for the year ended 31 December 2015 (*Continued*)

### 2 Financial risk management (continued)

#### Categorisation of financial assets and financial liabilities (continued)

##### *Financial instruments measured at fair value (continued)*

The following table presents the Company's assets and liabilities that are measured at fair value:

	Level 1		Level 2		Level 3	
	2015 £	2014 £	2015 £	2014 £	2015 £	2014 £
<b>Financial assets</b>						
Current asset investments	-	-	-	-	-	-
	<u>-</u>	<u>-</u>	<u>-</u>	<u>-</u>	<u>-</u>	<u>-</u>
	<u>-</u>	<u>-</u>	<u>-</u>	<u>-</u>	<u>-</u>	<u>-</u>
<b>Financial liabilities</b>						
Trade and other payables	-	-	-	-	-	-
	<u>-</u>	<u>-</u>	<u>-</u>	<u>-</u>	<u>-</u>	<u>-</u>
	<u>-</u>	<u>-</u>	<u>-</u>	<u>-</u>	<u>-</u>	<u>-</u>

The fair value of financial instruments that are not traded in an active market (for example, current asset investments) is determined by using valuation techniques. These valuation techniques maximise the use of observable market data where it is available and rely as little as possible on entity specific estimates. If all significant inputs required to fair value an instrument are observable, the instrument is included in level 2. If one or more of the significant inputs is not based on observable market data, the instrument is included in level 3.

#### Financial risk factors

##### *Credit risk*

Credit risk is the risk of financial loss to the Company if a customer or counterparty to a financial instrument fails to meet its contractual obligations, and arises principally from the Company's receivables from customers and cash and cash equivalents held at banks.

The Company's maximum exposure to credit risk by class of financial asset is as follows:-

	31 December 2015 £	31 December 2014 £
Cash and cash equivalents	<u>1</u>	<u>66</u>

The fair value of cash and cash equivalents at 31 December 2015 and 31 December 2014 approximates the carrying value. Further details regarding cash and cash equivalents can be found in note 10. Cash risk is mitigated as cash and cash equivalents are held with reputable institutions.

## FUNDING CIRCLE SOLUTIONS LIMITED

Notes forming part of the financial statements for the year ended 31 December 2015 (*Continued*)

### 2 Financial risk management (continued)

#### Financial risk factors (continued)

##### *Liquidity risk*

Liquidity risk is the risk that the Company will not be able to meet its financial obligations as they fall due. The Company's approach to managing liquidity is to ensure, as far as possible, that it will always have sufficient liquidity to meet its liabilities when due, under both normal and stressed conditions, without incurring unacceptable losses or risking damage to the Company's position.

The Company's liquidity position is monitored and reviewed on an ongoing basis by the directors.

The amounts disclosed in the below tables are the contractual undiscounted cash flows.

The maturity analysis of financial instruments at 31 December 2015 and 31 December 2014 is as follows:

	Less than 3 months	Between 3 months and 1 year	Between 1 and 5 years	Over 5 years
At 31 December 2015	£	£	£	£
<b>Financial assets</b>				
Cash and cash equivalents	1	-	-	-
	<u>1</u>	<u>-</u>	<u>-</u>	<u>-</u>
<b>Financial liabilities</b>				
Trade and other payables	-	100	-	-
	<u>-</u>	<u>100</u>	<u>-</u>	<u>-</u>

# FUNDING CIRCLE SOLUTIONS LIMITED

Notes forming part of the financial statements for the year ended 31 December 2015 (*Continued*)

## 2 Financial risk management (continued)

### Financial risk factors (continued)

#### *Liquidity risk (continued)*

	Less than 3 months	Between 3 months and 1 year	Between 1 and 5 years	Over 5 years
At 31 December 2014	£	£	£	£
<b>Financial assets</b>				
Cash and cash equivalents	66	-	-	-
	<u>66</u>	<u>-</u>	<u>-</u>	<u>-</u>
<b>Financial liabilities</b>				
Trade and other payables	-	100	-	-
	<u>-</u>	<u>100</u>	<u>-</u>	<u>-</u>

#### *Market risk*

Market risk is the risk that the fair value of future cash flows of a financial instrument will fluctuate because of changes in market prices. The Company does not have significant exposure to market risk, cash flow or interest rate risk and therefore no sensitivity analysis for those risks has been disclosed.

## FUNDING CIRCLE SOLUTIONS LIMITED

Notes forming part of the financial statements for the year ended 31 December 2015 (*Continued*)

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### 2 Financial risk management (continued)

#### Capital management

The Company considers its capital to comprise of its called up share capital less its accumulated losses.

The directors' objective when managing capital is to safeguard the Company's ability to continue as a going concern in order to provide returns for the shareholder and benefits for other stakeholders.

### 3 Segmental analysis

The Company's operations are carried out solely in the UK and from one operating segment.

4	Operating Loss	31 December 2015	Period to 31 December 2014
		£	£
	Loss for the year has been arrived at after charging:		
	Regulatory fees	35	35
	Bank fees	30	-
		<u>          </u>	<u>          </u>

### 5 Remuneration of key management personnel (directors)

The remuneration of the directors, who are the key management personnel of the company, are remunerated by Funding Circle Ltd (parent entity) and are disclosed in the financial statements of that Company. The parent does not make any recharges of such costs to the Company as it is not practicable to split out directors' emoluments relating solely to the Company.

## FUNDING CIRCLE SOLUTIONS LIMITED

Notes forming part of the financial statements for the year ended 31 December 2015 (*Continued*)

### 6 Taxation on loss on ordinary activities

The Company is subject to all taxes applicable to a commercial company in the United Kingdom. The UK business profits of the Company are subject to UK income tax at the prevailing basic rate of 20.25% (2014: 20%).

	31 December 2015	Period to 31 December 2014
	£	£
<b>UK income tax</b>		
Current tax on profits for the year	-	-
	<hr/>	<hr/>
Total current tax	-	-
	<hr/>	<hr/>
Total tax per income statement	-	-
	<hr/> <hr/>	<hr/> <hr/>

#### Factors affecting the tax charge for the year

The charge for the year can be reconciled to the profit per statement of comprehensive income as follows:

	31 December 2015	Period to 31 December 2014
	£	£
Loss for the period - continuing operations	(65)	-
	<hr/>	<hr/>
Tax on loss at standard UK tax rate of 20.25% (2014: 20%)	(13)	-
Effects of:		
Losses not recognised	13	-
	<hr/>	<hr/>
Tax charge for the period	-	-
	<hr/> <hr/>	<hr/> <hr/>

The Company has unrelieved tax losses of £100 (2014: £nil) that are available for offset against future taxable profits. The Company has not recognised the deferred tax assets of £18 (2014: £nil) in respect of these losses as in the opinion of the directors there is not sufficient visibility of suitable profits being generated to utilise these losses.

The deferred tax asset has been measured using the UK corporation tax rate of 18% that will be effective from 1 April 2020.

## FUNDING CIRCLE SOLUTIONS LIMITED

Notes forming part of the financial statements for the year ended 31 December 2015 (*Continued*)

### 7 Trade and other payables

	31 December 2015 £	Period to 31 December 2014 £
<b>Current liabilities:</b>		
<b>Trade and other payables</b>		
Amounts due to group undertakings	100	100
	<u>          </u>	<u>          </u>
<b>Amount falling due within one year</b>	<u>100</u>	<u>100</u>

Amounts due to group undertakings are interest free and repayable on demand.

The directors consider that the carrying amount of trade and other payables approximates to their fair value.

### 8 Share capital

	31 December 2015 £	Period to 31 December 2014 £
<i>Authorised</i>		
Ordinary shares of £1 each:	1	1
	<u>          </u>	<u>          </u>
<i>Called up, allotted and fully paid</i>		
Ordinary shares of £1 each:	1	1
	<u>          </u>	<u>          </u>
	<u>1</u>	<u>1</u>

### 9 Accumulated losses

	31 December 2015 £	Period to 31 December 2014 £
Balance at 1 January	(35)	-
Loss for the year / period total comprehensive loss for the year / period	(65)	(35)
	<u>          </u>	<u>          </u>
Balance at 31 December	<u>(100)</u>	<u>(35)</u>

## FUNDING CIRCLE SOLUTIONS LIMITED

Notes forming part of the financial statements for the year ended 31 December 2015 (*Continued*)

### 10 Notes to the cash flow statement

#### Cash generated from operations

	31 December 2015 £	Period to 31 December 2014 £
Loss before tax for the year / period	(65)	(35)
<i>Adjustments for:</i>		
Increase in creditors	-	100
	<hr/>	<hr/>
<b>Net cash (used in) / generated from operating activities</b>	<b>(65)</b>	<b>65</b>
	<hr/> <hr/>	<hr/> <hr/>

#### Cash and cash equivalents

	31 December 2015 £	Period to 31 December 2014 £
Cash and bank balances	1	66
	<hr/>	<hr/>
Balance at 31 December	<b>1</b>	<b>66</b>
	<hr/> <hr/>	<hr/> <hr/>

Cash and cash equivalents comprise cash and short-term bank deposits with an original maturity of three months or less. The carrying amount of these assets are approximately equal to their fair value.



## FUNDING CIRCLE SOLUTIONS LIMITED

Notes forming part of the financial statements for the year ended 31 December 2015 *(Continued)*

### 10 Notes to the cash flow statement (continued)

#### Analysis of changes in net funds

	1 January 2015 £	Cash flow £	31 December 2015 £
Cash and bank balances	66	65	1
	<hr/>	<hr/>	<hr/>
Total net funds	66	65	1
	<hr/>	<hr/>	<hr/>

### 11 Dividends per share

No dividends were declared or paid during the current and previous financial year / period.

### 12 Related party transactions

During the financial year, the Company received a total funding of £nil (2014: £100) from Funding Circle Ltd (parent company) to meet its working capital requirements.

The following amounts were outstanding at the balance sheet date:

	Amounts owed to related parties	
	2015 £	2014 £
Funding Circle Ltd – current account	100	100
	<hr/>	<hr/>
	100	100
	<hr/>	<hr/>

## **FUNDING CIRCLE SOLUTIONS LIMITED**

**Notes forming part of the financial statements for the year ended 31 December 2015 *(Continued)***

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### **13 Explanation of transition to IFRSs**

As stated in Note 1 these are the Company's first financial statements prepared in accordance with IFRSs as adopted by the European Union. The accounting policies set out in notes 1 and 2 have been applied in preparing the financial statements for the year ended 31 December 2015, the comparative information presented in these financial statements for the period ended 31 December 2014 and in the preparation of an opening IFRS statement of financial position at 17 February 2014 (the Company's date of transition).

In preparing its opening IFRS statement of financial position, the Company has reviewed the amounts reported previously in financial statements prepared in accordance with UK GAAP (the "previous GAAP") which covers all balances comprised of cash, intergroup payables and equity. There are no material recognition, measurement and presentation differences between the UK GAAP and the adopted IFRS standards, hence, there are no changes or restated opening positions for these financial statements in 2015.

### **14 Controlling party**

Funding Circle Ltd, a company incorporated in the United Kingdom, and registered in England and Wales, is the immediate parent company. The ultimate holding company and the parent company of the largest group that presents group financial statements is Funding Circle Holdings Limited, a company incorporated in the United Kingdom and registered in England and Wales. The Company does not have a single ultimate controlling party. Funding Circle Holdings Limited's financial statements can be obtained from Companies House.

### **15 Contingent Liabilities**

There are no contingent liabilities at the balance sheet date.

### **16 Post balance sheet events**

There are no post balance sheet events requiring disclosure in these financial statements.