

FUNDING CIRCLE SOLUTIONS LIMITED

Annual Report and Financial Statements

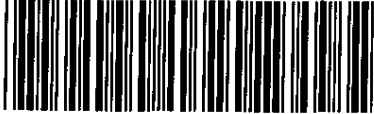
For the Year Ended

31 December 2016

Registered number: 08896644

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FUNDING CIRCLE SOLUTIONS LIMITED

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FUNDING CIRCLE SOLUTIONS LIMITED

Officers and professional advisers

Directors

S Desai
J Meekings
P Burton
A Mullinger

Secretary

L Vernal

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 2016

The directors present their report together with the annual financial statements of Funding Circle Solutions Limited (the "Company"), for the year ended 31 December 2016. 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 and previous financial years.

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 Holdings Limited ("FCHL"), the ultimate parent company, and have therefore continued to adopt the going concern basis in preparing financial statements.

Approved by a duly appointment Committee of the Board of Directors
and signed on behalf of the Board



J Meekings
Director

71 Queen Victoria Street
London
EC4V 4AY

24 April 2017

FUNDING CIRCLE SOLUTIONS LIMITED

Statement of directors' responsibilities

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

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 the financial statements, the directors are required to:

- select suitable accounting policies and then apply them consistently;
- state whether applicable IFRSs as adopted by the European Union have been followed, subject to any material departures disclosed and explained in the financial statements;
- make judgements 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 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.

The directors 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.

The notes on pages 9 to 19 form part of these financial statements.

FUNDING CIRCLE SOLUTIONS LIMITED

Statement of comprehensive income for the year ended 31 December 2016

	Note	31 December 2016	31 December 2015
		£	£
<i>Administrative expenses</i>		(66)	(65)
Operating loss	4	(66)	(65)
Loss before taxation		(66)	(65)
<i>Income tax</i>	6	-	-
Loss for the year		(66)	(65)
<i>Other comprehensive income</i>		-	-
Total comprehensive loss for the year		(66)	(65)
Loss and total comprehensive loss attributable to:			
<i>Owners of the parent</i>		(66)	(65)

All amounts relate to continuing activities.

The notes on pages 9 to 19 form part of these financial statements.

FUNDING CIRCLE SOLUTIONS LIMITED

Statement of changes in equity for the year ended 31 December 2016

	Note	Share capital	Accumulated losses	Total equity
		£	£	£
Balance at 1 January 2015	8	1	(35)	(34)
Loss and total comprehensive loss for the year	9	-	(65)	(65)
Balance at 31 December 2015		1	(100)	(99)
Loss and total comprehensive loss for the year	9	-	(66)	(66)
Balance at 31 December 2016		1	(166)	(165)

The notes on pages 9 to 19 form part of these financial statements.

FUNDING CIRCLE SOLUTIONS LIMITED

Statement of financial position as at 31 December 2016

	Note	31 December 2016 £	31 December 2015 £
Current assets			
Cash and cash equivalents	10	35	1
Total assets		<u>35</u>	<u>1</u>
Current liabilities			
Trade and other payables	7	(200)	(100)
Total liabilities		<u>(200)</u>	<u>(100)</u>
Net liabilities		<u>(165)</u>	<u>(99)</u>
Equity			
Share capital	8	1	1
Accumulated losses	9	(166)	(100)
Total equity		<u>(165)</u>	<u>(99)</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 479A, 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.

The financial statements on pages 5 to 19 were approved by a duly appointed Committee of the Board and authorised for issue on 24 April 2017. They were signed on behalf of the Board by:



J Meekings
Director

Company registration number 08896644

The notes on pages 9 to 19 form part of these financial statements.

FUNDING CIRCLE SOLUTIONS LIMITED

Statement of cash flows for the year ended 31 December 2016

	Note	31 December 2016	31 December 2015
		£	£
Net cash generated from / (used in) operating activities	10	34	(65)
Net increase / (decrease) in cash and cash equivalents		34	(65)
Cash and cash equivalents at the beginning of the year		1	66
Cash and cash equivalents at the end of the year		35	1

The notes on pages 9 to 19 form part of these financial statements.

FUNDING CIRCLE SOLUTIONS LIMITED

Notes forming part of the financial statements for the year ended 31 December 2016

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 2.

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

Going concern

The Company made a loss of £66 (2015: loss of £65) during the year ended 31 December 2016. The ultimate parent company, Funding Circle Holdings Limited ("FCHL"), 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 FCHL and have therefore continued to adopt the going concern basis in preparing financial statements despite the net liability position as at 31 December 2016.

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.

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.

Changes in accounting policy and disclosures

(a) Standards and amendments to existing standards and interpretations effective on or after 1 January 2016 adopted by the Company

No new standards or amendments to standards had any impact on the Company's financial position or performance nor the disclosures in these financial statements.

FUNDING CIRCLE SOLUTIONS LIMITED

Notes forming part of the financial statements for the year ended 31 December 2016 (continued)

1 Accounting policies (continued)

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

A number of new standards and amendments to standards and interpretations are issued but not yet mandatory for the financial year beginning 1 January 2016. None of these are expected to have a significant effect on the financial statements of the group or parent company except the following:

Standard / interpretation	Content	Applicable for financial years beginning on/after
IFRS 9	Financial instruments: Classification and measurement.	1 January 2018
IFRS 15	Revenue from contracts with customers.	1 January 2018

The Directors are yet to assess IFRS 9 and IFRS 15's full impact and intends to adopt these standards no later than the accounting period beginning on 1 January 2018.

Expenses

Expenses include bank fees and regulatory compliance 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).

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.

FUNDING CIRCLE SOLUTIONS LIMITED

Notes forming part of the financial statements for the year ended 31 December 2016 (continued)

1 Accounting policies (continued)

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.

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

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 2016:

	Carried at amortised cost – Asset/(liabilities)		Carried at fair value	
	Carrying amount	Fair value	Based on market derived data	Based on individual valuation parameters
Assets per statement of financial position	£	£	£	£
Cash and cash equivalents	35	35	-	-
	35	35	-	-
Liabilities per statement of financial position				
Trade and other payables	(200)	(200)	-	-
	(200)	(200)	-	-

FUNDING CIRCLE SOLUTIONS LIMITED

Notes forming part of the financial statements for the year ended 31 December 2016 (continued)

2 Financial risk management (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 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
	£	£	£	£
Assets per statement of financial position				
Cash and cash equivalents	1	1	-	-
	1	1	-	-
Liabilities per statement of financial position				
Trade and other payables	(100)	(100)	-	-
	(100)	(100)	-	-

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.

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.

The Company held no financial instruments measured at fair value during the current and prior financial years.

FUNDING CIRCLE SOLUTIONS LIMITED

Notes forming part of the financial statements for the year ended 31 December 2016 (continued)

2 Financial risk management (continued)

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 2016	31 December 2015
	£	£
Cash and cash equivalents	35	1

The fair value of cash and cash equivalents at 31 December 2016 and 31 December 2015 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.

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 2016 and 31 December 2015 is as follows:

	Less than 3 months	Between 3 months and 1 year	Between 1 and 5 years	Over 5 years
At 31 December 2016	£	£	£	£
Financial assets				
Cash and cash equivalents	35	-	-	-
	35	-	-	-
Financial liabilities				
Trade and other payables	-	(200)	-	-
	-	(200)	-	-

FUNDING CIRCLE SOLUTIONS LIMITED

Notes forming part of the financial statements for the year ended 31 December 2016 (continued)

2 Financial risk management (continued)

	Less than 3 months	Between 3 months and 1 year	Between 1 and 5 years	Over 5 years
At 31 December 2015	£	£	£	£
Financial assets				
Cash and cash equivalents	1	-	-	-
	1	-	-	-
Financial liabilities				
Trade and other payables	-	(100)	-	-
	-	(100)	-	-

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's market risk arises from open position in interest bearing assets and liabilities, to the extent that these are exposed to general and specific market movements. The Company does not have significant exposure to liquidity, cash flow or interest rate risk and therefore no sensitivity analysis for those risks has been disclosed.

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 2016	31 December 2015
	£	£
Loss for the year has been arrived after charging:		
Regulatory fees	35	35
Bank fees	30	30

FUNDING CIRCLE SOLUTIONS LIMITED

Notes forming part of the financial statements for the year ended 31 December 2016 (continued)

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, which are deemed to be of negligible value.

Other than the directors, the Company did not have any employees during the current or prior year.

6 Income tax

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 applicable tax rate of 20.0% (2015: 20.25%).

	31 December 2016 £	31 December 2015 £
UK income tax		
Current tax on profits for the year	-	-
Total current tax	-	-
Total tax per income statement	-	-

Factors affecting the tax charge for the year:

	31 December 2016 £	31 December 2015 £
Loss on operating activities before tax	(66)	(65)
Tax on loss on operating activities at 20.0% (2015: 20.25%)	(13)	(13)
<i>Effects of:</i>		
Temporary differences not recognised	13	13
Tax charge for the year	-	-

FUNDING CIRCLE SOLUTIONS LIMITED

Notes forming part of the financial statements for the year ended 31 December 2016 (continued)

7 Trade and other payables

	31 December 2016 £	31 December 2015 £
Current liabilities		
Trade and other payables		
Amounts due to parent undertaking	200	100
	<u>200</u>	<u>100</u>

Amounts due to parent undertaking 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 2016 £	31 December 2015 £
<i>Authorised</i>		
Ordinary shares of £1 each:	<u>1</u>	<u>1</u>
<i>Called up, allotted and fully paid</i>		
Ordinary shares of £1 each:	<u>1</u>	<u>1</u>

9 Accumulated losses

	£
Balance at 1 January 2015	(35)
Loss for the year and total comprehensive loss for the year	(65)
Balance at 31 December 2015	<u>(100)</u>
Loss for the year and total comprehensive loss for the year	(66)
Balance as at 31 December 2016	<u>(166)</u>

FUNDING CIRCLE SOLUTIONS LIMITED

Notes forming part of the financial statements for the year ended 31 December 2016 (continued)

10 Notes to the cash flow statement

Cash generated from operations

	31 December 2016 £	31 December 2015 £
Loss before tax for the year	(66)	(65)
<i>Changes in working capital:</i>		
Movement in trade and other payables	100	-
Net cash generated from/(used in) operations	<u>34</u>	<u>(65)</u>

Cash and cash equivalents

	31 December 2016 £	31 December 2015 £
Cash and bank balances	35	1
	<u>35</u>	<u>1</u>

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 is approximately equal to their fair value.

Analysis of changes in net funds

	1 January 2016 £	Cash flow £	31 December 2016 £
Cash and bank balances	1	34	35
Total net funds	<u>1</u>	<u>34</u>	<u>35</u>

11 Dividends per share

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

FUNDING CIRCLE SOLUTIONS LIMITED

Notes forming part of the financial statements for the year ended 31 December 2016 (continued)

12 Related party transactions

The following amounts were outstanding at the balance sheet date:

	Amounts owed by related parties		Amounts owed to related parties	
	2016	2015	2016	2015
	£	£	£	£
<i>Short-term payables/receivables:</i>				
Funding Circle Ltd	-	-	200	100
	-	-	200	100

During the year, Funding Circle Ltd (parent company) paid expenses for an amount of £100 (2015: £nil) on behalf of the Company. The amount is included in trade and other payables and is repayable on demand. Total balance outstanding due to the parent company at the balance sheet date is £200 (2015: £100).

13 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.

14 Contingent liabilities

There are no contingent liabilities at the balance sheet date.

15 Post balance sheet events

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