

COMPANY REGISTRATION NUMBER: 09897919



Modulr FS Limited
Annual Report and Financial Statements
For the year ended 31 December 2021



Modulr FS Limited

Financial Statements

Year ended 31 December 2021

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Modulr FS Limited
Officers and Professional Advisers

The board of directors

Mr R A Devey
Mrs M I Cantor-Grable
Mr C Brooks (resigned 25 March 2022)
Mr K A Hayes (resigned 25 March 2022)
Mr M C Stephenson
Mrs E Kelly (appointed 25 March 2022)

Registered office

Scale Space
58 Wood Lane
London
United Kingdom
W12 7RZ

Auditor

Deloitte LLP
Chartered accountants & statutory auditor
Saltire Court
20 Castle Terrace
Edinburgh
EH1 2DB
United Kingdom

Modulr FS Limited

Strategic Report

Year ended 31 December 2021

The directors present their strategic report for the year ended 31 December 2021.

Review of the business

The company's principal activities during the year were that of a regulated Electronic Money Institution. The company's FCA reference number is 900573. The company continues to earn revenue from service fees received for the use of its Electronic Money Institution licence. In the period ended 31 December 2021 these fees were £3,109,156, an increase of 56% on the prior year driven by an increase in transaction volumes from new and existing customers.

The company carefully monitors specific key financial indicators in relation to its minimum regulatory and capital requirements, and through monthly management results. During the year, the company has continued to grow in line with the group and continues to meet minimum regulatory and capital requirements.

The company does not monitor specific key financial indicators, with the exception of the monthly management results and its compliance with the minimum regulatory requirements.

Future Developments

The company will continue granting use of its Electronic Money Institution licence as a principal to an appointed agent, which at present is Modulr Finance Limited. In order to comply with regulations, the company will continue to invest in the appropriate staff to monitor and maintain strict compliance with the appropriate regulations.

Principal risks and uncertainties

The company has an Audit & Risk Committee that meets quarterly and which evaluates the company's risk appetite. An Operational monthly meeting is held to manage the operational risks across the business. The principal risks and uncertainties facing the company are broadly grouped as: competitive, legislative, financial instrument risk and political risk.

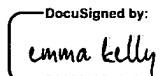
The company's legislative risk is its compliance with the FCA, Electronic Money Regulations and Payment Services Directive. The Audit & Risk Committee meets monthly to ensure the correct procedures and policies are in place to adhere to the rules and regulations of an Electronic Money Institution.

The company's principal financial assets are cash balances and trade and other debtors, with the recovery of debts being the primary risk. The amounts presented in the balance sheet are net of allowances for doubtful debts. The company has no significant concentration of credit risk, with exposure limited to Modulr Finance Limited. The company is also subject to liquidity risk. In order to ensure that sufficient funds are available for ongoing operations and future developments, the company is reliant on funds from the parent company. Based on the cash flow forecasts for the company the directors are confident that sufficient resources are available to allow the company to fund the operations and developments.

There remains a risk that Coronavirus could continue to cause uncertainty and global economic disruption that impact the entity. We are also publishing these accounts against a background of ongoing uncertainty due to the war in Ukraine, high inflation and rising interest rates which could impact the ability of customers to continue operating. The strength of the capital and liquidity position of the Group means Modulr retains significant levels of excess liquidity to enable it to meet its strategic ambitions, and it remains well capitalised. The directors will continue to monitor the situation and take actions to minimise any impacts should they arise.

Modulr FS Limited
Strategic Report *(continued)*
Year ended 31 December 2021

This report was approved by the board of directors on 30 September 2022 and signed on behalf of the board by

DocuSigned by:

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Ms E Kelly
Director

Registered office:
Scale Space
58 Wood Lane
London
United Kingdom
W12 7RZ

Modulr FS Limited

Directors' Report

Year ended 31 December 2021

The directors present their report and the financial statements of the company for the year ended 31 December 2021.

Directors

The directors who served the company during the year were as follows:

Mr R A Devey
Mrs M I Cantor-Grable
Mr C Brooks (resigned 25 March 2022)
Mr K A Hayes (resigned 25 March 2022)
Mr M C Stephenson
Mrs E Kelly (appointed 25 March 2022)

Dividends

The directors do not recommend the payment of a dividend (2020: no dividend).

Events after the end of the reporting period

Additional investment in the group has been secured post year end in order to fund the continued growth of the business. On 15 April 2022, the company's parent signed a share subscription agreement for £83m in new equity funding from new and existing shareholders.

Going concern

The Board is satisfied that it is appropriate for the company to draw up financial statements on the going concern basis. The Board considers that the parent company has adequate resources to support and continue in business for the foreseeable future.

In making this assessment the Board has considered the liquidity and capital position of the company, the company's forecasts and projections which take account of reasonably possible changes in trading performance, and the impact of COVID-19 and the war in Ukraine on the business over the going concern period.

In conclusion, the directors have a reasonable expectation that the company will continue to operate under these circumstances and continue in operational existence for the foreseeable future. Thus, the directors continue to adopt the going concern basis of accounting in preparing these annual financial statements.

Disclosure of information in the strategic report

The company has chosen to set out its future developments within the Strategic Report.

Directors' responsibilities statement

The directors are responsible for preparing the strategic report, directors' 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 the profit or loss of the company for that period.

Modulr FS Limited

Directors' Report *(continued)*

Year ended 31 December 2021

Directors' responsibilities statement (continued)

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;
- prepare the financial statements on the going concern basis unless it is inappropriate to presume that the company will continue in business.

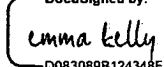
The directors are responsible for keeping adequate accounting records that are sufficient to show and explain the company's transactions and disclose with reasonable accuracy at any time the financial position of the company and enable them to ensure that the financial statements comply with the Companies Act 2006. 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.

Auditor

Each of the persons who is a director at the date of approval of this report confirms that:

- so far as they are aware, there is no relevant audit information of which the company's auditor is unaware; and
- they have taken all steps that they ought to have taken as a director to make themselves aware of any relevant audit information and to establish that the company's auditor is aware of that information.

This report was approved by the board of directors on 30 September 2022 and signed on behalf of the board by:

DocuSigned by:

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Ms E Kelly
Director

Registered office:
Scale Space
58 Wood Lane
London
United Kingdom
W12 7RZ

Modulr FS Limited

Independent Auditor's Report to the Members of Modulr FS Limited

Year ended 31 December 2021

Report on the audit of the financial statements

Opinion

In our opinion the financial statements of Modulr FS Limited (the 'company'):

- give a true and fair view of the state of the company's affairs as at 31 December 2021 and of its profit for the year then ended;
- have been properly prepared in accordance with United Kingdom Generally Accepted Accounting Practice, including Financial Reporting Standard 102 "The Financial Reporting Standard applicable in the UK and Republic of Ireland"; and
- have been prepared in accordance with the requirements of the Companies Act 2006.

We have audited the financial statements which comprise:

- the statement of comprehensive income;
- the statement of financial position;
- the statement of changes in equity;
- the statement of cash flows; and
- the related notes 1 to 20.

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).

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 Financial Reporting Council's (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

In auditing the financial statements, we have concluded that the directors' use of the going concern basis of accounting in the preparation of the financial statements is appropriate.

Based on the work we have performed, we have not identified any material uncertainties relating to events or conditions that, individually or collectively, may cast significant doubt on the company's ability to continue as a going concern for a period of at least twelve months from when the financial statements are authorised for issue.

Our responsibilities and the responsibilities of the directors with respect to going concern are described in the relevant sections of this report.

Modulr FS Limited

Independent Auditor's Report to the Members of Modulr FS Limited *(continued)*

Year ended 31 December 2021

Other information

The other information comprises the information included in the annual report, other than the financial statements and our auditor's report thereon. The directors are responsible for the other information contained within the annual report. 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.

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 course of 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 this gives rise to material misstatement in the financial statements themselves. 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.

Responsibilities of directors

As explained more fully in the directors' responsibilities statement, 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 on the FRC's website at: www.frc.org.uk/auditorsresponsibilities. This description forms part of our auditor's report.

Extent to which the audit was considered capable of detecting irregularities, including fraud

Irregularities, including fraud, are instances of non-compliance with laws and regulations. We design procedures in line with our responsibilities, outlined above, to detect material misstatements in respect of irregularities, including fraud. The extent to which our procedures are capable of detecting irregularities, including fraud is detailed below.

Modulr FS Limited

Independent Auditor's Report to the Members of Modulr FS Limited (continued)

Year ended 31 December 2021

We considered the nature of the company's industry and its control environment, and reviewed the company's documentation of their policies and procedures relating to fraud and compliance with laws and regulations. We also enquired of management about their own identification and assessment of the risks of irregularities.

We obtained an understanding of the legal and regulatory framework that the company operates in, and identified the key laws and regulations that:

- had a direct effect on the determination of material amounts and disclosures in the financial statements. These included HMRC rules and regulations, and EMI rules; and
- do not have a direct effect on the financial statements but compliance with which may be fundamental to the company's ability to operate or to avoid a material penalty.

We discussed among the audit engagement regarding the opportunities and incentives that may exist within the organisation for fraud and how and where fraud might occur in the financial statements.

Revenue recognition

The main sources of income within the company are transactional, developmental and implementation revenue. Under ISA 240, there is a presumed fraud risk in revenue recognition. As a result of the business model, we have identified the significant risk within revenue to be around accuracy and cut-off of revenue.

In response to the fraud risk identified, we performed the following procedures:

- Evaluated the design and implementation of the controls around the recognition of revenue within the general ledger, including the IT controls around the system from which transactional volumes are extracted;
- Selected a sample of revenue invoices charged during the period; and
- For each sample selected, recalculated the revenue earned for the period through obtaining the invoices and contracts in place with each customer, and the transactional data for that month from the system where applicable to ensure that the revenue was recorded accurately and in the correct period.

Client funds held on behalf of customers

Client funds held on behalf of customers and the corresponding electronic money issued funds are a significant balance sheet item. Due to the magnitude of the balance, the increased public scrutiny of the payments industry in recent months and the regulatory requirements surrounding electronic money, we consider there to be a risk in the existence, valuation and completeness of client money accounts held on behalf of customers.

In response to the fraud risk identified, we performed the following procedures:

- Evaluated the design and implementation of the controls around the client funds held on behalf of customers;
 - Obtained confirmations of the funds balance held by the group directly from the customer and performed alternative procedures where confirmations were not obtained;
 - Tested the year end reconciliation between funds held on behalf of customers and money held in safeguarded bank accounts; and
 - Obtained bank confirmations for each safeguarded bank account.
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Modulr FS Limited

Independent Auditor's Report to the Members of Modulr FS Limited (continued)

Year ended 31 December 2021

In common with all audits under ISAs (UK), we are also required to perform specific procedures to respond to the risk of management override. In addressing the risk of fraud through management override of controls, we tested the appropriateness of journal entries and other adjustments; assessed whether the judgements made in making accounting estimates are indicative of a potential bias; and evaluated the business rationale of any significant transactions that are unusual or outside the normal course of business.

In addition to the above, our procedures to respond to the risks identified included the following:

- reviewing financial statement disclosures by testing to supporting documentation to assess compliance with provisions of relevant laws and regulations described as having a direct effect on the financial statements;
- performing analytical procedures to identify any unusual or unexpected relationships that may indicate risks of material misstatement due to fraud;
- enquiring of management concerning actual and potential litigation and claims, and instances of non-compliance with laws and regulations; and
- reading minutes of meetings of those charged with governance, and reviewing correspondence with the FCA.

Report on other legal and regulatory requirements

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 directors' report for the financial year for which the financial statements are prepared is consistent with the financial statements; and
- the directors' report has been prepared in accordance with applicable legal requirements.

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 any material misstatements in the directors' report.

Matters on which we are required to report by exception

Under the Companies Act 2006 we are required to report in respect of the following matters 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.

We have nothing to report in respect of these matters.

Modulr FS Limited

Independent Auditor's Report to the Members of Modulr FS Limited *(continued)*

Year ended 31 December 2021

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.



Stephen Williams (Senior statutory auditor)
For and on behalf of Deloitte LLP
Statutory Auditor
Edinburgh, UK
30 September 2022

Modulr FS Limited
Statement of Comprehensive Income
Year ended 31 December 2021

		2021	2020
	Note	£	£
Turnover	4	3,109,156	1,998,773
Cost of sales		—	(196,662)
Gross profit		3,109,156	1,802,111
Administrative expenses		(1,236,794)	(568,051)
Operating profit	5	1,872,362	1,234,060
Other interest receivable and similar income	8	2,048	5,164
Profit before taxation		1,874,410	1,239,224
Tax on profit	9	—	—
Profit for the financial year and total comprehensive income		<u>1,874,410</u>	<u>1,239,224</u>

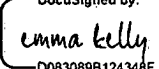
All the activities of the company are from continuing operations.

The notes on pages 15 to 20 form part of these financial statements.

Modulr FS Limited
Statement of Financial Position
31 December 2021

	Note	2021 £	2020 £
Current assets			
Debtors and other current assets	10	353,622	122,612
Cash at bank and in hand	11	3,978,885	2,433,547
Restricted Electronic Money	12	246,225,595	96,290,168
		<u>250,588,102</u>	<u>98,846,327</u>
Creditors: amounts falling due within one year	13	(246,425,617)	(96,588,252)
Net current assets		<u>4,132,485</u>	<u>2,258,075</u>
Total assets less current liabilities		<u>4,132,485</u>	<u>2,258,075</u>
Net assets		<u>4,132,485</u>	<u>2,258,075</u>
Capital and reserves			
Called up share capital	15	1,001	1,001
Share premium account	16	349,000	349,000
Profit and loss account	16	3,782,484	1,908,074
Shareholders funds		<u>4,132,485</u>	<u>2,258,075</u>

These financial statements were approved by the board of directors and authorised for issue on 30 September 2022, and are signed on behalf of the board by:

DocuSigned by:

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Ms E Kelly
 Director

Company registration number: 09897919

The notes on pages 15 to 20 form part of these financial statements.

Modulr FS Limited
Statement of Changes in Equity
Year ended 31 December 2021

	Called up share capital £	Share premium account £	Profit and loss account £	Total £
At 1 January 2020	1,001	349,000	668,850	1,018,851
Profit for the year	—	—	1,239,224	1,239,224
Total comprehensive income for the year	—	—	1,239,224	1,239,224
At 31 December 2020	1,001	349,000	1,908,074	2,258,075
Profit for the year	—	—	1,874,410	1,874,410
Total comprehensive income for the year	—	—	1,874,410	1,874,410
At 31 December 2021	<u>1,001</u>	<u>349,000</u>	<u>3,782,484</u>	<u>4,132,485</u>

The notes on pages 15 to 20 form part of these financial statements.

Modulr FS Limited
Statement of Cash Flows
Year ended 31 December 2021

	2021 £	2020 £
Cash flows from operating activities		
Profit for the financial year	1,874,410	1,239,224
<i>Adjustments for:</i>		
Other interest receivable and similar income	(2,048)	(5,164)
Accrued (income)/expenses	(89,814)	128,186
<i>Changes in:</i>		
Trade and other debtors	(150,166,437)	(45,424,798)
Trade and other creditors	149,927,179	45,331,642
Cash generated from operations	1,543,290	1,269,090
Interest received	2,048	5,164
Net cash from operating activities	<u>1,545,338</u>	<u>1,274,254</u>
Cash flows from financing activities		
Proceeds from loans from group undertakings	—	(21,142)
Net cash used in financing activities	<u>—</u>	<u>(21,142)</u>
Net increase in cash and cash equivalents	1,545,338	1,253,112
Cash and cash equivalents at beginning of year	2,433,547	1,180,435
Cash and cash equivalents at end of year	<u>3,978,885</u>	<u>2,433,547</u>

The notes on pages 15 to 20 form part of these financial statements.

Modulr FS Limited
Notes to the Financial Statements
Year ended 31 December 2021

1. General information

The company is a private company limited by shares, registered in England and Wales. The address of the registered office is Scale Space, 58 Wood Lane, London, United Kingdom, W12 7RZ.

2. Statement of compliance

These financial statements have been prepared in compliance with FRS 102, 'The Financial Reporting Standard applicable in the UK and the Republic of Ireland'.

3. Accounting policies

Basis of preparation

The financial statements have been prepared on the historical cost basis, as modified by the revaluation of certain financial assets and liabilities measured at fair value through profit or loss.

The financial statements are prepared in sterling, which is the functional currency of the entity.

Going concern

The company's forecasts and projections, taking account of reasonably possible changes in trading performance, show that the company should be able to operate for the foreseeable future.

Thus, the directors continue to adopt the going concern basis of accounting in preparing these annual financial statements.

Judgements and key sources of estimation uncertainty

The preparation of the financial statements requires management to make judgements, estimates and assumptions that affect the amounts reported. Accounting estimates and assumptions are made concerning the future and, by their nature, will rarely equal the related actual outcome. These estimates and judgements are continually reviewed and are based on experience and other factors, including expectations of future events that are believed to be reasonable under the circumstances.

There are no judgements or key sources of estimation uncertainty.

Revenue recognition

Turnover is measured at the fair value of the consideration received or receivable and represents amounts receivable for services rendered, stated net of discounts and of Value Added Tax.

When the outcome of a transaction involving the rendering of services can be reliably estimated, revenue from the rendering of services is measured by reference to the stage of completion of the service transaction at the end of the reporting period.

When the outcome of a transaction involving the rendering of services cannot be reliably estimated, revenue is recognised only to the extent that expenses recognised are recoverable.

Modulr FS Limited
Notes to the Financial Statements
Year ended 31 December 2021

3. Accounting policies (continued)

Foreign currencies

Foreign currency transactions are initially recorded in the functional currency, by applying the spot exchange rate as at the date of the transaction. Monetary assets and liabilities denominated in foreign currencies are translated at the exchange rate ruling at the reporting date, with any gains or losses being taken to the profit and loss account.

Financial instruments

A financial asset or a financial liability is recognised only when the entity becomes a party to the contractual provisions of the instrument.

Basic financial instruments are initially recognised at the transaction price, unless the arrangement constitutes a financing transaction, where it is recognised at the present value of the future payments discounted at a market rate of interest for a similar debt instrument.

Electronic Money

E-money regulated funds held in a segregated client bank account are presented as both an asset and liability within the accounts.

Defined contribution plans

Contributions to defined contribution plans are recognised as an expense in the period in which the related service is provided.

4. Turnover

Turnover arises from:

	2021	2020
	£	£
Service Fees	3,109,156	1,998,773

The whole of the turnover is attributable to the principal activity of the company wholly undertaken in the United Kingdom.

5. Operating profit

Operating profit or loss is stated after charging:

	2021	2020
	£	£
Foreign exchange differences	4,033	1,714

Audit fees payable of £16,000 (2020: £15,000) during the year were borne by the parent company.

Modulr FS Limited
Notes to the Financial Statements
Year ended 31 December 2021

6. Staff costs

The average number of persons employed by the company during the year, including the directors, amounted to:

	2021	2020
	No.	No.
Administrative staff	<u>6</u>	<u>6</u>

The aggregate payroll costs incurred during the year, relating to the above, were:

	2021	2020
	£	£
Wages and salaries	783,382	574,374
Social security costs	124,864	53,797
Other pension costs	14,680	14,472
	<u>922,926</u>	<u>642,643</u>

7. Directors' remuneration

The directors' aggregate remuneration in respect of qualifying services was:

	2021	2020
	£	£
Remuneration	<u>642,888</u>	<u>159,842</u>

Remuneration of the highest paid director in respect of qualifying services:

	2021	2020
	£	£
Aggregate remuneration	<u>532,435</u>	<u>50,000</u>

The highest paid director is an employee of Modulr FS Limited and their remuneration is not allocated across the group.

8. Other interest receivable and similar income

	2021	2020
	£	£
Interest on cash and cash equivalents	<u>2,048</u>	<u>5,164</u>

Modulr FS Limited
Notes to the Financial Statements
Year ended 31 December 2021

9. Tax on profit**Reconciliation of tax income**

The tax assessed on the profit on ordinary activities for the year is lower than (2020: lower than) the standard rate of corporation tax in the UK of 19% (2020: 19%).

	2021	2020
	£	£
Profit on ordinary activities before taxation	1,874,410	1,239,224
Profit on ordinary activities by rate of tax	356,138	235,452
Losses received from other group entity	(356,138)	(235,452)
Tax on profit	<u>-</u>	<u>-</u>

10. Debtors and other current assets

	2021	2020
	£	£
Trade debtors	36,866	62,163
Prepayments and accrued income	297,579	60,449
Other debtors	19,177	-
	<u>353,622</u>	<u>122,612</u>

11. Cash and cash equivalents

Cash and cash equivalents comprise the following:

	2021	2020
	£	£
Cash at bank and in hand	3,978,885	2,433,547
	<u>3,978,885</u>	<u>2,433,547</u>

12. Electronic Money

	2021	2020
	£	£
Restricted Electronic Money	<u>246,225,595</u>	<u>96,290,168</u>

Modulr FS Limited
Notes to the Financial Statements
Year ended 31 December 2021

13. Creditors: amounts falling due within one year

	2021	2020
	£	£
Trade creditors	47,110	86,081
Accruals and deferred income	87,978	177,792
Social security and other taxes	64,934	32,309
Client funds held in EMI accounts	246,225,595	96,290,168
Other creditors	–	1,302
	<u>246,425,617</u>	<u>96,588,252</u>

Within creditors are restricted E-money client funds of £246,225,595 (2020: £96,290,168). A corresponding asset is held under restricted Electronic money in safeguarded client bank accounts.

14. Employee benefits**Defined contribution plans**

The amount recognised in profit or loss as an expense in relation to defined contribution plans was £14,680 (2020: £14,472).

15. Called up share capital**Issued, called up and fully paid**

	2021		2020	
	No.	£	No.	£
Ordinary shares of £1 each	<u>1,001</u>	<u>1,001</u>	<u>1,001</u>	<u>1,001</u>

16. Reserves

Share premium account - This reserve records the amount above the nominal value received for shares sold, less transaction costs.

Profit and loss account - This reserve records retained earnings and accumulated losses.

17. Analysis of changes in net debt

	At 1 Jan 2021	Cash flows	At 31 Dec 2021
	£	£	£
Cash at bank and in hand	<u>2,433,547</u>	<u>1,545,338</u>	<u>3,978,885</u>

Modulr FS Limited
Notes to the Financial Statements
Year ended 31 December 2021

18. Related party transactions

The company has claimed an exemption from disclosing any related party transactions on the grounds that it is a 100% subsidiary and disclosure where relevant is included within the consolidated accounts of the ultimate parent company Modulr Holdings Limited. Copies of the parent company's accounts can be obtained from Companies House quoting company reference number 09895588. There are no related party transactions outside of the group.

19. Post Balance Sheet events

On 15 April 2022, the company's parent signed a share subscription agreement for £83m in new equity funding from new and existing shareholders.

On 25 March 2022 C Brooks and K A Hayes resigned from the board of directors, and E Kelly was appointed as a director. E Kelly is Chief Financial Officer of the company's parent.

20. Controlling party

At the balance sheet date the company was under the control of Modulr Holdings Limited, a company incorporated in England & Wales. In the opinion of the directors, there was no single ultimate controlling party during the year.