

# **Frees Family Finance Limited**

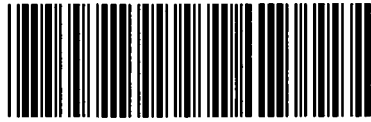
Financial Statements

Year Ended

28 February 2018

Company Number 07516554

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# Frees Family Finance Limited

## Company Information

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<b>Directors</b>	A Letts S Woodford N Medhurst I Brown
<b>Registered number</b>	07516554
<b>Registered office</b>	Electric Works Sheffield Digital Campus Sheffield S1 2BJ
<b>Independent auditor</b>	BDO LLP Central Square 29 Wellington Street Leeds LS1 4DL
<b>Bankers</b>	HSBC 69 Pall Mall London SW1Y 5EY

# **Frees Family Finance Limited**

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# Frees Family Finance Limited

Registered number: 07516554

## Statement of Financial Position As at 28 February 2018

	Note	2018 £	2018 £	2017 £	2017 £
<b>Fixed assets</b>					
Tangible assets	5		188,470		73,600
Investments	6		100		-
<b>Current assets</b>					
Debtors	7	471,061		127,237	
Cash at bank and in hand		28,761		164,559	
		<u>499,822</u>		<u>291,796</u>	
Creditors: amounts falling due within one year	8	(2,183,224)		(493,977)	
<b>Net current liabilities</b>			<b>(1,683,402)</b>		<b>(202,181)</b>
<b>Total assets less current liabilities</b>			<b>(1,494,832)</b>		<b>(128,581)</b>
Creditors: amounts falling due after more than one year	9		(3,049,200)		(2,535,700)
<b>Net liabilities</b>			<b>(4,544,032)</b>		<b>(2,664,281)</b>
<b>Capital and reserves</b>					
Called up share capital	11		2,452,872		2,095,028
Share premium account	12		7,827,438		6,096,871
Profit and loss account	12		(14,824,342)		(10,856,180)
<b>Total equity</b>			<b>(4,544,032)</b>		<b>(2,664,281)</b>

The financial statements have been prepared in accordance with the provisions applicable to companies subject to the small companies regime and in accordance with the provisions of FRS 102 Section 1A - small entities.

The financial statements have been delivered in accordance with the provisions applicable to companies subject to the small companies regime.

The company has opted not to file the statement of comprehensive income in accordance with provisions applicable to companies subject to the small companies' regime.

The financial statements were approved and authorised for issue by the board and were signed on its behalf on

*N. Medhurst*

6 JUNE 2018

**N Medhurst**  
Director

The notes on pages 3 to 12 form part of these financial statements.

## Frees Family Finance Limited

### Statement of Changes in Equity For the Year Ended 28 February 2018

	Called up share capital £	Share premium account £	Profit and loss account £	Total equity £
At 1 March 2017	2,095,028	6,096,871	(10,856,180)	(2,664,281)
<b>Comprehensive income for the year</b>				
Loss for the year	-	-	(3,968,162)	(3,968,162)
<b>Total comprehensive income for the year</b>	-	-	(3,968,162)	(3,968,162)
Shares issued during the year	357,844	1,903,561	-	2,261,405
Legal costs	-	(172,994)	-	(172,994)
<b>Total transactions with owners</b>	357,844	1,730,567	-	2,088,411
<b>At 28 February 2018</b>	<b>2,452,872</b>	<b>7,827,438</b>	<b>(14,824,342)</b>	<b>(4,544,032)</b>

### Statement of Changes in Equity For the Year Ended 28 February 2017

	Called up share capital £	Share premium account £	Profit and loss account £	Total equity £
At 1 March 2016	1,170,244	5,176,827	(6,566,227)	(219,156)
<b>Comprehensive income for the year</b>				
Loss for the year	-	-	(4,289,953)	(4,289,953)
<b>Total comprehensive income for the year</b>	-	-	(4,289,953)	(4,289,953)
Shares issued during the year	924,784	1,037,645	-	1,962,429
Legal costs	-	(117,601)	-	(117,601)
<b>Total transactions with owners</b>	924,784	920,044	-	1,844,828
<b>At 28 February 2017</b>	<b>2,095,028</b>	<b>6,096,871</b>	<b>(10,856,180)</b>	<b>(2,664,281)</b>

The notes on pages 3 to 12 form part of these financial statements.

# Frees Family Finance Limited

## Notes to the Financial Statements For the Year Ended 28 February 2018

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### 1. General information

Frees Family Finance Limited is a private company limited by shares and incorporated in England and Wales under the Companies Act 2006. The address of the registered office is given on the company information page and the nature of the company's operations and its principal activities are set out in the directors' report.

### 2. Accounting policies

#### 2.1 Basis of preparation of financial statements

The financial statements have been prepared under the historical cost convention unless otherwise specified within these accounting policies and in accordance with Section 1A of Financial Reporting Standard 102, the Financial Reporting Standard applicable in the UK and the Republic of Ireland and the Companies Act 2006.

The preparation of financial statements in compliance with Section 1A of FRS 102 requires the use of certain critical accounting estimates. It also requires management to exercise judgement in applying the company's accounting policies (see note 3).

The following principal accounting policies have been applied:

#### 2.2 Going concern

The company is still in a development phase with many of its operations. As a result large initial costs have been incurred, in order to generate future revenue. Further funding will be required to finance the company's planned work programme. The directors are in discussion with the company's existing and potential new investors with a view to securing future funding. The company has a history of successfully securing funding in accordance with its capital strategy and the directors are confident that the funding will be received so continue to adopt the going concern basis of accounting. However, the directors are aware of the uncertainty of executing incremental funding rounds and there is therefore a doubt over the company's ability to continue as a going concern for the foreseeable future. If the going concern basis were not appropriate, adjustments would have to be made to reduce the value of the assets to their recoverable amount to provide for any further liabilities that might arise and to reclassify fixed assets and long term liabilities.

#### 2.3 Turnover

Turnover represents the amounts receivable, excluding VAT, from customers, affiliate networks and other suppliers in the year. Account usage and operating fees are recognised on a monthly basis, following respective validation of customer accounts being active during the period. Additional revenue is provided through cash back opportunities with a variety of third party retailers.

#### 2.4 Tangible fixed assets

Tangible fixed assets under the cost model are stated at historical cost less accumulated depreciation and any accumulated impairment losses. Historical cost includes expenditure that is directly attributable to bringing the asset to the location and condition necessary for it to be capable of operating in the manner intended by management.

# Frees Family Finance Limited

## Notes to the Financial Statements For the Year Ended 28 February 2018

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### 2. Accounting policies (continued)

#### 2.4 Tangible fixed assets (continued)

Depreciation is charged so as to allocate the cost of assets less their residual value over their estimated useful lives, using the straight-line method.

Depreciation is provided on the following basis:

Office equipment	- 33.3% straight line
Computer equipment	- 33.3% straight line
Computer software	- 33.3% straight line

The assets' residual values, useful lives and depreciation methods are reviewed, and adjusted prospectively if appropriate, or if there is an indication of a significant change since the last reporting date.

Gains and losses on disposals are determined by comparing the proceeds with the carrying amount and are recognised in the statement of comprehensive income.

#### 2.5 Valuation of investments

Investments in subsidiaries are measured at cost less accumulated impairment.

Investments in unlisted company shares, whose market value can be reliably determined, are remeasured to market value at each balance sheet date. Gains and losses on remeasurement are recognised in the statement of comprehensive income for the period. Where market value cannot be reliably determined, such investments are stated at historic cost less impairment.

Investments in listed company shares are remeasured to market value at each statement of financial position date. Gains and losses on remeasurement are recognised in profit or loss for the period.

#### 2.6 Debtors

Short term debtors are measured at transaction price, less any impairment. Loans receivable are measured initially at fair value, net of transaction costs, and are measured subsequently at amortised cost using the effective interest method, less any impairment.

#### 2.7 Cash and cash equivalents

Cash is represented by cash in hand and deposits with financial institutions repayable without penalty on notice of not more than 24 hours. Cash equivalents are highly liquid investments that mature in no more than three months from the date of acquisition and that are readily convertible to known amounts of cash with insignificant risk of change in value.

#### 2.8 Financial instruments

The company only enters into basic financial instruments transactions that result in the recognition of financial assets and liabilities like trade and other debtors and creditors, loans from banks and other third parties, loans to related parties and investments in non-puttable ordinary shares.

Debt instruments (other than those wholly repayable or receivable within one year), including loans and other accounts receivable and payable, are initially measured at present value of the future cash flows and subsequently at amortised cost using the effective interest method. Debt instruments that are payable or receivable within one year, typically trade debtors and creditors, are measured, initially and subsequently, at the undiscounted amount of the cash or other consideration expected to be paid or received. However, if the arrangements of a short-term instrument constitute a financing

# Frees Family Finance Limited

## Notes to the Financial Statements For the Year Ended 28 February 2018

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### 2. Accounting policies (continued)

#### 2.8 Financial instruments (continued)

transaction, like the payment of a trade debt deferred beyond normal business terms or financed at a rate of interest that is not a market rate or in case of an out-right short-term loan not at market rate, the financial asset or liability is measured, initially, at the present value of the future cash flow discounted at a market rate of interest for a similar debt instrument and subsequently at amortised cost.

Financial assets that are measured at cost and amortised cost are assessed at the end of each reporting period for objective evidence of impairment. If objective evidence of impairment is found, an impairment loss is recognised in the statement of comprehensive income.

For financial assets measured at amortised cost, the impairment loss is measured as the difference between an asset's carrying amount and the present value of estimated cash flows discounted at the asset's original effective interest rate. If a financial asset has a variable interest rate, the discount rate for measuring any impairment loss is the current effective interest rate determined under the contract.

#### 2.9 Creditors

Short term creditors are measured at the transaction price. Other financial liabilities, including bank loans, are measured initially at fair value, net of transaction costs, and are measured subsequently at amortised cost using the effective interest method.

#### 2.10 Foreign currency translation

##### Functional and presentation currency

The company's functional and presentational currency is GBP.

##### Transactions and balances

Foreign currency transactions are translated into the functional currency using the spot exchange rates at the dates of the transactions.

At each period end foreign currency monetary items are translated using the closing rate. Non-monetary items measured at historical cost are translated using the exchange rate at the date of the transaction and non-monetary items measured at fair value are measured using the exchange rate when fair value was determined.

Foreign exchange gains and losses resulting from the settlement of transactions and from the translation at period-end exchange rates of monetary assets and liabilities denominated in foreign currencies are recognised in the statement of comprehensive income except when deferred in other comprehensive income as qualifying cash flow hedges.

Foreign exchange gains and losses that relate to borrowings and cash and cash equivalents are presented in the statement of comprehensive income within 'finance income or costs'. All other foreign exchange gains and losses are presented in the statement of comprehensive income within 'other operating income'.



# Frees Family Finance Limited

## Notes to the Financial Statements For the Year Ended 28 February 2018

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### 2. Accounting policies (continued)

#### 2.11 Finance costs

Finance costs are charged to the statement of comprehensive income over the term of the debt using the effective interest method so that the amount charged is at a constant rate on the carrying amount. Issue costs are initially recognised as a reduction in the proceeds of the associated capital instrument.

#### 2.12 Operating leases: the company as lessee

Rentals paid under operating leases are charged to the statement of comprehensive income on a straight line basis over the lease term.

Benefits received and receivable as an incentive to sign an operating lease are recognised on a straight line basis over the lease term, unless another systematic basis is representative of the time pattern of the lessee's benefit from the use of the leased asset.

The company has taken advantage of the optional exemption available on transition to FRS 102 which allows lease incentives on leases entered into before the date of transition to the standard 1 March 2015 to continue to be charged over the period to the first market rent review rather than the term of the lease.

#### 2.13 Pensions

##### Defined contribution pension plan

The company operates a defined contribution plan for its employees. A defined contribution plan is a pension plan under which the company pays fixed contributions into a separate entity. Once the contributions have been paid the company has no further payment obligations.

The contributions are recognised as an expense in the statement of comprehensive income when they fall due. Amounts not paid are shown in accruals as a liability in the statement of financial position. The assets of the plan are held separately from the company in independently administered funds.

#### 2.14 Interest income

Interest income is recognised in the statement of comprehensive income using the effective interest method.

# Frees Family Finance Limited

## Notes to the Financial Statements For the Year Ended 28 February 2018

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### 2. Accounting policies (continued)

#### 2.15 Taxation

Tax is recognised in the statement of comprehensive income, except that a charge attributable to an item of income and expense recognised as other comprehensive income or to an item recognised directly in equity is also recognised in other comprehensive income or directly in equity respectively.

The current income tax charge is calculated on the basis of tax rates and laws that have been enacted or substantively enacted by the reporting date in the countries where the company operates and generates income.

Deferred tax balances are recognised in respect of all timing differences that have originated but not reversed by the statement of financial position date, except that:

- The recognition of deferred tax assets is limited to the extent that it is probable that they will be recovered against the reversal of deferred tax liabilities or other future taxable profits; and
- Any deferred tax balances are reversed if and when all conditions for retaining associated tax allowances have been met.

Deferred tax balances are not recognised in respect of permanent differences except in respect of business combinations, when deferred tax is recognised on the differences between the fair values of assets acquired and the future tax deductions available for them and the differences between the fair values of liabilities acquired and the amount that will be assessed for tax. Deferred tax is determined using tax rates and laws that have been enacted or substantively enacted by the reporting date.

### 3. Judgements in applying accounting policies and key sources of estimation uncertainty

In preparing these financial statements, the directors have had to make the following judgements:

- Determine whether leases entered into by the company either as a lessor or a lessee are operating leases or finance leases. These decisions depend on an assessment of whether the risks and rewards of ownership have been transferred from the lessor to the lessee on a lease by lease basis.
- Determine whether there are indicators of impairment of the company's tangible fixed assets. Factors taken into consideration in reaching such a decision include the economic viability and expected future financial performance of the asset and where it is a component of a larger cash-generating unit, the viability and expected future performance of that unit.

Other key sources of estimation uncertainty:

- Tangible fixed assets (see note 8)

Tangible fixed assets are depreciated over their useful lives taking into account residual values, where appropriate. The actual lives of the assets and residual values are assessed annually and may vary depending on a number of factors. In re-assessing asset lives, factors such as technological innovation, product life cycles and maintenance programmes are taken into account. Residual value assessments consider issues such as future market conditions, the remaining life of the asset and projected disposal values

# Frees Family Finance Limited

## Notes to the Financial Statements For the Year Ended 28 February 2018

### 4. Employees

The average monthly number of employees, including directors, during the year was 55 (2017 - 30).

### 5. Tangible fixed assets

	Office equipment £	Computer equipment £	Computer software £	Other fixed assets £	Total £
<b>Cost or valuation</b>					
At 1 March 2017	23,262	50,921	-	57,100	131,283
Additions	8,542	23,645	133,425	-	165,612
Transfers	-	-	57,100	(57,100)	-
At 28 February 2018	<u>31,804</u>	<u>74,566</u>	<u>190,525</u>	<u>-</u>	<u>296,895</u>
<b>Depreciation</b>					
At 1 March 2017	20,565	37,118	-	-	57,683
Charge for the year	2,929	12,585	35,228	-	50,742
At 28 February 2018	<u>23,494</u>	<u>49,703</u>	<u>35,228</u>	<u>-</u>	<u>108,425</u>
<b>Net book value</b>					
At 28 February 2018	<u><u>8,310</u></u>	<u><u>24,863</u></u>	<u><u>155,297</u></u>	<u><u>-</u></u>	<u><u>188,470</u></u>
At 28 February 2017	<u><u>2,697</u></u>	<u><u>13,803</u></u>	<u><u>-</u></u>	<u><u>57,100</u></u>	<u><u>73,600</u></u>

# Frees Family Finance Limited

## Notes to the Financial Statements For the Year Ended 28 February 2018

### 6. Fixed asset investments

	<b>Investments in subsidiary companies £</b>
<b>Cost or valuation</b>	
Additions	100
At 28 February 2018	100
<b>Net book value</b>	
At 28 February 2018	100
At 28 February 2017	-

#### Subsidiary undertakings

The following were subsidiary undertakings of the company:

Name	Class of shares	Holding	Principal activity
U Account Ltd	Ordinary	100%	Dormant

The registered office of the above subsidiary undertaking is Electric Works, Sheffield Digital Campus, Sheffield, S1 2BJ.

### 7. Debtors

	2018 £	2017 £
Trade debtors	33,608	21,721
Other debtors	97,833	58,725
Called up share capital not paid	-	5
Prepayments and accrued income	339,620	46,786
	471,061	127,237

The impairment loss recognised in the company profit or loss for the year in respect of bad and doubtful debtors was £25,166 (2017 - £1,519).

# Frees Family Finance Limited

## Notes to the Financial Statements For the Year Ended 28 February 2018

### 8. Creditors: Amounts falling due within one year

	2018 £	2017 £
Other loans	1,239,386	-
Trade creditors	557,186	178,302
Other taxation and social security	225,207	123,833
Other creditors	31,743	120,231
Accruals and deferred income	129,702	71,611
	2,183,224	493,977

### 9. Creditors: Amounts falling due after more than one year

	2018 £	2017 £
Other loans	3,049,200	2,535,700

### 10. Loans

Analysis of the maturity of loans is given below:

	2018 £	2017 £
<b>Amounts falling due within one year</b>		
Other loans	1,239,386	-
<b>Amounts falling due between two and five years</b>		
Other loans	3,049,200	2,535,700
	4,288,586	2,535,700

Amounts included in other loans of £3,049,200 relate to loan notes issued in December 2016. The nominal value of these loan notes is £3,770,000 and the amount recognised in the statement of financial position at 28 February 2018 represents the discounted net present value of capital and accrued interest payable at the principal redemption date.

# Frees Family Finance Limited

## Notes to the Financial Statements For the Year Ended 28 February 2018

### 11. Share capital

	2018 £	2017 £
<b>Allotted, called up and fully paid</b>		
5,903,706 (2017 -5,903,706) ordinary shares of £0.01 each	59,037	59,037
140,416,753 (2017 - 104,632,391) ordinary shares of £0.01 each	1,404,168	1,046,324
989,667 ordinary B shares of £1 each	989,667	989,667
	<u>2,452,872</u>	<u>2,095,028</u>

During the year the company issued 35,784,362 ordinary shares with a value of £0.01 each.

### 12. Reserves

The company's capital and reserves are as follows:

#### Called up share capital

Called up share capital represents the nominal value of the shares issued.

#### Share premium account

The share premium account is used to record the aggregate amount or value of premiums paid when the company's shares are issued at an amount in excess of nominal value, less associated costs of issue.

#### Profit and loss account

The profit and loss account represents cumulative profits or losses net of dividends paid and other adjustments.

### 13. Pension commitments

The company operates a defined contribution pension scheme. The assets of the scheme are held separately from those of the company in an independently administered fund. The pension cost charge represents contributions payable by the company to the fund and amounted to £26,139 (2017 - £Nil). Contributions totalling £Nil (2017 - £Nil) were payable to the fund at the reporting date and are included in creditors.

### 14. Related party transactions

During the year the company purchased services totalling £Nil (2017 - £32,140) from Oakley Hall Ventures Limited, a company controlled by A Letts, a director of the company. £Nil (2017 - £Nil) is included in trade creditors at the year end.

During the year the company purchased services totalling £708 (2017 - £35,740) from Buckleswood Consulting Limited, a company controlled by N Medhurst, a director of the company. £225 (2017 - £158) is included in trade creditors at the year end.

# Frees Family Finance Limited

## Notes to the Financial Statements For the Year Ended 28 February 2018

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### 15. Post balance sheet events

Since the year end the company has issued 8,460,770 ordinary shares of £0.01 each for consideration of £549,950.

### 16. Auditor's information

An audit of the company's financial statements was carried out by BDO LLP as statutory auditor who reported to the company's members on . The auditor's report was signed by Craig Burton as senior statutory auditor and was unqualified, subject to an emphasis of matter paragraph in respect of the adequacy of the disclosures made in note 2.2 to the financial statements concerning the company's ability to continue as a going concern. Further funds and existing shareholder consent will be required to finance the company's planned work programme, and although the company is in discussions with its shareholders and other existing and potential new investors, the outcome of these discussions remains uncertain. As stated in note 2.2 these conditions indicate the existence of a material uncertainty which may cast significant doubt about the company's ability to continue as a going concern. Our opinion is not modified in respect of this matter.