

MODULOUS

**MODULOUS LIMITED
DIRECTORS' REPORT AND UNAUDITED
CONSOLIDATED FINANCIAL STATEMENTS
FOR THE PERIOD 1 JULY 2021 TO 31 DECEMBER 2021**



djca

djca Limited

Modulous Limited
Directors' Report and Unaudited Consolidated Financial Statements
For the Period 1 July 2021 to 31 December 2021

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Modulous Limited
Company Information
For the Period 1 July 2021 to 31 December 2021

Directors

Mr C Bone
Mr J Bennett-Meere
Mr R Ragnauth
Mr C D Lauterpacht
Mr J D Seal
Mr A Haining
Mr P O'Connor

Company Number

11523631

Registered Office

Greenworks Dog & Duck Yard
Princeton Street
London
WC1R 4BH

Accountants

djca Limited
ACCA
154 - 160 Fleet Street
London
EC4A 2DQ

Modulous Limited
Company No. 11523631
Directors' Report For the Period 1 July 2021 to 31 December 2021

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

Statement of Directors' Responsibilities

The directors are responsible for preparing the 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 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;
- 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.

Directors

The directors who held office during the period were as follows:

Mr C Bone		
Mr C Mortensen	RESIGNED	03/08/2022
Mr R Ragnauth		
Mrs S Hordern	RESIGNED	05/11/2021
Mr R Bettany	RESIGNED	03/08/2022
Mr M Cosmann	RESIGNED	03/08/2022
Mr A Haining		
Mr P O'Connor		
Mr C Voo	APPOINTED & RESIGNED	16/11/2021 & 03/08/2022
Mr J Bennett-Meere	APPOINTED	03/08/2022
Mr C D Lauterpacht	APPOINTED	03/08/2022
Mr J D Seal	APPOINTED	03/08/2022

Directors Overview

The directors are pleased with the Group's progress during the period. During the period the Group continued to grow the team (from 21 to 33) and its capabilities and made significant progress against other key strategic priorities, advancing product development across its physical and digital solutions as well as advancing its pipeline of commercial opportunities. Subsequent to the period end, the Group completed a Series A fund raise, raising in excess of £9 million. These funds underpin the Group for the foreseeable future and will be deployed to accelerate the commercialisation the Group's IP in the UK and North America.

Small Company Rules

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

On behalf of the board

Chris Bone

Mr C Bone
Director

Date: 28 / 09 / 2022

Modulous Limited
Accountant's Report
For the Period 1 July 2021 to 31 December 2021

Report to the directors on the preparation of the unaudited statutory accounts of Modulous Limited For the Period 1 July 2021 to 31 December 2021

To assist you to fulfil your duties under the Companies Act 2006, I have prepared for your approval the accounts of Modulous Limited which comprise the Consolidated Profit and Loss Account, the Consolidated Balance Sheet, Company Balance Sheet and the related notes from the company's and the group's accounting records and from information and explanations you have given us.

As a practising member of the Association of Chartered Certified Accountants, we are subject to its ethical and other professional requirements which are detailed at <http://www.accaglobal.com/en/member/professional-standards/rules-standards/acca-rulebook.html>.

This report is made to the directors of Modulous Limited, as a body, in accordance with the terms of our engagement letter. Our work has been undertaken solely to prepare for your approval the accounts of Modulous Limited and state those matters that we have agreed to state to the directors of Modulous Limited, as a body, in this report in accordance with the Association of Chartered Certified Accountants as detailed at http://www.accaglobal.com/content/dam/ACCA_Global/Technical/fact/technical-factsheet-163.pdf. To the fullest extent permitted by law, we do not accept or assume responsibility to anyone other than Modulous Limited and its directors as a body for our work or for this report.

It is your duty to ensure that Modulous Limited has kept adequate accounting records and to prepare statutory accounts that give a true and fair view of the assets, liabilities, financial position and profit or loss of Modulous Limited. You consider that Modulous Limited is exempt from the statutory audit requirement for the period.

We have not been instructed to carry out an audit or a review of the accounts of Modulous Limited. For this reason, we have not verified the accuracy or completeness of the accounting records or information and explanations you have given to us and we do not, therefore, express any opinion on the financial statements.



Date 28 / 09 / 2022

djca Limited
ACCA

154 - 160 Fleet Street
London
EC4A 2DQ

Modulous Limited
Consolidated Profit and Loss Account
For the Period 1 July 2021 to 31 December 2021

	Notes	31 December 2021 £	30 June 2021 £
TURNOVER		-	199,899
Cost of sales		7,660	(214,296)
GROSS PROFIT		7,660	(14,397)
Administrative expenses		(3,033,716)	(1,607,227)
Other operating income		-	46,398
Gain/(loss) on revaluation of investments		72,303	(1,194)
OPERATING LOSS		(2,953,754)	(1,576,420)
Other interest receivable and similar income		111	51
Interest payable and similar charges		(257,861)	(101,093)
LOSS BEFORE TAXATION		(3,211,503)	(1,677,462)
Tax on Loss		-	177,647
LOSS AFTER TAXATION BEING LOSS FOR THE FINANCIAL PERIOD		(3,211,503)	(1,499,815)
Loss attributable to:			
Owners of the parent		(3,211,503)	(1,499,815)

The notes on pages 8 to 11 form part of these financial statements.

Modulous Limited
Consolidated Balance Sheet
As at 31 December 2021

	Notes	31 December 2021		30 June 2021	
		£	£	£	£
NON-CURRENT ASSETS					
Intangible Assets	4		30,648		7,895
Tangible Assets	5		<u>27,168</u>		<u>30,378</u>
CURRENT ASSETS			57,815		38,273
Trade debtors and other current assets	7	360,256		453,227	
Investments	8	1,264,174		1,192,846	
Cash at bank and in hand		<u>1,155,499</u>		<u>3,300,555</u>	
		2,779,928		4,946,628	
Creditors: Amounts Falling Due Within One Year	9	(6,128,378)		(586,245)	
NET CURRENT ASSETS (LIABILITIES)			<u>(3,348,450)</u>		<u>4,360,383</u>
TOTAL ASSETS LESS CURRENT LIABILITIES			<u>(3,290,634)</u>		<u>4,398,656</u>
Creditors: Amounts Falling Due After More Than One Year	10		<u>(1,580,061)</u>		<u>(6,096,483)</u>
NET LIABILITIES			<u>(4,870,695)</u>		<u>(1,697,827)</u>
CAPITAL AND RESERVES					
Called up share capital	12		1,425		1,389
Share premium account			947,984		909,385
Profit and Loss Account			<u>(5,820,104)</u>		<u>(2,608,601)</u>
SHAREHOLDERS' FUNDS			<u>(4,870,695)</u>		<u>(1,697,827)</u>

Modulous Limited
Consolidated Balance Sheet (continued)
As at 31 December 2021

For the period ending 31 December 2021 the company and the group were entitled to exemption from audit under section 477 of the Companies Act 2006 relating to small companies.

Directors' responsibilities:

- The members have not required the company and the group to obtain an audit in accordance with section 476 of the Companies Act 2006.
- 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.

On behalf of the board

Chris Bone

R Ragnauth

Mr C Bone

Mr R Ragnauth

Director

Director

Date 28 / 09 / 2022

28 / 09 / 2022

The notes on pages 10 to 14 form part of these financial statements.

Modulous Limited
Company Balance Sheet
As at 31 December 2021

	Notes	31 December 2021		30 June 2021	
		£	£	£	£
NON-CURRENT ASSETS					
Intangible Assets	4		30,648		7,895
Tangible Assets	5		27,168		30,378
Investments	6		1		1
			57,816		38,274
CURRENT ASSETS					
Trade debtors and other current assets	7	473,661		566,134	
Investments	8	1,264,174		1,192,846	
Cash at bank and in hand		1,060,489		3,205,545	
			2,798,324		4,964,525
Creditors: Amounts Falling Due Within One Year	9	(6,127,878)		(586,246)	
NET CURRENT ASSETS (LIABILITIES)			(3,329,553)		4,378,279
TOTAL ASSETS LESS CURRENT LIABILITIES			(3,271,737)		4,416,553
Creditors: Amounts Falling Due After More Than One Year	10		(1,580,061)		(6,096,483)
NET LIABILITIES			(4,851,798)		(1,679,930)
CAPITAL AND RESERVES					
Called up share capital	12		1,425		1,389
Share premium account			947,984		909,385
Profit and Loss Account			(5,801,207)		(2,590,704)
SHAREHOLDERS' FUNDS			(4,851,798)		(1,679,930)
Company's loss for the financial year			(3,210,503)		(1,481,918)

Modulous Limited
Company Balance Sheet (continued)
As at 31 December 2021

For the period ending 31 December 2021 the company was entitled to exemption from audit under section 477 of the Companies Act 2006 relating to small companies.

Directors' responsibilities:

- The members have not required the company to obtain an audit in accordance with section 476 of the Companies Act 2006.
- 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.

On behalf of the board

Chris Bone

Mr C Bone

Director

Date 28 / 09 / 2022

R Ragnauth

Mr R Ragnauth

Director

28 / 09 / 2022

The notes on pages 10 to 14 form part of these financial statements.

Modulous Limited
Notes to the Consolidated Financial Statements
For the Period 1 July 2021 to 31 December 2021

1. Accounting Policies

1.1. Basis of Preparation of Financial Statements

The financial statements are prepared under the historical cost convention and in accordance with the FRS 102 Section 1A Small Entities - The Financial Reporting Standard applicable in the UK and Republic of Ireland and the Companies Act 2006.

The group financial statements consolidate the financial statements of Modulous Limited and all its subsidiary undertakings drawn up to 31st December 2021.

1.2. Going Concern Disclosure

The board of directors have assessed the company's ability to continue to adopt the going concern basis and have considered a period of 12 months from the signature date of these accounts. Subsequent to the period end, the company raised in excess of £9 million as part of its Series A fund raise. The funding round completed on 3rd August 2022, and upon completion, all existing convertible loans converted to equity. Following a detailed forecasting exercise as part of the Series A fund raise and having considered its liquidity position, commercial pipeline opportunities and, if required available cash conservation measures, the directors are satisfied the going concern assertion remains appropriate at the time of approving these financial statements.

1.3. Turnover

Turnover is measured at the fair value of the consideration received or receivable, net of discounts and value added taxes. Turnover includes revenue earned from the sale of goods and from the rendering of services. Turnover is reduced for estimated customer returns, rebates and other similar allowances.

Sale of goods

Turnover from the sale of goods is recognised when the significant risks and rewards of ownership of the goods has transferred to the buyer. This is usually at the point that the customer has signed for the delivery of the goods.

Rendering of services

Turnover from the rendering of services is recognised by reference to the stage of completion of the contract. The stage of completion of a contract is measured by comparing the costs incurred for work performed to date to the total estimated contract costs. Turnover is only recognised to the extent of recoverable expenses when the outcome of a contract cannot be estimated reliably.

1.4. Intangible Fixed Assets and Amortisation - Other Intangible

Patent costs have been capitalised at cost. Amortisation will commence from the point that economic benefits associated with the IP start to flow to the company over the useful life of the assets.

1.5. Tangible Fixed Assets and Depreciation

Tangible fixed assets are measured at cost less accumulated depreciation and any accumulated impairment losses. Depreciation is provided at rates calculated to write off the cost of the fixed assets, less their estimated residual value, over their expected useful lives on the following bases:

- Improvements to property - 33% on cost
- Plant and equipment - 33% on cost
- Fixtures and fittings - 25% on cost
- Computer equipment - 33% on cost

1.6. Foreign Currencies

Monetary assets and liabilities in foreign currencies are translated into sterling at the rates of exchange ruling at the balance sheet date. Transactions in foreign currencies are translated into sterling at the rate ruling on the date of the transaction. Exchange differences are taken into account in arriving at the operating profit.

Modulous Limited
Notes to the Consolidated Financial Statements (continued)
For the Period 1 July 2021 to 31 December 2021

1.7. Taxation

Income tax expense represents the sum of the tax currently payable and deferred tax.

The tax currently payable is based on taxable profit for the year. Taxable profit differs from profit as reported in the statement of comprehensive income because of items of income or expense that are taxable or deductible in other years and items that are never taxable or deductible. The company's liability for current tax is calculated using tax rates that have been enacted or substantively enacted by the end of the reporting period.

Deferred tax is recognised on timing differences between the carrying amounts of assets and liabilities in the financial statements and the corresponding tax bases used in the computation of taxable profit. Deferred tax liabilities are generally recognised for all taxable timing differences. Deferred tax assets are generally recognised for all deductible temporary differences to the extent that it is probable that taxable profits will be available against which those deductible timing differences can be utilised. The carrying amount of deferred tax assets is reviewed at the end of each reporting period and reduced to the extent that it is no longer probable that sufficient taxable profits will be available to allow all or part of the asset to be recovered.

Deferred tax assets and liabilities are measured at the tax rates that are expected to apply in the period in which the liability is settled or the asset realised, based on tax rates (and tax laws) that have been enacted or substantively enacted by the end of the reporting period. Deferred tax liabilities are presented within provisions for liabilities and deferred tax assets within debtors. The measurement of deferred tax liabilities and assets reflect the tax consequences that would follow from the manner in which the Company expects, at the end of the reporting period, to recover or settle the carrying amount of its assets and liabilities.

Current or deferred tax for the year is recognised in profit or loss, except when they related to items that are recognised in other comprehensive income or directly in equity, in which case, the current and deferred tax is also recognised in other comprehensive income or directly in equity respectively.

1.8. Related party exemption

The company has taken advantage of exemption, under the terms of Financial Reporting Standard 102 'The Financial Reporting Standard applicable in the UK and Republic of Ireland', not to disclose related party transactions with wholly owned subsidiaries within the group.

Transactions between group entities which have been eliminated on consolidation are not disclosed within the financial statements.

1.9. Investments

Investments held in Physical gold were initially recognised at cost and subsequently revalued to their fair value through profit and loss. Fair value is calculated using the open market value of Physical gold as at the period end

2. Average Number of Employees

Average number of employees, including directors, during the year was as follows: 31 (June 2021: 16)

The average number of employees by undertakings that were proportionately consolidated during the period was NIL (June 2021 - NIL).

3. Individual Profit and loss Account

As permitted by Section 408 of the Companies Act 2006, the Income Statement of the parent company is not presented as part of these financial statements.

4. Intangible Assets

	Group	Company
	Patents and licences	Patents and licences
	£	£
Cost		
As at 1 July 2021	7,895	7,895
Additions	22,753	22,753
As at 31 December 2021	<u>30,648</u>	<u>30,648</u>
Net Book Value		
As at 31 December 2021	<u>30,648</u>	<u>30,648</u>
As at 1 July 2021	<u>7,895</u>	<u>7,895</u>

Modulous Limited
Notes to the Consolidated Financial Statements (continued)
For the Period 1 July 2021 to 31 December 2021

5. Tangible Assets

Group	Land & Property Improvements	Plant & Machinery	Fixtures & Fittings	Computer Equipment	Total
	£	£	£	£	£
Cost					
As at 1 July 2021	14,907	5,930	702	19,868	41,407
Additions	-	-	238	3,806	4,044
As at 31 December 2021	<u>14,907</u>	<u>5,930</u>	<u>940</u>	<u>23,674</u>	<u>45,452</u>
Depreciation					
As at 1 July 2021	4,266	152	134	6,477	11,029
Provided during the period	2,504	996	118	3,637	7,255
As at 31 December 2021	<u>6,770</u>	<u>1,148</u>	<u>252</u>	<u>10,114</u>	<u>18,284</u>
Net Book Value					
As at 31 December 2021	<u>8,137</u>	<u>4,782</u>	<u>689</u>	<u>13,560</u>	<u>27,168</u>
As at 1 July 2021	<u>10,641</u>	<u>5,778</u>	<u>568</u>	<u>13,391</u>	<u>30,378</u>

Company	Land & Property Improvements	Plant & Machinery	Fixtures & Fittings	Computer Equipment	Total
	£	£	£	£	£
Cost					
As at 1 July 2021	14,907	5,930	702	19,868	41,407
Additions	-	-	238	3,806	4,044
As at 31 December 2021	<u>14,907</u>	<u>5,930</u>	<u>940</u>	<u>23,674</u>	<u>45,451</u>
Depreciation					
As at 1 July 2021	4,266	152	134	6,477	11,029
Provided during the period	2,504	996	118	3,637	7,255
As at 31 December 2021	<u>6,770</u>	<u>1,148</u>	<u>252</u>	<u>10,114</u>	<u>18,284</u>
Net Book Value					
As at 31 December 2021	<u>8,137</u>	<u>4,782</u>	<u>688</u>	<u>13,560</u>	<u>27,167</u>
As at 1 July 2021	<u>10,641</u>	<u>5,778</u>	<u>568</u>	<u>13,391</u>	<u>30,378</u>

6. Investments

Company	Unlisted £
Cost	
As at 1 July 2021	1
As at 31 December 2021	<u>1</u>
Provision	
As at 1 July 2021	-
As at 31 December 2021	<u>-</u>
Net Book Value	
As at 31 December 2021	<u>1</u>
As at 1 July 2021	<u>1</u>

Modulous Limited
Notes to the Consolidated Financial Statements (continued)
For the Period 1 July 2021 to 31 December 2021

The group or the company's investments at the Balance Sheet date in the share capital of companies include the following:

Subsidiaries

Modulous Projects Limited

Registered office: United Kingdom

Nature of business: Holding Company

	%		31 December 2021 £	30 June 2021 £
Class of shares:	holding			
Ordinary	100			
Aggregate capital and reserves			1	1

Modulous (Lewisham) Limited

Registered office: United Kingdom

Nature of business: Modular construction technology & services

	%		31 December 2021 £	30 June 2021 £
Class of shares:	holding			
Ordinary	100			
Aggregate capital and reserves			(18,896)	(17,896)
Loss for the period			(1,001)	(17,897)

Modulous Projects Limited owns 100% of the issued share capital of Modulous (Lewisham) Limited.

7. Trade debtors & other current assets

	Group		Company	
	31 December 2021 £	30 June 2021 £	31 December 2021 £	30 June 2021 £
Due				
Trade debtors	79,186	79,186	79,186	79,186
Prepayments and accrued income	152,190	106,719	152,190	106,719
Other debtors	19,900	127	19,780	127
Corporation tax recoverable assets	9,662	202,023	9,662	202,023
VAT	99,318	65,172	95,639	65,172
Amounts owed by group undertakings	-	-	117,205	112,907
	360,256	453,227	473,661	566,134

8. Current Asset Investments

	Group		Company	
	31 December 2021 £	30 June 2021 £	31 December 2021 £	30 June 2021 £
Physical gold	1,264,174	1,192,846	1,264,174	1,192,846
	1,264,174	1,192,846	1,264,174	1,192,846

Modulous Limited
Notes to the Consolidated Financial Statements (continued)
For the Period 1 July 2021 to 31 December 2021

9. Creditors: Amounts Falling Due Within One Year

	Group		Company	
	31 December 2021	30 June 2021	31 December 2021	30 June 2021
	£	£	£	£
Trade creditors	389,830	307,883	389,830	307,883
Other taxes and social security	92,589	74,977	92,589	74,977
Other creditors	75,140	37,232	75,140	37,232
Accruals and deferred income	161,187	77,023	160,687	77,023
Directors' loan accounts	67,500	89,130	67,500	89,130
Amounts owed to group undertakings	-	-	-	1
Convertible loan	5,342,132	-	5,342,132	-
	<u>6,128,378</u>	<u>586,245</u>	<u>6,127,878</u>	<u>586,246</u>

The convertible loans have been reclassified as current liabilities this year as they have been fully converted in to equity upon completion of the Series A funding round in August 2022.

10. Creditors: Amounts Falling Due After More Than One Year

	Group		Company	
	31 December 2021	30 June 2021	31 December 2021	30 June 2021
	£	£	£	£
Other loans	1,580,061	958,012	1,580,061	958,012
Convertible loans	-	5,138,471	-	5,138,471
	<u>1,580,061</u>	<u>6,096,483</u>	<u>1,580,061</u>	<u>6,096,483</u>

11. Secured Creditors

Of the creditors falling due within and after more than one year the following amounts are secured. The other loans are secured by a fixed and floating charge over the company's assets.

	Group		Company	
	31 December 2021	30 June 2021	31 December 2021	30 June 2021
	£	£	£	£
Other loans	1,580,061	958,012	1,580,061	958,012

12. Share Capital

Company	31 December 2021	30 June 2021
Allotted, Called up and fully paid	<u>1,425</u>	<u>1,389</u>

13. General Information

Modulous Limited is a private company, limited by shares, incorporated in England & Wales, registered number 11523631. The registered office is Greenworks Dog & Duck Yard, Princeton Street, London, WC1R 4BH.