

EASTCREEK LIMITED

**ANNUAL REPORT AND
FINANCIAL STATEMENTS**

FOR THE YEAR ENDED 31st DECEMBER 2015

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EASTCREEK LIMITED

ANNUAL REPORT AND FINANCIAL STATEMENTS

FOR THE YEAR ENDED 31st DECEMBER 2015

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EASTCREEK LIMITED

COMPANY INFORMATION

FOR THE YEAR ENDED 31st DECEMBER 2015

DIRECTORS

CL Directors (Monaco) Limited
Audrey Ramirez

SECRETARY

Shanklin Holding Ltd

REGISTERED OFFICE

Jordans Limited
20 - 22 Bedford Row
London
WC1R4JS
United Kingdom

COMPANY NUMBER

8296424

EASTCREEK LIMITED

DIRECTORS' REPORT

FOR THE YEAR ENDED 31st DECEMBER 2015

The Directors submit their report and the unaudited financial statements of the Company for the year ended 31st December 2015.

The Company is a private company incorporated on 16th November 2012 in the United Kingdom.

PRINCIPAL ACTIVITY

The principal activity of the Company was to hold shares in US companies that operate a racing circuit in Las Vegas.

RESULTS AND DIVIDENDS

The net profit/(loss) for the year ended 31st December 2015 was (£ 2,688,199); 2014: (£ 284,337) . At 31st December 2015, the equity/(debt) was (£ 2,944,729); 2014: (£ 293,350).

There were no dividends paid or declared during the year.

DIRECTORS AND SECRETARY

The Directors and secretary who held office during the year and to date are noted on page 1.

In accordance with the Articles of Association, the Directors are not required to retire by rotation.

DIRECTORS' RESPONSIBILITIES IN RESPECT OF THE FINANCIAL STATEMENTS


The Directors are required to prepare financial statements for each financial year which give a true and fair view of the state of affairs of the Company and of its profit or loss and are in accordance with applicable laws.


In preparing those financial statements, the Directors are required to:

- select suitable accounting policies and then apply them consistently;
- make judgements and estimates that are reasonable and prudent;
- state whether applicable accounting standards have been followed, subject to any material departures disclosed in the financial statements; and
- prepare the financial statements on the going concern basis unless it is inappropriate to presume that the Company will continue in business for the foreseeable future.

The Directors are responsible for keeping proper accounting records which 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 United Kingdom Law (company 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.

FOR AND ON BEHALF OF THE DIRECTORS:


STEPHANE POSTIFFERT
For and behalf of CL Directors (Monaco) Limited
29/9/2016
Date


AUDREY RAMIREZ
For and behalf of CL Directors (Monaco) Limited
29/9/2016
Date

EASTCREEK LIMITED

STATEMENT OF COMPREHENSIVE INCOME

FOR THE YEAR ENDED 31st DECEMBER 2015

	Notes	2015 £	2014 £
REVENUE		-	-
EXPENSES			
Operating expenses			
Administrative expenses	4	(17,518)	(17,306)
		<u>(17,518)</u>	<u>(17,306)</u>
OPERATING PROFIT		<u>(17,518)</u>	<u>(17,306)</u>
Other gains/(losses)	5	(2,670,681)	(267,041)
Finance income			
PROFIT BEFORE TAX FOR THE YEAR		<u>(2,688,199)</u>	<u>(284,347)</u>
TAXATION			
TOTAL COMPREHENSIVE INCOME / (EXPENSE) FOR THE YEAR AFTER TAX		<u>(2,688,199)</u>	<u>(284,347)</u>

Income and expenses for the year derive wholly from continuing operations.

The notes on pages 7 to 10 form an integral part of these financial statements.

EASTCREEK LIMITED

STATEMENT OF FINANCIAL POSITION

AS AT 31st DECEMBER 2015

	Notes	2015 £	2014 £
ASSETS			
Unquoted investements	6	2,249,767	3,702,328
Cash and cash equivalents	7	688	2
Trade and other receivables	8	1	-
Total assets		<u><u>2,250,456</u></u>	<u><u>3,702,330</u></u>
LIABILITIES AND EQUITY			
LIABILITIES			
Trade and other payables	9	5,195,184	3,995,689
Tax liabilities			
Total liabilities		<u><u>5,195,184</u></u>	<u><u>3,995,689</u></u>
EQUITY			
Share capital	10	1	1
Retained earnings		<u>(2,944,729)</u>	<u>(293,360)</u>
Total equity		<u><u>(2,944,728)</u></u>	<u><u>(293,359)</u></u>
TOTAL LIABILITIES AND EQUITY		<u><u>2,250,456</u></u>	<u><u>3,702,330</u></u>

Audit Exemption Statements:

For the year ending 31st December 2015 the Company was entitled to exemption from audit under section 477 of the Companies Act 2006.

Directors' Statements:

The Members have not required the Company to obtain an audit of its accounts for the year in question in accordance with section 476 of the companies Act 2006.

The Directors acknowledge their responsibilities for:

Ensuring the Company keeps accounting records which comply with section 386;

Preparing the accounts which give a true and fair view of the state of affairs of the Company as at the end of the financial year, and its profit and loss for the financial year, in accordance with the requirements of section 393, and which otherwise comply with the requirements of the companies Act relating to accounts, so far as is applicable to the Company.

FOR AND ON BEHALF OF THE DIRECTORS:


STEPHANE POSTIFFERY

For and behalf of CL Directors (Monaco) Limited

29/9/2016

Date


AUDREY RAMIREZ

For and behalf of CL Directors (Monaco) Limited

29/9/2016

Date

EASTCREEK LIMITED

STATEMENT OF CHANGES IN EQUITY

FOR THE YEAR ENDED 31st DECEMBER 2015

	Share capital £	Retained earnings £	Total £
Balance as at 31st December 2013	1	(9,562)	(9,561)
Change due to retranslation		549	549
Changes in equity for the year ended 31st December 2014			
Profit/(loss) for the year		(284,347)	(284,347)
Balance as at 31st December 2014	1	(293,360)	(293,359)
Change due to retranslation		36,830	36,830
Changes in equity for the year ended 31st December 2015			
Profit/(loss) for the year		(2,688,199)	(2,688,199)
Balance as at 31st December 2015	1	(2,944,729)	(2,944,729)

The notes on pages 7 to 10 form an integral part of these financial statements.

EASTCREEK LIMITED

STATEMENT OF CASH FLOWS

FOR THE YEAR ENDED 31st DECEMBER 2015

	2015 £	2014 £
CASH FLOWS FROM OPERATING ACTIVITIES		
Net profit / (loss) for the year	(2,688,199)	(284,347)
Adjustments for:		
Other gains / (losses)	-	-
Finance income	-	-
Finance costs	-	-
	<u>(2,688,199)</u>	<u>(284,347)</u>
(Increase) / decrease in operating assets:		
Trade and other receivables	(1)	1
Loans due from subsidiary undertakings	-	-
Capitalised expenditure on inventory	-	-
Increase / (decrease) in operating liabilities:		
Trade and other payables	<u>1,199,495</u>	<u>3,986,127</u>
	<u>(1,488,705)</u>	<u>3,701,781</u>
Finance income	-	-
Net cash used in operating activities	<u>(1,488,705)</u>	<u>3,701,781</u>
CASH FLOWS FROM INVESTING ACTIVITIES		
Capitalised expenditure	1,452,561	(3,702,328)
Net cash used in investing activities	<u>1,452,561</u>	<u>(3,702,328)</u>
CASH FLOWS FROM FINANCING ACTIVITIES		
Increase in borrowings	-	-
Net cash from financing activities	<u>-</u>	<u>-</u>
Net (decrease) / increase in cash and cash equivalents	(36,144)	(547)
Exchange translation movement	36,835	549
Cash and cash equivalents at 1st January	2	-
Cash and cash equivalents at 31st December	<u>693</u>	<u>2</u>

The notes on pages 7 to 10 form an integral part of these financial statements.

EASTCREEK LIMITED

NOTES TO THE FINANCIAL STATEMENTS

FOR THE YEAR ENDED 31st DECEMBER 2015

1 GENERAL INFORMATION

Eastcreek Limited is a company registered in the United Kingdom, which was incorporated on 16th November 2012.

2 ACCOUNTING POLICIES

(a) BASIS OF PREPARATION

The financial statements have been prepared in accordance with International Financial Reporting Standards (IFRS) as adopted by the European Union (EU) and the requirements of the UK Companies Law, Act 2006. The financial statements have been prepared under the historical cost convention.

The preparation of financial statements in conformity with IFRS requires the use of certain critical accounting estimates and requires Management to exercise its judgement in the process of applying the Company's accounting policies. It also requires the use of assumptions that affect the reported amounts of assets and liabilities and disclosure of contingent assets and liabilities at the date of the financial statements and the reported amounts of revenues and expenses during the reporting period. Although these estimates are based on Management's best knowledge of current events and actions, actual results may ultimately differ from those estimates.

(b) REVENUE RECOGNITION

Revenue is recognised when it is probable that the economic benefits associated with the transaction will flow to the Company and the amount of the revenue can be measured reliably.

(c) EXPENSES

All expenses are accounted for on an accruals basis.

(d) OPERATING PROFIT

Operating profit includes revenue received, as reduced by operating expenses and administrative expenses and excludes finance costs, finance income and other gains and losses.

(e) BORROWING COSTS

All borrowing costs are recognised in the income statement in the period in which they are incurred.

(f) FOREIGN CURRENCIES

(i) Functional and presentation currency

Items included in the financial statements are measured in the currency of the primary economic environment in which the entity operates (the "functional currency"). The financial statements are presented in Euros, which is the Company's functional and presentational currency.

(ii) Transactions and balances

Transactions in currencies other than Euros are recorded at the rates of exchange prevailing on the dates of the transactions. At each Balance Sheet date, monetary assets and liabilities that are denominated in foreign currencies are retranslated at the rates prevailing on the Balance Sheet date. Non-monetary assets and liabilities that are carried at fair value and denominated in foreign currencies are translated at the rates prevailing at the date when the fair value was determined. Gains and losses arising on retranslation are included in net profit or loss for the year, except for exchange differences arising on non-monetary assets and liabilities where the changes in fair value are recognised directly in equity.

EASTCREEK LIMITED

NOTES TO THE FINANCIAL STATEMENTS

FOR THE YEAR ENDED 31st DECEMBER 2015

(g) **GOING CONCERN**

The Company's financial statements have been prepared on a going concern basis. The Directors consider this to be appropriate as they received assurances from the Parent Company to the effect that the Parent Company will continue to make funds available to the Company for the foreseeable future and will continue to meet the Company's obligations to other creditors as and when they fall due.

3 CRITICAL ACCOUNTING ESTIMATES AND JUDGEMENTS

The Company makes certain estimates and assumptions regarding the future. Estimates and judgements are continually evaluated and are based on historical experience as adjusted for current market conditions and other factors. The resulting accounting estimates will, by definition, seldom equal the related actual results.

4 ADMINISTRATIVE EXPENSES

	2015	2014
	£	£
Government License fee	924	1,057
Directors' fees	924	1,057
Accountancy fee	1,591	2,297
Registered office fee	1,008	1,153
Administration fee	4,269	11,062
Tax payable	8,019	
Bank charges	783	680
	<u>17,518</u>	<u>17,306</u>

5 OTHER GAINS / (LOSSES)

	2015	2014
	£	£
Unrealised profit/(loss) on currency exchange	(439,285)	(267,041)
Realised gain/(loss) from underlying Companies.	<u>(2,231,396)</u>	
	<u>(2,670,681)</u>	<u>(267,041)</u>

6 INVESTMENTS IN LIMITED LIABILITY COMPANIES

	2015	2014
	£	£
XR LEASING LLC		
Capital account	546	295
	<u>546</u>	<u>295</u>
XR CARS LLC		
Capital account	546	295
	<u>546</u>	<u>295</u>
XR SERVICES LLC		
Capital account	546	295
Loan funding	<u>2,247,583</u>	<u>3,701,148</u>
	<u>2,248,129</u>	<u>3,701,443</u>
XR RACING LLC		
Capital account	546	295
	<u>546</u>	<u>295</u>
Total of Investments	<u>2,249,767</u>	<u>3,702,328</u>

By means of a Membership Transfer Agreement dated 11th March 2014, the company acquired the ownership of the above mentioned entities, and was assigned the benefit of the repayment of a capital contribution for 5,998,000 USD.

In exercise of a right of recourse under a loan agreement dated 12th August 2014, on 13th October 2015 the Company claimed the repayment of a loan of 2,000,000 USD from XR Services LLC. Said loan is currently guaranteed by the Company.

EASTCREEK LIMITED

NOTES TO THE FINANCIAL STATEMENTS

FOR THE YEAR ENDED 31st DECEMBER 2015

7	CASH AND CASH EQUIVALENTS	2015	2014
		£	£
	Barclays 68104222 Eur	535	2
	Barclays 77376944 usd	153	-
		<u>688</u>	<u>2</u>

Cash at bank and in hand comprises a current account.

8	TRADE AND OTHER RECEIVABLES	2015	2014
		£	£
	Shareholders loan - capital unpaid	1	-
		<u>1</u>	<u>-</u>

9	TRADE AND OTHER PAYABLES	2015	2014
		£	£
	Creditor - Carey SAM	580	311
	Accruals	840	1,201
	Loan payable to Lenvay Ltd	5,153,643	3,969,364
	Loan payable to Xracing LLC	8,305	-
	Shareholders loan	31,816	24,813
		<u>5,195,184</u>	<u>3,995,689</u>

By means of a Membership Transfer Agreement dated 11th March 2014, the company undertook to reimburse a loan of 6,000,000 USD to the company Checkered Flag Company Limited. Further, by means of a Novation Agreement dated 17th October 2014, the shareholder of the Company, Lenvay Limited, undertook to reimburse said loan to Checkered Flag Company Ltd., and the Company in turn undertook to reimburse it to Lenvay Limited.

Pursuant to a Loan Guarantee Agreement dated 12th August 2014 and a Novation Agreement dated 11th November 2014 the company is now jointly and severally liable to reimburse a loan of 2,000,000 USD to Lenvay Ltd. Said loan became due on September 2015.

Amounts falling due:

Within one year

5,195,184	3,995,689
<u>5,195,184</u>	<u>3,995,689</u>

10	SHARE CAPITAL	2015	2014
		£	£
	Authorised, issued and paid up 1,000 ordinary shares of £1 each	<u>1</u>	<u>1</u>

The Company has one class of ordinary shares.

EASTCREEK LIMITED

NOTES TO THE FINANCIAL STATEMENTS

FOR THE YEAR ENDED 31st DECEMBER 2015

11 FINANCIAL RISK MANAGEMENT

(a) FINANCIAL RISK FACTORS

Pursuant to a Loan Guarantee Agreement entered into on 12th August 2014, the Company could become jointly and severally liable with its subsidiary XR Services LLC to reimburse a loan of 2,000,000 USD if said loan has not been reimbursed by 28th September 2015

The Company is exposed to credit risk, liquidity risk and capital risk management arising from the financial instruments it holds. The risk management policies employed by the Company to manage these risks are discussed below:

(b) CREDIT RISK

Credit risk arises when a failure by counter parties to discharge their obligations could reduce the amount of future cash inflows from financial assets on hand at the balance sheet date. The Company has no significant concentration of credit risk. The Company has policies in place to ensure that sales of products and services are made to customers with an appropriate credit history and monitors on a continuous basis the ageing profile of its receivables. Cash balances are held with high credit quality financial institutions and the Company has policies to limit the amount of credit exposure to any financial institution.

(c) LIQUIDITY RISK

Liquidity risk is the risk that arises when the maturity of assets and liabilities does not match. An unmatched position potentially enhances profitability, but can also increase the risk of losses. The Company has procedures with the object of minimising such losses as maintaining sufficient cash and other highly liquid current assets and by having available an adequate amount of committed credit facilities.

(d) FOREIGN EXCHANGE RISK

Currency risk is the risk that the value of financial instruments will fluctuate due to changes in foreign exchange rates. Currency risk arises when the future commercial transactions and recognised assets and liabilities are denominated in a currency that is not the Company's measured currency. The Company is not exposed to exchange currency risk as it is dormant.

(e) CAPITAL RISK MANAGEMENT

The Company manages its capital to ensure that it will be able to continue as a going concern while maximising the return to the shareholders through the optimisation of the debt and equity balance. The Company's overall strategy remains unchanged from last year.

12 CONTROLLING PARTY AND RELATED PARTY DISCLOSURES

Parties are considered to be related if one party has the ability to control the other party or exercise significant influence over the other party in making financial or operations decisions.

The Parent Company and controlling party, which has interest in 100% of the issued share capital of the Company, is LENVAY LIMITED, a company incorporated in the British Virgin Islands.

Eastcreek Limited is considered to be a related party as it is a subsidiary of the Parent Company.

The Parent Company decided not to consolidate.

EASTCREEK LIMITED

FOR THE YEAR ENDED 31st DECEMBER 2015

EUROS (EUR)

CORPORATION TAX COMPUTATION

Corporate tax reference: 680 20014 16999 A

Accounting Period: 1st January 2015 - 31st December 2015

1 GBP

Net profit (loss) per accounts 1st January 2015 - 31st December 2015			(2,688,199)	(2,688,199)
Adjustments				
Capital allowance				
			<u>(2,688,199)</u>	<u>(2,688,199)</u>
Losses brought forward				(293,536)
			<u>(2,688,199)</u>	<u>(2,981,735)</u>
Corporation tax payable:	<u>Profits</u>	<u>Rates</u>		
2014	£0.00	20%		
2015	£0.00	20%		
* There is no marginal rate relief due for this accounting period.			€ 0.00	<u>£0.00</u>