BOLERO.NET LIMITED

Annual report and financial statements

For the year ended 31 December 2018
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BOLERO.NET LIMITED

ANNUAL REPORT AND FINANCIAL STATEMENTS
For the year ended 31 December 2018

Company Information

Directors
Daniel Cotti (chairman)
Nicholas Barber CBE
Christopher Brotchie
Nicholas Habgood
Andrew Raymond

Company secretary
Paul Mallon

Company number
03688487

Registered office
Stirling Building
Hersham Place Technology Park
Walton-on-Thames
Surrey
KT12 4RZ

Independent Auditor
Grant Thornton UK LLP
Chartered Accountants & Statutory Auditor
1020 Eskdale Road
Winnersh
Wokingham
Berkshire
RG41 5TS

Bank
HSBC Bank plc
95 Gracechurch Street
London
EC3V 0DQ
BOLERO.NET LIMITED

DIRECTORS’ REPORT
For the year ended 31 December 2018

The directors present their report and the audited financial statements for the year ended 31 December 2018.

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

The directors have not prepared a strategic report for the year ended 31 December 2018 as an exemption is provided to small companies within the provisions of the Companies Act 2006.

Principal activity
The principal activity of the company during the year was to act as the holding company for the wider Bolero group (‘the group’) and is non-trading.

Future developments
The principal activities and core contracted business of the group are expected to continue in the foreseeable future with further enhancement and development of the group’s technology platform in line with the group’s business strategy, to provide additional forecast growth in turnover from new and existing customers.

Brexit impact
The potential impacts of Brexit on the group for 2019 and beyond have been considered by the directors. Exposure to foreign currency fluctuations arising from the uncertainty created by Brexit is the only element that has been assessed as potentially having an impact on the group. To address this, financial instruments have been used to manage the exposure to adverse foreign currency movements. No further operational impacts have been noted.

Going concern
Please refer to note 3 of the financial statements for details regarding going concern.

Directors
The directors who served during the year and up to the date of signing the financial statements were:

Daniel Cotti (chairman)
Nicholas Barber CBE
Christopher Brotchie
Nicholas Habgood
Ian Kerr (resigned 22 March 2019)
Andrew Raymond (appointed 22 March 2019)

Statement of directors’ responsibilities in respect of the financial statements
The directors are responsible for preparing the directors’ report and the financial statements in accordance with applicable law and regulation.

Company law requires the directors to prepare financial statements for each financial year. Under that law the directors have prepared the financial statements in accordance with United Kingdom Generally Accepted Accounting Practice ‘UK GAAP’ (United Kingdom Accounting Standards and applicable law including Financial Reporting Standard 102, ‘The Financial Reporting Standard applicable in the United Kingdom and the Republic of Ireland’ (‘FRS 102’)). 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 profit or loss for that period.

In preparing the financial statements, the directors are required to:

- select suitable accounting policies and then apply them consistently;
- state whether applicable United Kingdom Accounting Standards have been followed, subject to any material departures disclosed and explained in the financial statements;
- make judgements and accounting estimates that are reasonable and prudent; and
- prepare the financial statements on the going concern basis unless it is inappropriate to presume that the company will continue in business.
BOLERO.NET LIMITED

DIRECTORS’ REPORT
For the year ended 31 December 2018

Statement of directors' responsibilities in respect of the financial statements (continued)
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.
Additionally, the directors are responsible for the maintenance and integrity of the corporate and financial information included on the company’s website. Legislation in the United Kingdom governing the preparation and dissemination of financial statements may differ from legislation in other jurisdictions.

Disclosure of information to the auditor
The directors confirm that:
- so far as each director is aware, there is no relevant audit information of which the company’s auditor is unaware; and
- the directors have taken all the steps that they ought to have taken as directors in order to make themselves aware of any relevant audit information and to establish that the company’s auditor is aware of that information.

Auditor
Grant Thornton UK LLP have indicated their willingness to continue in office and shall be deemed to be reappointed for the next financial year in accordance with section 487(2) of the Companies Act 2006.

Small companies note
In preparing this report, the directors have taken advantage of the small companies exemptions provided by section 415A of the Companies Act 2006.

This report was approved by the board on 22 March 2019 and signed on its behalf.

Andrew Raymond
Director
Independent auditor's report to the members of bolero.net Limited

Opinion

We have audited the financial statements of bolero.net Limited (the ‘company’) for the year ended 31 December 2018 which comprise the Income Statement, Statement of Financial Position and notes to the financial statements, including a summary of significant accounting policies. 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).

In our opinion, the financial statements:

- give a true and fair view of the state of the company’s affairs as at 31 December 2018 and of its loss for the year then ended;
- have been properly prepared in accordance with United Kingdom Generally Accepted Accounting Practice; and
- have been prepared in accordance with the requirements of the Companies Act 2006.

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 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

We have nothing to report in respect of the following matters in relation to which the ISAs (UK) require us to report to you where:

- the directors’ use of the going concern basis of accounting in the preparation of the financial statements is not appropriate; or
- the directors have not disclosed in the financial statements any identified material uncertainties that may cast significant doubt about the company’s ability to continue to adopt the going concern basis of accounting for a period of at least twelve months from the date when the financial statements are authorised for issue.

Other information

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

In connection with our audit of the financial statements, 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 audit or otherwise appears to be materially misstated. If we identify such material inconsistencies or apparent material misstatements, we are required to determine whether there is a material misstatement in the financial statements or a material misstatement of the other information. 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.

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.
Independent auditor’s report to the members of bolero.net Limited

Matter on which we are required to report under the Companies Act 2006

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 material misstatements in the directors’ report.

Matters on which we are required to report by exception

We have nothing to report in respect of the following matters in relation to which the Companies Act 2006 requires us to report to you 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; or
- the directors were not entitled to prepare the financial statements in accordance with the small companies regime and take advantage of the small companies’ exemptions in preparing the directors’ report and from the requirement to prepare a strategic report.

Responsibilities of directors for the financial statements

As explained more fully in the directors’ responsibilities statement set out on pages 4 and 5, 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 Financial Reporting Council’s website at: www.frc.org.uk/auditorsresponsibilities. This description forms part of our auditor’s report.

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.

Paul Holland BSc FCA (Senior Statutory Auditor)
for and on behalf of
Grant Thornton UK LLP
Statutory Auditor
Chartered Accountants
Reading
Date: 27 March 2019
BOLERONET LIMITED
INCOME STATEMENT
For the year ended 31 December 2018

<table>
<thead>
<tr>
<th>Note</th>
<th>2018 US$'000</th>
<th>2017 US$'000</th>
</tr>
</thead>
<tbody>
<tr>
<td>Administrative expenses</td>
<td>5 (98)</td>
<td>232</td>
</tr>
<tr>
<td>Exceptional items</td>
<td>5 68</td>
<td>1,766</td>
</tr>
<tr>
<td><strong>Loss on ordinary activities before taxation</strong></td>
<td>5 (30)</td>
<td>1,998</td>
</tr>
<tr>
<td>Tax on loss on ordinary activities</td>
<td>7</td>
<td>-</td>
</tr>
<tr>
<td><strong>Loss for the financial year</strong></td>
<td>(30)</td>
<td>(1,998)</td>
</tr>
</tbody>
</table>

The notes on pages 10 to 17 form part of these financial statements.

All results derive from continuing operations.

The company has no other comprehensive income other than those included in the income statement above and therefore no separate statement has been presented.

There were no recognised gains and losses for 2018 or 2017 other than those included in the income statement.
BOLERONET LIMITED
STATEMENT OF FINANCIAL POSITION
As at 31 December 2018

<table>
<thead>
<tr>
<th></th>
<th>2018</th>
<th>2017</th>
</tr>
</thead>
<tbody>
<tr>
<td></td>
<td>Note</td>
<td>US$'000</td>
</tr>
<tr>
<td>FIXED ASSETS</td>
<td></td>
<td></td>
</tr>
<tr>
<td>Investment</td>
<td>8</td>
<td>-</td>
</tr>
<tr>
<td>TOTAL FIXED ASSETS</td>
<td></td>
<td></td>
</tr>
<tr>
<td></td>
<td></td>
<td>-</td>
</tr>
<tr>
<td>CREDITORS: amounts falling due within one year</td>
<td>10</td>
<td>(16)</td>
</tr>
<tr>
<td>NET CURRENT LIABILITIES</td>
<td></td>
<td></td>
</tr>
<tr>
<td></td>
<td></td>
<td>(16)</td>
</tr>
<tr>
<td>TOTAL ASSETS LESS CURRENT LIABILITIES</td>
<td></td>
<td>(16)</td>
</tr>
<tr>
<td>NET LIABILITIES</td>
<td></td>
<td></td>
</tr>
<tr>
<td></td>
<td></td>
<td>(16)</td>
</tr>
<tr>
<td>CAPITAL AND RESERVES</td>
<td></td>
<td></td>
</tr>
<tr>
<td>Called up share capital</td>
<td>11</td>
<td>1,657</td>
</tr>
<tr>
<td>Share premium account</td>
<td></td>
<td>1,693</td>
</tr>
<tr>
<td>Share option reserve</td>
<td>12</td>
<td>31</td>
</tr>
<tr>
<td>Retained deficit</td>
<td>13</td>
<td>(3,397)</td>
</tr>
<tr>
<td>TOTAL SHAREHOLDERS' DEFICIT</td>
<td></td>
<td>(16)</td>
</tr>
</tbody>
</table>

These financial statements have been prepared in accordance with the provisions applied to companies subject to small companies regime and in accordance with the provisions of FRS 102 section 1A – small entities.

These financial statements were approved and authorised for issue by the board of directors and signed on their behalf on 22 March 2019.

Andrew Raymond
Director

The notes on pages 10 to 17 form part of these financial statements.
NOTES TO THE FINANCIAL STATEMENTS
For the year ended 31 December 2018

1. GENERAL INFORMATION
The company is a private company limited by shares and is incorporated in England and Wales (registered number: 03688487). The address of its registered office is Stirling Building, Hersham Place Technology Park, Walton-on-Thames, Surrey, KT12 4RZ.

2. STATEMENT OF COMPLIANCE
The individual financial statements of bolero.net Limited have been prepared in compliance with United Kingdom Accounting Standards, including FRS 102, 'The Financial Reporting Standard applicable in the United Kingdom and the Republic of Ireland' section 1A for small entities and the Companies Act 2006. In accordance with section 381 of the Companies Act 2006, the provisions of the small companies regime have been applied in preparing the financial statements.

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

The company has adopted FRS 102 section 1A for small entities in these financial statements.

Basis of preparation of financial statements

The financial statements have been prepared under the historical cost convention, unless otherwise specified within these accounting policies.

The preparation of financial statements in conformity with FRS 102 requires the use of certain critical accounting estimates. It also requires management to exercise its judgement in the process of applying the company's accounting policies. The areas involving a higher degree of judgement or complexity, or areas where assumptions and estimates are significant to the financial statements are disclosed in note 4.

The company is the parent undertaking of a small group and as such is not required by the Companies Act 2006 to prepare group accounts. These financial statements therefore present information about the company as an individual undertaking and not about its group.

Going concern

The financial statements have been prepared on a going concern basis, which is supported by the projected cash flow of the group. The projections reflect the forecast increase in the level of sales from the successful implementation of the group's business strategy. The directors believe that recurring turnover from the current customer base will cover expected cash flow during 2019 without taking into account turnover from new customers.

The directors believe that it is appropriate for the financial statements to be prepared on a going concern basis.

Foreign currency
i. Functional and presentational currency
The company's functional and presentational currency is US dollars.

ii. Transactions and balances

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 income statement.

All foreign exchange gains and losses are presented in the income statement within 'administrative expenses'. The exchange rate used at 31 December 2018 was US$1.2760: £1 (2017: US$1.3503: £1).
3. SUMMARY OF SIGNIFICANT ACCOUNTING POLICIES (CONTINUED)

Taxation

Tax is recognised in the income statement, except to the extent that it relates to items recognised in other comprehensive income or directly in equity. In this case tax is also recognised in other comprehensive income or directly in equity respectively.

Current tax assets and liabilities are not discounted.

i. Current tax

Current tax is the amount of corporation tax payable in respect of the taxable profit for the year or prior years. Tax is calculated on the basis of tax rates and laws that have been enacted or substantively enacted by the period-end.

Management periodically evaluates positions taken in tax returns with respect to situations in which applicable tax regulation is subject to interpretation. It establishes provisions where appropriate on the basis of amounts expected to be paid to the tax authorities.

ii. Deferred tax

Deferred tax arises from timing differences that are differences between taxable profits and total comprehensive income as stated in the financial statements. These timing differences arise from the inclusion of income and expenses in tax assessments in periods different from those in which they are recognised in financial statements.

Deferred tax is recognised on all timing differences at the reporting date except for certain exceptions. Unrelieved tax losses and other deferred tax assets are only recognised when it is probable that they will be recovered against the reversal of deferred tax liabilities or other future taxable profits.

Deferred tax is measured using tax rates and laws that have been enacted or substantively enacted by the period-end and that are expected to apply to the reversal of the timing difference.

Share capital

Ordinary shares and preference shares are classified as equity. Incremental costs directly attributable to the issue of new ordinary shares, preference shares or options are shown in equity as a deduction, net of tax, from the proceeds.

Financial instruments

i. Basic financial assets

Basic financial assets, including trade debtors, are initially recognised at transaction price, unless the arrangement constitutes a financing transaction, where the transaction is measured at the present value of the future receipts discounted at a market rate of interest. Such assets are subsequently carried at amortised cost using the effective interest rate method.

At the end of each reporting period financial assets measured at amortised cost are assessed for objective evidence of impairment. If an asset is impaired the impairment loss is the difference between the carrying amount and the present value of the estimated cash flows discounted at the asset’s original effective interest rate. The impairment loss is recognised in the income statement.

If there is a decrease in the impairment loss arising from an event occurring after the impairment was recognised the impairment is reversed. The reversal is such that the current carrying amount does not exceed what the carrying amount would have been had the impairment not previously been recognised. The impairment reversal is recognised in the income statement.

Financial assets are derecognised when (a) the contractual rights to the flows from the asset expire or are settled, or (b) substantially all the risks and rewards of the ownership of the asset are transferred to another party or (c) control of the asset has been transferred to another party who has the practical ability to unilaterally sell the asset to an unrelated third party without imposing additional restrictions.
3. SUMMARY OF SIGNIFICANT ACCOUNTING POLICIES (CONTINUED)

Financial instruments (continued)

ii. Basic financial liabilities

Basic financial liabilities, including trade creditors, are initially recognised at transaction price, unless the arrangement constitutes a financing transaction, where the debt instrument is measured at the present value of the future receipts discounted at a market rate of interest.

Debt instruments are subsequently carried at amortised cost, using the effective interest rate method.

Trade creditors are obligations to pay for goods or services that have been acquired in the ordinary course of business from suppliers. Trade creditors are classified as current liabilities if payment is due within one year or less. If not, they are presented as non-current liabilities. Trade creditors are recognised initially at transaction price and subsequently measured at amortised cost using the effective interest rate method.

Financial liabilities are derecognised when the liability is extinguished; that is when the contractual obligation is discharged, cancelled or expires.

Investment in subsidiary undertaking

Investment in the subsidiary company is held at cost less accumulated impairment losses.

Share options

The company operates a share option scheme for directors and employees over C preference shares in the company. Under the rules of the scheme, the share options will lapse at the earlier of, under certain circumstances, if an option holder leaves, there is a change of control of the company, or the tenth anniversary of the date of grant of the share options. Share options under the scheme were initially granted on 24 July 2012 and in subsequent years additional share options have been granted.

The fair value of options at the date of grant is charged to the income statement over the vesting period on a straight-line basis. This charge is recognised in the statement of financial position within the share option reserve. Non-market and market vesting conditions are factored into the fair value of the options granted. The cumulative expense is not adjusted for failure to achieve a market vesting condition.

As permitted under FRS 102 section 1A, the company has taken the exemption for section 26 of FRS 102 regarding equity instruments that were granted before transition date or to liabilities arising from share-based payment transactions that were settled before transition date.

Impairment of non-financial assets

At each statement of financial performance date, non-financial assets not carried at fair value are assessed to determine whether there is an indication that the asset may be impaired.

If there is such an indication the recoverable amount of the asset is compared to the carrying amount of the asset. The recoverable amount of the asset is the higher of the fair value less costs to sell and value in use.

Value in use is defined as the present value of the future cash flows before interest and tax obtainable as a result of the asset’s continued use. These cash flows are discounted using a pre-tax discount rate that represents the current market risk-free rate and the risks inherent in the asset.

If the recoverable amount of the asset is estimated to be lower than the carrying amount, the carrying amount is reduced to its recoverable amount. An impairment loss is recognised in the income statement, unless the asset has been revalued when the amount is recognised in other comprehensive income to the extent of any previously recognised revaluation. Thereafter any excess is recognised in the income statement.

If an impairment loss is subsequently reversed, the carrying amount of the asset is increased to the revised estimate of its recoverable amount, but only to the extent that the revised carrying amount does not exceed the carrying amount that would have been determined (net of depreciation or amortisation) had no impairment loss been recognised in prior periods. A reversal of an impairment loss is recognised in the income statement.

Exceptional items

Exceptional items are transactions that fall within the ordinary activities of the company but are presented separately due to their size and incidence.
BOLERONET LIMITED

NOTES TO THE FINANCIAL STATEMENTS
For the year ended 31 December 2018

4. CRITICAL ACCOUNTING JUDGEMENTS AND ESTIMATION UNCERTAINTY

Estimates and judgements are continually evaluated and are based on historical experience and other factors, including expectations of future events that are believed to be reasonable under the circumstances.

Key accounting estimates and assumptions

The company makes estimates and assumptions concerning the future. The resulting accounting estimates will, by definition, seldom equal the actual results. The estimates and assumptions that have a significant risk of causing a material adjustment to the carrying amounts of assets and liabilities within the next financial year are addressed below.

Impairment of investments and intercompany debtors

During the year and at the year-end the company performs reviews of all the underlying assets to determine if the value of investments/intercompany debtors are impaired. These reviews include estimates of future cash flows for each investment. See note 8 for the details of the investment that is impaired and note 9 for intercompany provision.

Share options

The company makes estimates on the fair value of the share options at the exercise date using the Black-Scholes model.

5. LOSS ON ORDINARY ACTIVITIES BEFORE TAXATION

The loss on ordinary activities before taxation is stated after charging:

<table>
<thead>
<tr>
<th></th>
<th>2018</th>
<th>2017</th>
</tr>
</thead>
<tbody>
<tr>
<td></td>
<td>US$'000</td>
<td>US$'000</td>
</tr>
<tr>
<td>Foreign exchange loss</td>
<td>(1)</td>
<td>(158)</td>
</tr>
<tr>
<td>Directors' fees</td>
<td>(66)</td>
<td>(63)</td>
</tr>
<tr>
<td>Share option charge</td>
<td>(31)</td>
<td>-</td>
</tr>
<tr>
<td>Decrease/(increase) in provision of intercompany balance</td>
<td>68</td>
<td>(1,766)</td>
</tr>
</tbody>
</table>

The fees in respect of the company's audit have been borne by its subsidiary undertaking, Bolero International Limited.

6. EMPLOYEES AND DIRECTORS

The entity has no employees. The directors did not receive any emoluments during the current year or prior year from the company but all directors except Christopher Brotchie and Nicholas Habgood received remuneration through Bolero International Limited.

7. TAXATION

i. Tax expense included in income statement

<table>
<thead>
<tr>
<th></th>
<th>2018</th>
<th>2017</th>
</tr>
</thead>
<tbody>
<tr>
<td></td>
<td>US$'000</td>
<td>US$'000</td>
</tr>
</tbody>
</table>

Current tax:

Total tax on loss on ordinary activities
BOLERONET LIMITED

NOTES TO THE FINANCIAL STATEMENTS
For the year ended 31 December 2018

7. TAXATION (CONTINUED)

ii. Reconciliation of tax charge

The tax assessed for the financial year is lower (2017: higher) than the standard rate of corporation tax in the UK of 19%, (2017: 19.25%). The differences are explained below:

<table>
<thead>
<tr>
<th></th>
<th>2018 US$'000</th>
<th>2017 US$'000</th>
</tr>
</thead>
<tbody>
<tr>
<td>Loss on ordinary activities before taxation</td>
<td>(30)</td>
<td>(1,998)</td>
</tr>
</tbody>
</table>

Loss multiplied by the standard rate of tax in the UK of 19% (2017: 19.25%)

Effects of:

<table>
<thead>
<tr>
<th>Effect</th>
<th>2018 US$'000</th>
<th>2017 US$'000</th>
</tr>
</thead>
<tbody>
<tr>
<td>Expenses not deductible</td>
<td>6</td>
<td>340</td>
</tr>
<tr>
<td>Losses carried forward</td>
<td>13</td>
<td>45</td>
</tr>
<tr>
<td>Income not taxable for tax purposes</td>
<td>(13)</td>
<td>-</td>
</tr>
</tbody>
</table>

Total tax charge for the year

iii. Tax rate changes

UK corporation tax rate reductions to 19% (effective from 1 April 2017) and to 18% (effective 1 April 2020) were substantively enacted on 26 October 2015, and an additional reduction to 17% (effective 1 April 2020) was substantively enacted on 7 September 2016. This will reduce the company’s future tax balances accordingly.

iv. Deferred tax

There is a deferred tax asset of US$207,000 (2017: US$195,000) which has not been recognised.

8. INVESTMENT

<table>
<thead>
<tr>
<th></th>
<th>US$'000</th>
</tr>
</thead>
<tbody>
<tr>
<td>Cost</td>
<td></td>
</tr>
<tr>
<td>At 1 January 2018 and 31 December 2018</td>
<td>9,750</td>
</tr>
</tbody>
</table>

Provision for diminution

<table>
<thead>
<tr>
<th>Provision for diminution</th>
<th>US$'000</th>
</tr>
</thead>
<tbody>
<tr>
<td>At 1 January 2018 and 31 December 2018</td>
<td>(9,750)</td>
</tr>
<tr>
<td>At 31 December 2017 and 31 December 2018</td>
<td>-</td>
</tr>
</tbody>
</table>

The company’s subsidiary undertaking at 31 December 2018, its principal activity and country of incorporation are set out below:

<table>
<thead>
<tr>
<th>Name of undertaking</th>
<th>Country of incorporation</th>
<th>Principal activity</th>
<th>Class of shares held</th>
<th>Proportion held of voting rights and shares</th>
</tr>
</thead>
<tbody>
<tr>
<td>Bolero International Limited</td>
<td>United Kingdom</td>
<td>Cross industry integrator</td>
<td>Ordinary</td>
<td>100%</td>
</tr>
</tbody>
</table>
BOLERO.NET LIMITED

NOTES TO THE FINANCIAL STATEMENTS
For the year ended 31 December 2018

8. INVESTMENT (CONTINUED)

Subsidiary companies of Bolero International Limited are set out below:

<table>
<thead>
<tr>
<th>Name of undertaking</th>
<th>Country of incorporation</th>
<th>Principal activity</th>
<th>Class of shares held</th>
<th>Proportion held by Bolero International Limited of shares and voting rights</th>
</tr>
</thead>
<tbody>
<tr>
<td>Bolero.Net Limited</td>
<td>Hong Kong</td>
<td>Regional support services</td>
<td>Ordinary</td>
<td>100%</td>
</tr>
<tr>
<td>Bolero.Net Inc.</td>
<td>USA</td>
<td>Regional support services</td>
<td>Ordinary</td>
<td>100%</td>
</tr>
<tr>
<td>Bolero K.K.</td>
<td>Japan</td>
<td>Regional support services</td>
<td>Ordinary</td>
<td>89.5%</td>
</tr>
<tr>
<td>Bolero.Net Singapore Pte Ltd.</td>
<td>Singapore</td>
<td>Regional support services</td>
<td>Ordinary</td>
<td>100%</td>
</tr>
<tr>
<td>Bolero Shanghai Limited</td>
<td>China</td>
<td>Regional support services</td>
<td>Ordinary</td>
<td>100%</td>
</tr>
</tbody>
</table>

<table>
<thead>
<tr>
<th>Name of undertaking</th>
<th>Profit/(loss) for the year US$'000</th>
<th>Net assets/(liabilities) US$'000</th>
</tr>
</thead>
<tbody>
<tr>
<td>Bolero International Limited</td>
<td>533</td>
<td>(11,804)</td>
</tr>
<tr>
<td>Bolero.Net Limited</td>
<td>33</td>
<td>602</td>
</tr>
<tr>
<td>Bolero.Net Inc.</td>
<td>-</td>
<td>364</td>
</tr>
<tr>
<td>Bolero K.K.</td>
<td>(11)</td>
<td>372</td>
</tr>
<tr>
<td>Bolero.Net Singapore Pte Ltd.</td>
<td>19</td>
<td>147</td>
</tr>
<tr>
<td>Bolero Shanghai Limited</td>
<td>202</td>
<td>356</td>
</tr>
</tbody>
</table>

Investments are held at cost less any provisions for impairment.

The registered office addresses of the above undertakings are:

Bolero International Limited - Stirling Building, Hersham Place Technology Park, Walton-on-Thames, Surrey, KT12 4RZ, UK
Bolero.Net Limited - Room 1906, 19F, 33 Hysan Avenue, Causeway Bay, Hong Kong
Bolero.Net Inc. - 251 Little Falls Drive, Wilmington, Delaware, 19808, USA
Bolero K.K. - Azabudai N House 3F, Azabudai 3-4-23, Minato-ku, Tokyo, 105-6009, Japan
Bolero.Net Singapore Pte Ltd. - 60 Paya Lebar Road, No. 08-43, Paya Lebar Square, Singapore, 409051
Bolero Shanghai Limited - Room 5 – 465, Yue Luo Road No. 559, Baoshan District, Shanghai, China

9. DEBTORS: AMOUNTS FALLING DUE WITHIN ONE YEAR

The only debtor balance held as at 31 December 2018 is an intercompany balance with Bolero International Limited for US$12,807,000 (2017: US$12,875,000). After an impairment review, this balance has been fully provided for and is held at nil net book value (2017: nil).

10. CREDITORS: AMOUNTS FALLING DUE WITHIN ONE YEAR

<table>
<thead>
<tr>
<th></th>
<th>2018</th>
<th>2017</th>
</tr>
</thead>
<tbody>
<tr>
<td>Other creditors</td>
<td>16</td>
<td>17</td>
</tr>
</tbody>
</table>

16

17
BOLERO.NET LIMITED

NOTES TO THE FINANCIAL STATEMENTS
For the year ended 31 December 2018

11. CALLED UP SHARE CAPITAL

<table>
<thead>
<tr>
<th>Allotted and fully paid:</th>
<th>2018</th>
<th>2017</th>
</tr>
</thead>
<tbody>
<tr>
<td></td>
<td>US$’000</td>
<td>US$’000</td>
</tr>
<tr>
<td>2,265,903 (2017: 2,265,903) ordinary shares of £0.001 each</td>
<td>4</td>
<td>4</td>
</tr>
<tr>
<td>72,243,614 (2017: 72,243,614) A preference shares of £0.005 each</td>
<td>573</td>
<td>573</td>
</tr>
<tr>
<td>47,756,819 (2017: 47,756,819) B preference shares of £0.01 each</td>
<td>758</td>
<td>758</td>
</tr>
<tr>
<td>625,483 (2017: 625,483) C preference shares of £0.01 each</td>
<td>10</td>
<td>10</td>
</tr>
<tr>
<td>25,632,589 (2017: 25,632,589) D preference shares of £0.01 each</td>
<td>312</td>
<td>312</td>
</tr>
<tr>
<td><strong>Total</strong></td>
<td><strong>1,657</strong></td>
<td><strong>1,657</strong></td>
</tr>
</tbody>
</table>

The following rights and preferences apply to the shares issued:

1. Each ordinary and preference share carry one right to vote.
2. Shares rank pari passu in respect of dividends after initial preferred distributions to D, A and B preference shareholders as detailed below have occurred.
3. On return of assets in the event of liquidation, the following is applied:
   i. First, holders of D preference shares are to be paid an aggregate amount of US$4,000,000 less any distributions previously paid in respect of such preference shares. The proceeds shall be distributed to the holders of the D preference shares in proportion to the number of such shares held.
   ii. Second, holders of A preference shares and B preference shares are to be paid an aggregate amount of US$10,000,000 less any distributions previously paid in respect of such preference shares. The proceeds shall be paid in proportion to the number of shares held.
   iii. Third, holders of C preference shares are to be paid an aggregate amount equal to 15% of the total available assets (including those distributed to holders of A, B and D preference shares) if such assets are in excess of US$34,000,000. If such available assets are between US$14,000,000 and US$34,000,000, then the payment is to be equal to 22.5% of such available assets in excess of US$14,000,000. The proceeds shall be paid in proportion to the number of shares held.
   iv. Fourth, the balance of the total available assets (if any) is to be paid to the holders of ordinary shares, A, B and D preference shares pro-rata as if they constituted one and the same class and in proportion to the number of shares held.

12. SHARE OPTIONS

Certain senior executives hold options to subscribe for shares in the company at a price of US$0.025 per share under the company’s Executive Share Option Plan 2012, which was approved by the shareholders.

Share options allow for the subscription of C preference shares as defined within the company’s Articles of Association and vest evenly over a 36 month period as defined by the Rules of the Share Option Plan.

The remaining number of shares as at the year-end, subject to options and the periods in which they were granted are given below:

<table>
<thead>
<tr>
<th>Year of grant</th>
<th>Exercise price</th>
<th>2018</th>
<th>2017</th>
</tr>
</thead>
<tbody>
<tr>
<td></td>
<td></td>
<td>US$’000</td>
<td>US$’000</td>
</tr>
<tr>
<td>2012</td>
<td>US$0.025</td>
<td>1,917</td>
<td>2,133</td>
</tr>
<tr>
<td>2013</td>
<td>US$0.025</td>
<td>120</td>
<td>120</td>
</tr>
<tr>
<td>2014</td>
<td>US$0.025</td>
<td>196</td>
<td>196</td>
</tr>
<tr>
<td>2018</td>
<td>US$0.025</td>
<td>11,228</td>
<td></td>
</tr>
<tr>
<td><strong>Total</strong></td>
<td></td>
<td><strong>13,461</strong></td>
<td><strong>2,449</strong></td>
</tr>
</tbody>
</table>
BOLERO.NET LIMITED

NOTES TO THE FINANCIAL STATEMENTS
For the year ended 31 December 2018

12. SHARE OPTIONS (CONTINUED)

As detailed in the accounting policies on page 12, the company has taken the exemption for section 26 of FRS 102 regarding equity instruments that were granted before transition date (1 January 2015) or to liabilities arising from share-based payment transactions that were settled before transition date.

The directors have recognised a share option charge of US$31,000 in respect of the estimated fair value of the share options granted in the year.

13. RETAINED DEFICIT

<table>
<thead>
<tr>
<th></th>
<th>2018</th>
<th>2017</th>
</tr>
</thead>
<tbody>
<tr>
<td></td>
<td>US$'000</td>
<td>US$'000</td>
</tr>
<tr>
<td>At 1 January</td>
<td>(3,367)</td>
<td>(1,369)</td>
</tr>
<tr>
<td>Loss for the financial year</td>
<td>(30)</td>
<td>(1,998)</td>
</tr>
<tr>
<td>At 31 December</td>
<td>(3,397)</td>
<td>(3,367)</td>
</tr>
</tbody>
</table>

14. RELATED PARTY TRANSACTIONS

The company has utilised the exemption allowing non-disclosure of transactions with the ultimate parent company and wholly owned subsidiary undertakings of the group.

15. ULTIMATE PARENT UNDERTAKING AND CONTROLLING PARTY

The company does not have an ultimate parent holding or controlling company. Berkeley I LLP, a fund managed by Azini Capital Partners LLP, and Baring Asia II Holdings (9) Limited are equity shareholders with significant control.