

Company Registration No. 06562273 (England and Wales)

BOILER ROOM (UK) LIMITED
UNAUDITED FINANCIAL STATEMENTS
FOR THE YEAR ENDED
31 DECEMBER 2017
PAGES FOR FILING WITH REGISTRAR

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BOILER ROOM (UK) LIMITED**STATEMENT OF FINANCIAL POSITION****AS AT 31 DECEMBER 2017**

		2017		2016	
	Notes	£	£	as restated	£
Fixed assets					
Intangible assets	6		104,777		157,166
Tangible assets	7		128,571		87,005
Investments	8		2		2
			<u>233,350</u>		<u>244,173</u>
Current assets					
Stocks			128,217		
Debtors	9		3,674,313		3,419,156
Cash at bank and in hand			3,370,716		2,031,877
			<u>7,173,246</u>		<u>5,451,033</u>
Creditors: amounts falling due within one year	10		(1,318,373)		(966,145)
Net current assets			<u>5,854,873</u>		<u>4,484,888</u>
Total assets less current liabilities			<u>6,088,223</u>		<u>4,729,061</u>
Creditors: amounts falling due after more than one year	11		(3,216,924)		-
Net assets			<u>2,871,299</u>		<u>4,729,061</u>
Capital and reserves					
Called up share capital	12		125		125
Share premium account			5,594,146		5,594,146
Capital redemption reserve			5,622		5,622
Profit and loss reserves			(2,728,594)		(870,832)
Total equity			<u>2,871,299</u>		<u>4,729,061</u>

BOILER ROOM (UK) LIMITED

STATEMENT OF FINANCIAL POSITION (CONTINUED)

AS AT 31 DECEMBER 2017

The directors of the company have elected not to include a copy of the income statement within the financial statements.

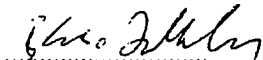
For the financial year ended 31 December 2017 the company was entitled to exemption from audit under section 477 of the Companies Act 2006 relating to small companies.

The members have not required the company to obtain an audit of its financial statements for the year in question in accordance with section 476.

The directors acknowledge their responsibilities for complying with the requirements of the Act with respect to accounting records and the preparation of financial statements.

These financial statements have been prepared and delivered in accordance with the provisions applicable to companies subject to the small companies' regime.

The financial statements were approved by the board of directors and authorised for issue on 28/9/18 and are signed on its behalf by:



B. Bellville
Director

BOILER ROOM (UK) LIMITED

NOTES TO THE FINANCIAL STATEMENTS FOR THE YEAR ENDED 31 DECEMBER 2017

1 Accounting policies

Company information

Boiler Room (UK) Limited is a private company limited by shares and is registered and incorporated in England and Wales. The registered office is Markian House, 52-56 Pritchards Road, London, E2 9AP.

Accounting convention

These financial statements have been prepared in accordance with FRS 102 "The Financial Reporting Standard applicable in the UK and Republic of Ireland" ("FRS 102") and the requirements of the Companies Act 2006 as applicable to companies subject to the small companies regime. The disclosure requirements of section 1A of FRS 102 have been applied other than where additional disclosure is required to show a true and fair view.

The financial statements are prepared in sterling, which is the functional currency of the company. Monetary amounts in these financial statements are rounded to the nearest £.

The financial statements have been prepared under the historical cost convention. The principal accounting policies adopted are set out below.

The company has taken advantage of the exemption under section 399 of the Companies Act 2006 not to prepare consolidated accounts, on the basis that the group of which this is the parent qualifies as a small group. The financial statements present information about the company as an individual entity and not about its group.

Prior period error

The Directors have reviewed the accounts and have decided to reclassify expenses within the Profit and Loss Account to allocate costs correctly. The first adjustment reclassifies costs totalling £222,708 from Cost of Sales to administrative expenses to show non-sponsored event costs. This adjustment increased Gross Profit as previously reported from £3,506,375 to £3,729,083. There is no affect on profit for the year.

The second adjustment, reclassifies foreign withholding tax in the Profit and Loss account within administrative expenses rather than within corporation tax expenses by £32,916. This adjustment has affected Profit before tax, decreasing from £163,642 as previously reported to £130,726. There is no affect on profit for the year.

Turnover

Turnover represents amounts receivable for streaming live music performances online, net of VAT. Income is recognised on the date it becomes unconditional on future performance.

Research and development expenditure

Research expenditure is written off against profits in the year in which it is incurred. Identifiable development expenditure is capitalised to the extent that the technical, commercial and financial feasibility can be demonstrated.

Intangible fixed assets other than goodwill

Intangible assets are recognised at cost and are subsequently measured at cost less accumulated amortisation and accumulated impairment losses.

Amortisation is recognised so as to write off the cost or valuation of assets less their residual values over their useful lives on the following bases:

Product development	25% straight line
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BOILER ROOM (UK) LIMITED

NOTES TO THE FINANCIAL STATEMENTS (CONTINUED)

FOR THE YEAR ENDED 31 DECEMBER 2017

1 Accounting policies (Continued)

Tangible fixed assets

Tangible fixed assets are initially measured at cost and subsequently measured at cost or valuation, net of depreciation and any impairment losses.

Depreciation is recognised so as to write off the cost or valuation of assets less their residual values over their useful lives on the following bases:

Fixtures and fittings	25% straight line
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The gain or loss arising on the disposal of an asset is determined as the difference between the sale proceeds and the carrying value of the asset, and is credited or charged to profit or loss.

Fixed asset investments

Interests in subsidiaries, associates and jointly controlled entities are initially measured at cost and subsequently measured at cost less any accumulated impairment losses. The investments are assessed for impairment at each reporting date and any impairment losses or reversals of impairment losses are recognised immediately in profit or loss.

A subsidiary is an entity controlled by the company. Control is the power to govern the financial and operating policies of the entity so as to obtain benefits from its activities.

Impairment of fixed assets

At each reporting period end date, the company reviews the carrying amounts of its tangible and intangible assets to determine whether there is any indication that those assets have suffered an impairment loss. If any such indication exists, the recoverable amount of the asset is estimated in order to determine the extent of the impairment loss (if any). Where it is not possible to estimate the recoverable amount of an individual asset, the company estimates the recoverable amount of the cash-generating unit to which the asset belongs.

Recoverable amount is the higher of fair value less costs to sell and value in use. In assessing value in use, the estimated future cash flows are discounted to their present value using a pre-tax discount rate that reflects current market assessments of the time value of money and the risks specific to the asset for which the estimates of future cash flows have not been adjusted.

If the recoverable amount of an asset (or cash-generating unit) is estimated to be less than its carrying amount, the carrying amount of the asset (or cash-generating unit) is reduced to its recoverable amount. An impairment loss is recognised immediately in profit or loss, unless the relevant asset is carried at a revalued amount, in which case the impairment loss is treated as a revaluation decrease.

Stocks

Stocks are stated at the lower of cost and estimated selling price less costs to complete and sell. Cost comprises direct materials and, where applicable, direct labour costs and those overheads that have been incurred in bringing the stocks to their present location and condition.

Stocks held for distribution at no or nominal consideration are measured at the lower of replacement cost and cost, adjusted where applicable for any loss of service potential.

At each reporting date, an assessment is made for impairment. Any excess of the carrying amount of stocks over its estimated selling price less costs to complete and sell is recognised as an impairment loss in profit or loss. Reversals of impairment losses are also recognised in profit or loss.

BOILER ROOM (UK) LIMITED

NOTES TO THE FINANCIAL STATEMENTS (CONTINUED)

FOR THE YEAR ENDED 31 DECEMBER 2017

1 Accounting policies (Continued)

Cash and cash equivalents

Cash and cash equivalents are basic financial instruments and include cash in hand.

Financial instruments

The company has elected to apply the provisions of Section 11 'Basic Financial Instruments' and Section 12 'Other Financial Instruments Issues' of FRS 102 to all of its financial instruments.

Financial instruments are recognised when the company becomes party to the contractual provisions of the instrument.

Financial assets and liabilities are offset, with the net amounts presented in the financial statements, when there is a legally enforceable right to set off the recognised amounts and there is an intention to settle on a net basis or to realise the asset and settle the liability simultaneously.

Basic financial assets

Basic financial assets, which include trade and other debtors and cash and bank balances, are initially measured at transaction price including transaction costs and are subsequently carried at amortised cost using the effective interest method unless the arrangement constitutes a financing transaction, where the financial asset is measured at the present value of the future receipts discounted at a market rate of interest.

Classification of financial liabilities

Financial liabilities and equity instruments are classified according to the substance of the contractual arrangements entered into. An equity instrument is any contract that evidences a residual interest in the assets of the company after deducting all of its liabilities.

Basic financial liabilities

Basic financial liabilities, including trade and other creditors, bank loans, loans from fellow group companies and preference shares that are classified as debt, 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 payments discounted at a market rate of interest.

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

Compound instruments

The component parts of compound instruments issued by the company are classified separately as financial liabilities and equity in accordance with the substance of the contractual arrangement. At the date of issue, the fair value of the liability component is estimated using the prevailing market interest rate for a similar non-convertible instrument. This amount is recorded as a liability on an amortised cost basis using the effective interest method until extinguished upon conversion or at the instrument's maturity date. The equity component is determined by deducting the amount of the liability component from the fair value of the compound instrument as a whole. This is recognised and included in equity net of income tax effects and is not subsequently remeasured.

Equity instruments

Equity instruments issued by the company are recorded at the fair value of proceeds received, net of direct issue costs. Dividends payable on equity instruments are recognised as liabilities once they are no longer at the discretion of the company.

Taxation

BOILER ROOM (UK) LIMITED

NOTES TO THE FINANCIAL STATEMENTS (CONTINUED)

FOR THE YEAR ENDED 31 DECEMBER 2017

1 Accounting policies (Continued)

Current tax is based on taxable profit for the year. Current tax assets and liabilities are measured using tax rates that have been enacted or substantively enacted by the reporting period.

Employee benefits

The costs of short-term employee benefits are recognised as a liability and an expense, unless those costs are required to be recognised as part of the cost of stock or fixed assets.

The cost of any unused holiday entitlement is recognised in the period in which the employee's services are received.

Termination benefits are recognised immediately as an expense when the company is demonstrably committed to terminate the employment of an employee or to provide termination benefits.

Retirement benefits

For defined contribution schemes the amount charged to profit or loss is the contributions payable in the year. Differences between contributions payable in the year and contributions actually paid are shown as either accruals or prepayments.

Share-based payments

Equity-settled share-based payments are measured at fair value at the date of grant by reference to the fair value of the equity instruments granted using the Black-Scholes model. The fair value determined at the grant date is expensed on a straight-line basis over the vesting period, based on the estimate of shares that will eventually vest. A corresponding adjustment is made to equity.

When the terms and conditions of equity-settled share-based payments at the time they were granted are subsequently modified, the fair value of the share-based payment under the original terms and conditions and under the modified terms and conditions are both determined at the date of the modification. Any excess of the modified fair value over the original fair value is recognised over the remaining vesting period in addition to the grant date fair value of the original share-based payment. The share-based payment expense is not adjusted if the modified fair value is less than the original fair value.

Cancellations or settlements (including those resulting from employee redundancies) are treated as an acceleration of vesting and the amount that would have been recognised over the remaining vesting period is recognised immediately.

Leases

Rentals payable under operating leases, including any lease incentives received, are charged to income on a straight line basis over the term of the relevant lease except where another more systematic basis is more representative of the time pattern in which economic benefits from the leased asset are consumed.

Foreign exchange

Transactions in currencies other than the functional currency (foreign currency) are initially recorded at the exchange rate prevailing on the date of the transaction.

Monetary assets and liabilities denominated in foreign currencies are translated at the rate of exchange ruling at the reporting date. Non-monetary assets and liabilities denominated in foreign currencies are translated at the rate ruling at the date of the transaction, or, if the asset or liability is measured at fair value, the rate when that fair value was determined.

All translation differences are taken to profit or loss, except to the extent that they relate to gains or losses on non-monetary items recognised in other comprehensive income, when the related translation gain or loss is also recognised in other comprehensive income.

BOILER ROOM (UK) LIMITED

NOTES TO THE FINANCIAL STATEMENTS (CONTINUED) FOR THE YEAR ENDED 31 DECEMBER 2017

2 Prior period adjustment

Changes to the income statement

	Period ended 31 December 2016		
	As previously reported	Adjustment	As restated
	£	£	£
Cost of sales	(3,110,324)	222,708	(2,887,616)
Administrative expenses	(3,344,115)	(255,624)	(3,599,739)
Taxation	(32,916)	32,916	-
	<u>(6,487,355)</u>	<u>(3,000)</u>	<u>(6,490,355)</u>
Profit for the financial period	130,726	-	130,726

The Directors have reviewed the accounts and have decided to reclassify expenses within the Profit and Loss Account to allocate costs correctly.

3 Employees

The average monthly number of persons (including directors) employed by the company during the year was 68 (2016 - 36).

4 Directors' remuneration

	2017	2016
	£	£
Remuneration paid to directors	297,995	295,000

The number of directors for whom retirement benefits are accruing under defined contribution schemes amounted to 2 (2016 - 0).

BOILER ROOM (UK) LIMITED

NOTES TO THE FINANCIAL STATEMENTS (CONTINUED)

FOR THE YEAR ENDED 31 DECEMBER 2017

5 Share-based payment transactions

	Number of share options		Weighted average exercise price	
	2017 Number	2016 Number	2017 £	2016 £
Outstanding at 1 January 2017	-	-	-	-
Granted	310	-	4.00	-
Outstanding at 31 December 2017	310	-	-	-
Exercisable at 31 December 2017	74	-	4.00	-

The options outstanding at 31 December 2017 had an exercise price of £4.00, and a remaining contractual life ranging between 3 and 4 years.

The weighted average fair value of options granted in the year was determined using the Black-Scholes option pricing model. The Black-Scholes model is considered to apply the most appropriate valuation method due to the relatively short contractual lives of the options and the requirement to exercise within a short period after the employee becomes entitled to the shares (the "vesting date").

Options were granted to 2 employees in the year. One employee was granted 296 share options at an exercise price of £4.00 on 26 January 2017. The share options had a vesting period of 4 years from the vesting commencement date, 1 September 2015.

An employee was granted 14 share options with an exercise price of £4.00 on 9 January 2017. The share options had a vesting period of 4 years from the vesting commencement date, 19 August 2016.

During the year, the company recognised total share-based payment expenses of £709 (2016 - £-) which related to equity settled share based payment transactions.

6 Intangible fixed assets

	Product development £
Cost	
At 1 January 2017 and 31 December 2017	209,555
Amortisation and impairment	
At 1 January 2017	52,389
Amortisation charged for the year	52,389
At 31 December 2017	104,778
Carrying amount	
At 31 December 2017	104,777
At 31 December 2016	157,166

BOILER ROOM (UK) LIMITED

NOTES TO THE FINANCIAL STATEMENTS (CONTINUED)

FOR THE YEAR ENDED 31 DECEMBER 2017

6 Intangible fixed assets (Continued)

In the statement of comprehensive income the amortisation of intangible assets is included in administrative expenses.

7 Tangible fixed assets

	Plant and machinery etc £
Cost	
At 1 January 2017	250,221
Additions	112,705
Disposals	(3,640)
At 31 December 2017	359,286
Depreciation and impairment	
At 1 January 2017	163,216
Depreciation charged in the year	68,034
Eliminated in respect of disposals	(535)
At 31 December 2017	230,715
Carrying amount	
At 31 December 2017	128,571
At 31 December 2016	87,005

8 Fixed asset investments

	2017 £	2016 £
Investments	2	2
Movements in fixed asset investments		
		Shares in group undertakings £
Cost or valuation		
At 1 January 2017 & 31 December 2017		2
Carrying amount		
At 31 December 2017		2
At 31 December 2016		2

BOILER ROOM (UK) LIMITED

NOTES TO THE FINANCIAL STATEMENTS (CONTINUED)

FOR THE YEAR ENDED 31 DECEMBER 2017

9 Debtors

	2017	2016
	£	£
Amounts falling due within one year:		
Trade debtors	530,465	1,679,350
Corporation tax recoverable	-	21,737
Amounts owed by group undertakings	2,784,448	1,250,127
Other debtors	359,400	467,942
	<u>3,674,313</u>	<u>3,419,156</u>

10 Creditors: amounts falling due within one year

	2017	2016
	£	£
Trade creditors	156,371	261,599
Other taxation and social security	184,922	109,818
Other creditors	977,080	594,728
	<u>1,318,373</u>	<u>966,145</u>

11 Creditors: amounts falling due after more than one year

	2017	2016
	£	£
Notes		
Convertible loans	<u>3,216,924</u>	<u>-</u>

On 12 May 2017 the company issued a convertible loan note to exercise the right to convert any security into shares with Backed 1 LP, Conegliano Ventures LP, Connect Ventures Two LP, Sherbet Mirror SA and WPP Group (UK) Limited for an unsecured loan collectively in the amount of £3,153,847. The loans bore interest at 3% per annum accruing on a daily basis. The outstanding loan has been converted into Nil fully paid A1 Ordinary shares during 2017 (2016: 565 A1 shares).

BOILER ROOM (UK) LIMITED

NOTES TO THE FINANCIAL STATEMENTS (CONTINUED) FOR THE YEAR ENDED 31 DECEMBER 2017

12 Called up share capital

	2017 £	2016 £
Ordinary share capital		
Issued and fully paid		
3,002 (2016: 3,002) A1 Ordinary shares of 1p each	30	30
2,119 (2016: 2,119) A2 Ordinary shares of 1p each	21	21
400 (2016: 400) B Ordinary shares of 1p each	4	4
6,924 (2016: 6,924) Ordinary shares of 1p each	70	70
	<u>125</u>	<u>125</u>

The Ordinary shares have attached to them full voting, dividend and capital distribution rights (including on winding up) and no rights of redemption.

The A1 Ordinary, A2 Ordinary and B Ordinary shares have attached to them full voting, dividend and preferential capital distribution rights (including on winding up) and no rights of redemption.

13 Operating lease commitments

Lessee

At the reporting end date the company had outstanding commitments for future minimum lease payments under non-cancellable operating leases, which fall due as follows:

	2017 £	2016 £
Within one year	149,500	-
Between one and five years	112,125	-
	<u>261,625</u>	<u>-</u>

14 Related party transactions

There was interest paid during the year that totalled £nil (2016: £41) to a company with a participating interest in the Company.

During the year the Company paid expenses on behalf of the directors that totalled £622 (2016: £nil).

At the balance sheet date the directors were owed £3,201 (2016: £nil) by the company and this amount is included in other creditors.

The balances with Directors are interest free, repayable on demand are there no terms and conditions attached to the balances outstanding.

The Company has taken advantage of the exemption under FRS 102 Section 33 Related Parties not to disclose transactions with other wholly owned group companies.

15 Parent company

The ultimate controlling party is B Bellville, the director, by virtue of his shareholding.