

Company Registration Number 09516905

OPPORTUNITY NETWORK HOLDINGS  
LIMITED  
FINANCIAL STATEMENTS  
31 DECEMBER 2018

21/4/20  
1.1.1  
1.1.1

TUESDAY  
TU



	*S8KHDP60*	
SPE	17/12/2019	#81
	COMPANIES HOUSE	
	*A93FKT69*	
A04	21/04/2020	#127
	COMPANIES HOUSE	

# **OPPORTUNITY NETWORK HOLDINGS LIMITED**

## **FINANCIAL STATEMENTS**

**YEAR ENDED 31 DECEMBER 2018**

---

<b>Contents</b>	<b>Pages</b>
Information page	<b>1</b>
Directors' report	<b>2</b>
Statement of directors' responsibilities	<b>3</b>
Consolidated statement of comprehensive income	<b>4</b>
Consolidated statement of financial position	<b>5 - 7</b>
Company statement of financial position	<b>8</b>
Consolidated statement of changes in equity	<b>9 - 10</b>
Company statement of changes in equity	<b>11 - 12</b>
Consolidated statement of cash flows	<b>13</b>
Company statement of cash flows	<b>14</b>
Notes to the financial statements	<b>15 – 35</b>

## OPPORTUNITY NETWORK HOLDINGS LIMITED

### INFORMATION

YEAR ENDED 31 DECEMBER 2018

---

Directors	B A Pallas M Cartolari P Rohr K P Steinberg L W Are R A Sherman M Stefanel D Amiram
Authorised signatory	B A Pallas
Domicile	England and Wales
Legal form	Company limited by shares
Country of incorporation	England and Wales
Registered office	Third Floor 20 Old Bailey London EC4M 7AN
Company number	09516905

# **OPPORTUNITY NETWORK HOLDINGS LIMITED**

## **DIRECTORS' REPORT**

### **YEAR ENDED 31 DECEMBER 2018**

---

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

#### **Principal activity**

The principal activity of the Group during the year was the provision of an online networking platform for professionals.

#### **Existence of subsidiaries outside the UK**

The Company has three subsidiaries, as defined in section 1046(3) of the Companies Act 2006, outside the UK in the United States of America (two) and Spain, which are all 100% owned by Opportunity Network Holdings Limited. There are no branches.

#### **Results and dividends**

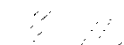
The loss for the year, after taxation, amounted to €2,573,510 (2017: loss of €5,234,087). The directors do not recommend a dividend (2017: nil).

#### **Directors**

The directors who served during the year were:

B A Pallas  
D Amiram (resigned 21 August 2019)  
M Cartolari  
P Rohr  
K P Steinburg  
L W Are  
R A Sherman  
M Stefanel (appointed on 1 January 2018)

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



**B A Pallas**  
Director

Date: December 16, 2019

# **OPPORTUNITY NETWORK HOLDINGS LIMITED**

## **DIRECTORS' REPORT**

**YEAR ENDED 31 DECEMBER 2018**

---

The directors are responsible for preparing 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 prepared the Group and parent Company financial statements in accordance with International Financial Reporting Standards ('IFRS') as adopted by the European Union (EU). 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 Group and the Company and of the profit or loss of the Group for that period. 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 they have been prepared in accordance with IFRSs as adopted by the European Union, subject to any material departures disclosed and explained in the financial statements; and
- prepare the financial statements on the going concern basis unless it is inappropriate to presume that the Group 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 the Group 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 the Group and hence for taking reasonable steps for the prevention and detection of fraud and other irregularities.

**OPPORTUNITY NETWORK HOLDINGS LIMITED**  
**CONSOLIDATED STATEMENT OF COMPREHENSIVE INCOME**  
**YEAR ENDED 31 DECEMBER 2018**

	Note	2018 €	2017 €
<b>Revenue</b>	<b>2</b>	<b>2,631,956</b>	2,486,737
Cost of sales		(1,598,717)	(1,426,816)
<b>Gross profit</b>		<b>1,033,239</b>	1,059,921
Administrative expenses		(3,654,777)	(6,142,261)
Other operating income		100,219	
Operating loss	<b>3</b>	<b>(2,521,319)</b>	(5,082,340)
Net finance (expense)/income	<b>5</b>	<b>(46,420)</b>	(118,329)
<b>Loss on ordinary activities before taxation</b>		<b>(2,567,739)</b>	(5,200,669)
Income tax expense	<b>6</b>	<b>(5,771)</b>	(33,418)
<b>Loss for the year</b>		<b>(2,573,510)</b>	(5,234,087)
<b>Other comprehensive income</b>			
<i>Items that will or may be reclassified to profit or loss</i>			
Exchange differences on translating foreign operations		(34,617)	133,932
<b>Total comprehensive income for the year</b>		<b>(2,608,127)</b>	(5,100,115)
Loss for the year attributable to:			
Owners of the Company		(2,608,127)	(5,234,087)
		<b>(2,608,127)</b>	(5,234,087)
Total comprehensive income for the year attributable to:			
Owners of the Company		(2,608,127)	(5,100,115)
		<b>(2,608,127)</b>	(5,100,115)

All of the activities of the Group are classified as continuing.

The notes are an integral part of these financial statements.

**OPPORTUNITY NETWORK HOLDINGS  
LIMITED**

Company number 09516905

**CONSOLIDATED STATEMENT OF FINANCIAL POSITION**

**YEAR ENDED 31 DECEMBER 2018**

	Note	2018 €	2017 €
<b>Assets</b>			
<b>Non-current assets</b>			
Property, plant and equipment	7	203,226	231,009
Investments	8	59,194	59,658
Trade and other receivables	9	125,528	168,370
		<b>387,948</b>	459,037
<b>Current assets</b>			
Trade and other receivables	9	1,620,611	1,140,133
Cash and cash equivalents	10	2,468,840	2,526,884
		<b>4,089,451</b>	3,667,017
<b>Total assets</b>		<b>4,477,399</b>	<b>4,126,054</b>

The Consolidated Statement of Financial Position continues on the following page.

**OPPORTUNITY NETWORK HOLDINGS  
LIMITED**

Company number 09559477

**CONSOLIDATED STATEMENT OF FINANCIAL POSITION** *(continued)*

**YEAR ENDED 31 DECEMBER 2018**

	Note	2018 £	2018 £	2017 £	2017 £
<b>Equity and liabilities</b>					
<b>Capital and reserves</b>					
Share capital	11	13,276		12,227	
Share premium	12	9,140,849		6,630,561	
Shares to be issued	12	1,140,704		1,356,298	
Capital redemption reserve	12	70		70	
Translation reserve	12	53,285		87,243	
Merger reserve	12	635,207		635,207	
Share compensation reserve	12	1,614,558		908,429	
Retained earnings	12	(13,632,853)		(11,058,684)	
<b>Total equity</b>			<b>(1,034,904)</b>		<b>(1,428,649)</b>
<b>Non-current liabilities</b>					
Deferred revenue	14	2,071,353		2,000,926	
			<b>2,071,353</b>		<b>2,000,926</b>
<b>Current liabilities</b>					
Borrowings	13	155,000		1,000,000	
Trade and other payables	15	1,142,160		951,968	
Deferred revenue	14	2,143,790		1,601,809	
			<b>3,440,950</b>		<b>3,553,777</b>
<b>Total liabilities</b>			<b>5,512,303</b>		<b>5,554,703</b>
<b>Total equity and liabilities</b>			<b>4,477,399</b>		<b>4,126,054</b>



**OPPORTUNITY NETWORK HOLDINGS  
LIMITED**

Company number 09559477

**CONSOLIDATED STATEMENT OF FINANCIAL POSITION** *(continued)*

**YEAR ENDED 31 DECEMBER 2018**

---

	Note	2018 £	2018 £	2017 £	2017 £
--	------	-----------	-----------	-----------	-----------

---


The notes are an integral part of these financial statements.

The directors consider that the company is entitled to exemption from the requirement to have an audit under the provisions of section 477 of the Companies Act 2006 ("the Act") and members have not required the company to obtain an audit for the year in question in accordance with section 476 of the Act.

The directors acknowledge his responsibilities for complying with the requirements of the Companies Act 2006 with respect to accounting records and for preparing financial statements which give a true and fair view of the state of affairs of the company as at 31 December 2018 and of its loss for the year in accordance with the requirements of section 394 and 395 of the Act which otherwise comply with the requirements of the Companies Act 2006 relating to financial statements, so far as applicable to the company.

The financial statements have been prepared in accordance with the provisions applicable to companies subject to the small companies' regime within Part 15 of the Companies Act 2006.

These financial statements were approved by the directors and authorised for issue.

  
**B A Pallas**  
Director

Date: December 16, 2019

**OPPORTUNITY NETWORK HOLDINGS  
LIMITED**

Company number 09516905

**COMPANY STATEMENT OF FINANCIAL POSITION  
YEAR ENDED 31 DECEMBER 2018**

	Note	2018 €	2017 €
<b>Assets</b>			
<b>Non-current assets</b>			
Investments	8	2,944,756	2,945,221
<b>Current assets</b>			
Trade and other receivables	9	10,551,214	7,876,046
<b>Total assets</b>		<b>13,495,970</b>	<b>10,821,267</b>
<b>Equity and liabilities</b>			
<b>Capital and reserves</b>			
Share capital	11	13,276	12,227
Share premium	12	9,140,849	6,630,561
Shares to be issued	12	1,140,704	1,356,298
Capital redemption reserve	12	70	70
Translation reserve	12	(968,058)	(921,774)
Merger reserves	12	3,471,742	3,471,742
Share compensation reserve	12	1,614,558	908,429
Retained earnings	12	(968,054)	(723,240)
<b>Total equity</b>		<b>13,445,087</b>	<b>10,734,313</b>
<b>Current liabilities</b>			
Borrowings	13	-	45,132
Trade and other payables	15	50,883	41,822
<b>Total liabilities</b>		<b>50,883</b>	<b>86,954</b>
<b>Total equity and liabilities</b>		<b>13,495,970</b>	<b>10,821,267</b>

The Company has taken advantage of the exemption contained within section 408 of the Companies Act 2006 not to present its own Statement of Comprehensive Income. The loss for the year within the accounts of the Company was €244,813 (2017: loss of €456,957).

These financial statements were approved by the board on  
their behalf by:

and are signed on

  
**B A Pallas**  
Director

**OPPORTUNITY NETWORK HOLDINGS LIMITED**  
**CONSOLIDATED STATEMENT OF CHANGES IN EQUITY**  
**YEAR ENDED 31 DECEMBER 2018**

	Share Capital	Share premium	Shares to be issued	Capital redempti- on reserve	Translati- on reserve	Merger reserve	Share compens- ation reserve	Retained earnings	Total equity
	€	€	€	€	€	€	€	€	€
Balance as at 1 January 2017	12,050	5,113,161	1,014,970	54	(46,689)	635,207	5,636	(5,824,597)	909,792
Comprehensive income									
Loss for the year	-	-	-	-	-	-	-	(5,234,087)	(5,234,087)
Foreign exchange adjustment	-	-	-	-	133,932	-	-	-	133,932
<b>Total comprehensive income for the year</b>	-	-	-	-	<b>133,932</b>	-	-	<b>(5,234,087)</b>	<b>(5,100,155)</b>
Contributions by and distributions to owners									
Issue of share capital	193	1,517,400	(4,264)	-	-	-	-	-	1,513,329
Amounts received for unissued shares	-	-	345,592	-	-	-	-	-	345,592
Repurchase of shares	(16)	-	-	16	-	-	-	-	-
Share based payments	-	-	-	-	-	-	902,793	-	902,793
<b>Total contributions by and distributions to owners</b>	<b>177</b>	<b>1,517,400</b>	<b>341,328</b>	<b>16</b>	<b>-</b>	<b>-</b>	<b>902,793</b>	<b>-</b>	<b>2,761,714</b>
<b>Carried forward at 31 December 2017</b>	<b>12,227</b>	<b>6,630,561</b>	<b>1,356,298</b>	<b>70</b>	<b>87,243</b>	<b>635,207</b>	<b>908,429</b>	<b>(11,058,684)</b>	<b>(1,428,649)</b>

**OPPORTUNITY NETWORK HOLDINGS LIMITED**  
**CONSOLIDATED STATEMENT OF CHANGES IN EQUITY**  
**YEAR ENDED 31 DECEMBER 2018**

	Share Capital	Share premium	Shares to be issued	Capital redemption reserve	Translation reserve	Merger reserve	Share compensation reserve	Retained earnings	Total equity
	€	€	€	€	€	€	€	€	€
Balance as at 1 January 2018	12,227	6,630,561	1,356,298	70	87,243	635,207	908,429	(11,058,684)	(1,428,649)
Comprehensive income									
Loss for the year	-	-	-	-	-	-	-	(2,573,510)	(2,573,510)
Foreign exchange adjustment	-	-	-	-	(33,958)	-	-	(659)	(34,617)
Total comprehensive income for the year	-	-	-	-	(33,958)	-	-	(2,574,169)	(2,608,127)
Contributions by and distributions to owners									
Issue of share capital	1,049	2,510,288	(215,594)	-	-	-	-	-	2,295,743
Amounts received for unissued shares	-	-	-	-	-	-	-	-	-
Repurchase of shares	-	-	-	-	-	-	-	-	-
Share based payments	-	-	-	-	-	-	706,129	-	706,129
Total contributions by and distributions to owners	1,049	2,510,288	(215,594)	-	-	-	706,129	-	3,001,872
Carried forward at 31 December 2018	13,276	9,140,849	1,140,704	70	53,285	635,207	1,614,558	(13,632,853)	(1,034,904)

**OPPORTUNITY NETWORK HOLDINGS LIMITED**  
**COMPANY STATEMENT OF CHANGES IN EQUITY**  
**YEAR ENDED 31 DECEMBER 2018**

	Share Capital	Share premium	Shares to be issued	Capital redemption reserve	Translation reserve	Merger reserve	Share compensa- tion reserve	Retained earnings	Total equity
	€	€	€	€	€	€	€	€	€
Balance as at 1 January 2017	12,050	5,113,161	1,014,970	54	(620,841)	3,471,742	5,636	(266,283)	8,730,489
<b>Comprehensive income</b>									
Loss for the year	-	-	-	-	-	-	-	(456,957)	(456,957)
Foreign exchange adjustment	-	-	-	-	(300,933)	-	-	-	(300,933)
<b>Total comprehensive income for the year</b>	-	-	-	-	(300,933)	-	-	(456,957)	(757,890)
<b>Contributions by and distributions to owners</b>									
Issue of share capital	193	1,517,400	(4,264)	-	-	-	-	-	1,513,329
Repurchase of shares	(16)	-	-	16	-	-	-	-	-
Amounts received for unissued shares	-	-	345,592	-	-	-	-	-	345,592
Share based payments	-	-	-	-	-	-	902,793	-	902,793
<b>Total contributions by and distributions to owners</b>	177	1,517,400	341,328	16	-	-	902,793	-	2,761,714
<b>Carried forward at 31 December 2017</b>	<b>12,227</b>	<b>6,630,561</b>	<b>1,356,298</b>	<b>70</b>	<b>(921,774)</b>	<b>3,471,742</b>	<b>908,429</b>	<b>(723,240)</b>	<b>10,734,313</b>

**OPPORTUNITY NETWORK HOLDINGS LIMITED**  
**COMPANY STATEMENT OF CHANGES IN EQUITY**  
**YEAR ENDED 31 DECEMBER 2018**

	Share Capital	Share premium	Shares to be issued	Capital redemption reserve	Translation reserve	Merger reserve	Share compensa- tion reserve	Retained earnings	Total equity
	€	€	€	€	€	€	€	€	€
Balance as at 1 January 2018	12,227	6,630,561	1,356,298	70	(921,774)	3,471,742	908,429	(723,240)	10,734,313
<b>Comprehensive income</b>									
Loss for the year	-	-	-	-	-	-	-	(244,813)	(244,813)
Foreign exchange adjustment	-	-	-	-	(46,284)	-	-	-	(46,284)
<b>Total comprehensive income for the year</b>	-	-	-	-	(46,284)	-	-	(244,813)	(291,097)
<b>Contributions by and distributions to owners</b>									
Issue of share capital	1,049	2,510,288	(215,594)	-	-	-	-	-	2,295,743
Repurchase of shares	-	-	-	-	-	-	-	-	-
Amounts received for unissued shares	-	-	-	-	-	-	-	-	-
Share based payments	-	-	-	-	-	-	706,129	-	706,129
<b>Total contributions by and distributions to owners</b>	1,049	2,510,288	(215,594)	-	-	-	706,129	-	3,001,872
<b>Carried forward at 31 December 2018</b>	13,276	9,140,849	1,140,704	70	(968,058)	3,471,742	1,614,558	(968,053)	13,445,087

# OPPORTUNITY NETWORK HOLDINGS LIMITED

## CONSOLIDATED STATEMENT OF CASH FLOWS

YEAR ENDED 31 DECEMBER 2018

	2018 €	2017 €
<b>Cash flows from operating activities</b>		
Loss for the financial year after tax	(2,573,510)	(5,234,087)
Adjustments for:		
Unrealised currency translation	(34,617)	
Foreign exchange loss/(gain)		338,881
Interest expense	46,420	118,329
Tax expense		33,418
Depreciation	34,497	26,240
Share expense	706,129	902,793
<b>Cash used in operating activities before changes in working capital and provisions</b>	<b>(1,821,081)</b>	<b>(3,814,426)</b>
Increase in trade and other receivables	(437,636)	(130,052)
Increase in trade and other payables	802,600	357,686
<b>Cash used in operations</b>	<b>(1,456,117)</b>	<b>(3,586,792)</b>
<b>Investing activities</b>		
Interest received		8,344
Purchase of fixed assets	(6,714)	(99,941)
Purchase of investments	464	(46,119)
<b>Net cash used in investing activities</b>	<b>(6,250)</b>	<b>(137,716)</b>
<b>Financing activities</b>		
Interest paid	(46,420)	(126,673)
Proceeds from share issue	2,295,743	1,513,329
Proceeds from shares to be issued	-	345,592
Repurchase of shares	-	-
Loan issued	-	-
Loan repaid	(845,000)	(1,300,000)
<b>Net cash generated by financing activities</b>	<b>1,404,323</b>	<b>732,248</b>
<b>Net (decrease)/increase in cash and cash equivalents</b>	<b>(58,044)</b>	<b>(2,992,260)</b>
<b>Cash and cash equivalents at beginning of the year</b>	<b>2,526,884</b>	<b>5,753,561</b>
<b>Effects of exchange rate changes on the balance of cash held in foreign currencies</b>		<b>(234,417)</b>
<b>Cash and cash equivalents at end of the year</b>	<b>2,468,840</b>	<b>2,526,884</b>

# OPPORTUNITY NETWORK HOLDINGS LIMITED

## COMPANY STATEMENT OF CASH FLOWS

YEAR ENDED 31 DECEMBER 2018

	2018 €	2017 €
<b>Cash flows from operating activities</b>		
Loss for the financial year after tax	(244,813)	(456,957)
Adjustments for:		
Loss on disposal		14,460
Unrealised currency translation	(46,284)	399,101
Share expense	188,032	154,329
<b>Cash flows from operating activities before changes in working capital and provisions</b>	<b>(103,065)</b>	<b>110,933</b>
Decrease/(increase) in trade and other receivables	228,290	15,573
(Decrease)/increase in trade and other payables	(36,071)	(50,284)
<b>Cash generated/(used) in operations</b>	<b>89,154</b>	<b>76,222</b>
<b>Investing activities</b>		
Loan to group companies	(2,385,361)	(1,889,024)
Purchase of investments	464	(46,119)
<b>Net cash used in investing activities</b>	<b>(2,384,897)</b>	<b>(1,935,143)</b>
<b>Financing activities</b>		
Proceeds from share issue	2,295,743	1,513,329
Proceeds from shares to be issued	-	345,592
Repurchase of shares	-	-
Loan from group companies	-	-
<b>Net cash generated by financing activities</b>	<b>2,295,743</b>	<b>1,858,921</b>
<b>Net increase in cash and cash equivalents</b>	<b>-</b>	<b>-</b>
<b>Cash and cash equivalents at beginning of the year</b>	<b>-</b>	<b>-</b>
<b>Cash and cash equivalents at end of the year</b>	<b>-</b>	<b>-</b>



# OPPORTUNITY NETWORK HOLDINGS LIMITED

## NOTES TO THE FINANCIAL STATEMENTS

YEAR ENDED 31 DECEMBER 2018

---

### 1. Accounting policies

The principal activity of the group is the provision of an online networking platform for professionals.

Opportunity Network Holdings Limited is a private company limited by shares and is incorporated and registered in England and Wales. Its registration number is 09516905 and its registered office is Third Floor, 20 Old Bailey, London, EC4M 7AN.

#### 1.1 Basis of preparation

These financial statements have been prepared in accordance with International Financial Reporting Standards, International Accounting Standards and Interpretations (collectively IFRS) issued by the International Accounting Standards Board (IASB) as adopted by EU ("adopted IFRSs") and the Companies Act 2006 applicable to companies reporting under IFRS. The financial statements have been prepared under the historical cost convention.

The principal accounting policies adopted in the preparation of the financial statements are set out below. The policies have been consistently applied to all the years presented, unless otherwise stated.

The consolidated financial statements are presented in Euro, as this is the principal currency that the Group's revenue is denominated and the principal currency of the Group's operating costs. The functional currency of Opportunity Network Holdings Limited is Pound Sterling.

The preparation of financial statements in compliance with IFRS requires the use of certain critical accounting estimates. It also requires Group management to exercise judgement in applying the Company's accounting policies (see note 1.18).

The following principal accounting policies have been applied:

#### 1.2 Basis of consolidation

Where the Company has the power to control an investee, either directly or indirectly, it is classified as a subsidiary. The Company controls an investee if and only if the Company has all of the following; power over the investee, exposure or rights to variable returns from its involvement with the investee, and the ability to use its power over the investee to affect its returns. The consolidated financial statements present the results of the Company and its subsidiaries ("the Group") as if they formed a single entity. Intercompany transactions and balances between group companies are therefore eliminated in full.

##### *Pooling of interests*

Between July and October 2015, the Company undertook a share for share exchange which resulted in Opportunity Network Holdings Limited acquiring Opportunity Network Inc. from its ultimate shareholders as consideration for shares in the Company. As this was deemed to be a combination of entities under common control where there was no pre-existing group, this transaction is within the scope of IFRS 3 *Business Combinations*.

The directors, having considered the requirements of IFRS 3 and the related UK guidance, treated the transaction by which the Company acquired Opportunity Network Inc. as if the entities had always been combined and accounted for the transaction on a pooling of interest basis (or merger accounting). The combination has been accounted for using book values, with no fair value adjustments made nor goodwill created. Merger accounting principles for these combinations gave rise to a merger reserve in the consolidated statement of financial position.

# OPPORTUNITY NETWORK HOLDINGS LIMITED

## NOTES TO THE FINANCIAL STATEMENTS

YEAR ENDED 31 DECEMBER 2018

---

### 1. Accounting policies *(continued)*

being the difference between the nominal value of new shares issued by the Parent Company and the subsidiary's own share capital and share premium.

The merger reserve is also used where more than 90% of the shares in a subsidiary are acquired and the consideration includes the issue of new shares by the Company, thereby attracting merger relief under section 612 of the Companies Act 2006.

In the consolidated financial statements, Opportunity Network Inc. is treated as if it had always been a member of the Group.

#### 1.3 Going concern

The financial statements have been prepared on a going concern basis notwithstanding the fact that the Group has recorded a loss in the year to 31 December 2018 and has a net deficit position on total equity.

The directors consider this basis appropriate as they have considered in detail the trading and cash flow forecasts of the Company and the Group for the next twelve months from the date of approval of the financial statements. Based upon the forecasts the directors have a reasonable expectation that the Company and the Group has adequate resources to continue in operational existence and meet its liabilities as they fall due for the foreseeable future, being a period of at least twelve months from the date these financial statements were approved.

#### 1.4 Revenue recognition

The Group sells membership subscriptions and implementation services.

Revenue from membership subscriptions is deferred in the statement of financial position and recognised on a straight-line basis over the term of the subscription contract in the period to which it relates.

Revenue in respect of implementation services is recognised in the accounting period in which the services are rendered, by reference to the stage of completion of the specific project and assessed on the basis of the actual costs incurred as a proportion of the total expected costs for that project.

Where a loss is anticipated on a specific implementation service, the loss is recognised in full in the period in which it is identified. No margin is recognised on implementation services where a reliable assessment of the stage of completion cannot be made.

#### 1.5 Transaction acquisition costs

Incremental acquisition costs to obtain a revenue transaction are initially recognised as an asset and subsequently amortised over the same period as the revenue transaction to which they relate.

# OPPORTUNITY NETWORK HOLDINGS LIMITED

## NOTES TO THE FINANCIAL STATEMENTS

YEAR ENDED 31 DECEMBER 2018

---

### 1. Accounting policies *(continued)*

#### 1.6 Property, plant and equipment

Property, plant and equipment are initially recognised at cost and subsequently depreciated or impaired.

Depreciation is calculated so as to write off the cost of an asset, less its estimated residual value, over the useful economic life of that asset as follows:

Fixtures and fittings	- straight line over 15 years
Computers & IT equipment	- straight line over 6 years

The carrying value of the Group's property, plant and equipment is reviewed for impairment when events or changes in circumstances indicate the carrying value may be impaired. If such an indication exists, the recoverable amount of the asset is estimated in order to determine the extent of the impairment loss. The recoverable amount is the higher of the asset's fair value less costs of disposal and its value in use.

#### 1.7 Investments

Investments in subsidiaries are measured at cost less accumulated impairment. Where merger relief is applicable, the cost of the investment in a subsidiary undertaking is measured at the nominal value of the shares issued together with the fair value of any additional consideration paid.

Other investments are measured at cost less accumulated impairment.

#### 1.8 Operating leases

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

#### 1.9 Share based payments

The Group operates an equity settled share-based payment arrangement for certain employees (including directors) under which the Group receives services from the individuals as consideration for equity instruments of the Group. Equity settled share-based payments are measured at fair value at the date of grant. The fair value determined at the grant date of the equity settled share-based payments is expensed on a straight line basis over the vesting period, together with a corresponding increase in equity, based upon the Company's estimate of the shares that will eventually vest.

#### 1.10 Deferred taxation

Deferred tax assets and liabilities are recognised where the carrying amount of an asset or liability in the balance sheet differs from its tax base, except for differences arising on:

- the initial recognition of goodwill; and
- investments in subsidiaries and jointly controlled entities where the Group is able to control the timing of the reversal of the difference and it is probable that the difference will not reverse in the foreseeable future.

Recognition of deferred tax assets is restricted to those instances where it is probable that taxable profits will be available against which the difference can be utilised.

# OPPORTUNITY NETWORK HOLDINGS LIMITED

## NOTES TO THE FINANCIAL STATEMENTS

YEAR ENDED 31 DECEMBER 2018

---

### 1. Accounting policies *(continued)*

The amount of the asset or liability is determined using tax rates that have been enacted or substantively enacted by the balance sheet date and are expected to apply when the deferred tax liabilities or (assets) are settled or (recovered).

Deferred tax assets and liabilities are offset when the Group has a legally enforceable right to offset current tax assets and liabilities and the deferred tax assets and liabilities relate to taxes levied by the same tax authority on either:

- the same taxable Group company; or
- different Group entities which intend either to settle current tax assets and liabilities on a net basis, or to realise the assets and settle the liabilities simultaneously, in each future period in which significant amounts of deferred tax assets or liabilities are expected to be settled or recovered.

#### 1.11 Foreign currencies

Transactions entered into by Group entities in a currency other than the currency of the primary economic environment in which they operate (their "functional currency") are recorded at the rates applicable when the transactions occur. Foreign currency monetary assets and liabilities are retranslated into the Group entities' respective functional currencies at the rates at the balance sheet date. Foreign exchange differences arising on the retranslation of unsettled monetary assets and liabilities are recognised immediately in the consolidated income statement, except for currency borrowings qualifying as a hedge of a net investment in a foreign operation, foreign exchange differences on which are recognised as a separate component of equity.

Upon consolidation, the results of overseas operations are translated into Euro at the average rate. All assets and liabilities of overseas operations are translated into Euro at the rate applicable at the balance sheet date. Exchange differences arising on translating the opening net assets at the opening rate and the results of overseas operations at the closing rate are recognised directly in equity (the "Translation Reserve"). Share capital, share premium and the merger reserve are translated at the rate applicable at the date of the transaction.

Upon disposal of a foreign operation, the cumulative exchange differences recognised in the foreign exchange reserve relating to that operation up to the date of disposal are transferred to the consolidated income statement as part of the profit or loss on disposal.

#### 1.12 Financial assets

The Group classifies its financial assets into one of the categories permitted under IAS 32, depending on the purpose for which the asset was acquired. The Group has not classified any of its financial assets as held to maturity, fair value through profit and loss or available for sale.

**Loans and receivables:** These assets are non-derivative financial assets with fixed or determinable payments that are not quoted in an active market. They arise principally through the provision of services to customers (e.g. trade receivables), but also incorporate other types of contractual monetary asset. They are initially recognised at fair value plus transaction costs that are directly attributable to their acquisition or issue, and are subsequently carried at amortised cost using the effective interest rate method, less provision for impairment. They are included in current assets, except for maturities greater than 12 months after the end of the reporting period. These are classified as non-current assets.

# OPPORTUNITY NETWORK HOLDINGS LIMITED

## NOTES TO THE FINANCIAL STATEMENTS

YEAR ENDED 31 DECEMBER 2018

---

### 1. Accounting policies *(continued)*

Impairment provisions are recognised when there is objective evidence (such as significant financial difficulties on the part of the counterparty or default or significant delay in payment) that the Group will be unable to collect all of the amounts due under the terms receivable, the amount of such a provision being the difference between the net carrying amount and the present value of the future expected cash flows associated with the impaired receivable.

The Group's loans and receivables comprise trade and other receivables and cash and cash equivalents in the balance sheet.

Cash and cash equivalents include cash in hand, deposits held at banks, other short term highly liquid investments with maturities of three months or less.

Bank overdrafts are shown within loans and borrowings in current liabilities on the balance sheet.

#### 1.13 Financial liabilities

The Group classifies its financial liabilities into one of the two categories permitted under IAS 32, depending on the purpose for which the liability was acquired.

**Fair value through profit or loss:** The Group does not have any liabilities held for trading nor has it designated any financial liabilities as being at fair value through profit or loss.

**Other financial liabilities:** Other financial liabilities include the following items:

Bank borrowings and long-term borrowings from non-financial institutions are initially recognised at fair value net of any transaction costs directly attributable to the issue of the instrument. Such interest bearing liabilities are subsequently measured at amortised cost using the effective interest rate method, which ensures that any interest expense over the period to repayment is at a constant rate on the balance of the liability carried in the balance sheet.

Trade payables and other monetary liabilities are initially recognised at fair value and subsequently carried at amortised cost using the effective interest method. They are included in current liabilities, except for maturities greater than 12 months after the end of the reporting period. These are classified as non-current liabilities.

#### 1.14 Provisions

Provisions are recognised for liabilities of uncertain timing or amount that have arisen as a result of past transactions and are discounted at a pre-tax rate reflecting current market assessments of the time value of money and the risks specific to the liability.

#### 1.15 Equity instruments

An equity instrument is any contract that evidences a residual interest in the assets of the Group after deducting all of its liabilities. Shares are issued at nominal value and recorded within share capital. The difference between the consideration paid and the nominal value is recognised as share premium.

#### 1.16 Interest income and interest expense

Interest income and interest expenses are recognised using the effective interest method.

# OPPORTUNITY NETWORK HOLDINGS LIMITED

## NOTES TO THE FINANCIAL STATEMENTS

YEAR ENDED 31 DECEMBER 2018

---

**1. Accounting policies (continued)**

**1.17 Changes to accounting policies**

The IASB and IFRIC have issued new standards, amendments and interpretations to existing standards. The Group is evaluating the effect of standards, amendments and interpretations that are effective for periods beginning after 1 January 2019. Only those expected to be relevant to the Group have been included in below.

**New and amended standards and interpretations mandatory for the first time for the financial year beginning 1 January 2018:**

***IFRS 9, Financial instruments***

IFRS 9, addresses the classification, measurement and recognition of financial assets and financial liabilities. The standard primarily impacts the classification and measurement of financial assets and liabilities and introduces the 'expected credit loss' model for the measurement of the impairment of financial assets so it is no longer necessary for a credit event to have occurred before a credit loss is recognised. Management considers that the effects of applying the new standard are immaterial on the Group's financial statements.

***IFRS 15, Revenue from Contracts with Customers***

IFRS 15 replaced IAS 18 *Revenue* and establishes a principle based five-step model to be applied to all contracts with customers, except for insurance contracts, financial instruments and lease contracts. IFRS 15 also includes enhanced disclosure requirements. This standard applies to annual reporting periods beginning on or after 1 January 2018. Management has assessed the effects of applying the new standard on the Group's financial statements and considers that the new standard will not have an impact upon the Group's current method of revenue recognition

**New standards, amendments and interpretations endorsed by the European Union issued but not effective for the financial year beginning 1 January 2018 and not adopted early:**

***IFRS 16, Leases***

IFRS 16 will affect primarily the accounting by lessees and will result in the recognition of almost all leases on balance sheet. The standard removes the current distinction between operating and financing leases and requires recognition of an asset (the right to use the leased item) and a financial liability to pay rentals for virtually all lease contracts. An optional exemption exists for short-term and low-value leases. The Group is yet to fully assess the impact of the Standard and therefore is unable to provide quantified information. However, the Group is performing a review of all agreements to assess whether any additional contracts will become lease contracts under IFRS 16's new definition of a lease, assessing current disclosures for operating leases as these are likely to form the basis of the amounts to be capitalised as right-of-use assets, and are deciding which transitional provisions to adopt. This standard applies to annual reporting periods beginning on or after 1 January 2019.

**Standards, amendments and interpretations that are not yet endorsed by the European Union:**

There are a number of new standards and amendments to standards and interpretations that are not yet endorsed by the European Union, and have not been applied in preparing these financial statements. The impacts of adopting the following standards, that are not yet endorsed by the European Union, are being examined by the Group. No other IFRSs or IFRIC interpretations are expected to have a material effect on the Group.

**1. Accounting policies (continued)**

**1.18 Critical accounting estimates and judgements**

# OPPORTUNITY NETWORK HOLDINGS LIMITED

## NOTES TO THE FINANCIAL STATEMENTS

YEAR ENDED 31 DECEMBER 2018

---

The Group operates an equity settled share-based payment arrangement for certain employees (including directors) with awards to be settled in shares of the Company. The fair value determined at the grant date is expensed on a straight-line basis over the vesting period. The fair value is calculated using a dividend discount model using inputs that are judged by management to be appropriate to the Group. Key judgements are made over the time period until the Group becomes profitable and the timing and level of future dividends, the proportion of the Company that the awarded shares will represent and the number of shares that will vest.

### 2. Revenue

The entire revenue of the Group has been derived from its principal activity.

Group revenue is derived from external customers who are attributable to multiple geographical locations. Information regarding the geographical location of external customers is not currently available to the Group and the cost of developing the information is considered to be excessive, accordingly this information is not disclosed.

### 3. Operating loss

Operating loss is stated after charging:

	Group	Group
	2018	2017
	€	€
Depreciation of tangible fixed assets		
- owned assets	35,216	26,240
Auditor's remuneration:		
- as auditors	-	24,000
Operating lease costs:		
- land and buildings	221,693	263,824
Foreign currency losses/(gains)	3,920	338,881

### 4. Particulars of employees

The average number of staff, including the directors, employed by the Group during the financial year was:

	Group	Group
	2018	2017
	Number	Number
Product and commercial	47	55
Other	8	9
	<u>55</u>	<u>64</u>

# OPPORTUNITY NETWORK HOLDINGS LIMITED

## NOTES TO THE FINANCIAL STATEMENTS

YEAR ENDED 31 DECEMBER 2018

### 4. Particulars of employees (*continued*)

The aggregate payroll costs of the above were:

	Group 2018 €	Group 2017 €
Wages and salaries	2,299,164	2,787,867
Social security costs	482,470	589,611
Share based payments	706,250	902,793
	<u>3,487,884</u>	<u>4,280,271</u>

Directors' and key management personnel remuneration

Key management personnel are those persons having authority and responsibility for planning, directing and controlling activities of the Group. This includes the directors and members of the board. The aggregate costs of key management included in the above were:

	Group 2018 €	Group 2017 €
Wages and salaries	333,451	340,765
Share based payments	226,351	69,688
	<u>559,802</u>	<u>410,453</u>

Included in the above wages and salaries figures, are amounts totalling €69,520 (2017: €80,996) relating to directors of the parent Company.

Emoluments of the highest paid director were €69,520 (2017: €80,996).

### 5. Net finance (expense)/income

	Group 2018 €	Group 2017 €
Bank interest receivable	-	8,344
Bank loan interest	(46,420)	(126,673)
	<u>(46,420)</u>	<u>(118,329)</u>



## OPPORTUNITY NETWORK HOLDINGS LIMITED

### NOTES TO THE FINANCIAL STATEMENTS

YEAR ENDED 31 DECEMBER 2018

---

#### 6. Income tax expense

	<b>Group 2018 €</b>	<b>Group 2017 €</b>
<b>Current tax:</b>		
Overseas tax	<b>5,770</b>	33,418

---

There is no UK corporation tax payable by Group. The above charge relates to profits of overseas subsidiary recognised at effective rates between 21% of 25%.

#### Factors affecting the future tax charge

A reduction to the UK corporation tax rate to 17%, effective from 1 April 2020, was substantively enacted as part of the Finance (No. 2) Act 2016 on 6 September 2016. Deferred taxes at the balance sheet date have been measured using the enacted tax rates based on when the timing difference is expected to reverse and reflected in these financial statements.

# **OPPORTUNITY NETWORK HOLDINGS LIMITED**

## **NOTES TO THE FINANCIAL STATEMENTS**

**YEAR ENDED 31 DECEMBER 2018**

### **7. Property, plant and equipment**

<b>Group</b>	<b>Fixtures, fittings &amp; equipment €</b>	<b>Total €</b>
<b>Cost</b>		
As at 1 January 2017	169,113	169,113
Additions	99,941	99,941
Disposals	(4,997)	(4,997)
<b>At 31 December 2017</b>	<b>264,057</b>	<b>264,057</b>
<b>Depreciation</b>		
As at 1 January 2017	7,855	7,855
Charge for the year	26,240	26,240
Disposals	(1,047)	(1,047)
<b>At 31 December 2017</b>	<b>33,048</b>	<b>33,048</b>
<b>Cost</b>		
As at 1 January 2018	264,057	264,057
Additions	11,728	11,728
Disposals	(2,587)	(2,587)
<b>At 31 December 2018</b>	<b>273,198</b>	<b>273,198</b>
<b>Depreciation</b>		
As at 1 January 2018	33,048	33,048
Charge for the year	37,592	37,592
Disposals	(668)	(668)
<b>At 31 December 2017</b>	<b>69,972</b>	<b>69,972</b>
<b>Net book value</b>		
<b>At 31 December 2018</b>	<b>203,226</b>	<b>203,226</b>
At 31 December 2017	231,009	231,009

# OPPORTUNITY NETWORK HOLDINGS LIMITED

## NOTES TO THE FINANCIAL STATEMENTS

YEAR ENDED 31 DECEMBER 2018

---

### 8. Fixed asset investments

<b>Group</b>	<b>Other Investments €</b>
<b>Cost</b>	
As at 1 January 2017	13,539
Additions	46,119
<b>At 31 December 2017</b>	<b>59,658</b>
<b>Cost</b>	
As at 1 January 2018	59,658
Disposals	(464)
<b>At 31 December 2018</b>	<b>59,194</b>
<b>Net book value</b>	
<b>At 31 December 2018</b>	<b>59,194</b>
At 31 December 2017	59,658

# OPPORTUNITY NETWORK HOLDINGS LIMITED

## NOTES TO THE FINANCIAL STATEMENTS

YEAR ENDED 31 DECEMBER 2018

### 8. Fixed asset investments (continued) Company

	Other investment s €	Subsidiary undertakings €	Total €
<b>Cost</b>			
Fixed asset investment as at 1 January 2017	13,539	3,014,723	3,028,262
Foreign exchange on brought forward cost	-	(109,467)	(109,467)
Additions	46,119	-	46,119
Disposals	-	(19,693)	(19,693)
<b>As at 31 December 2017</b>	<b>59,658</b>	<b>2,885,563</b>	<b>2,945,221</b>
<b>Provision for impairment</b>			
Provision for impairment as at 1 January 2017	-	(5,430)	(5,430)
Foreign exchange on brought forward impairment	-	197	197
Disposals	-	5,233	5,233
<b>As at 31 December 2017</b>	<b>-</b>	<b>-</b>	<b>-</b>
<b>Net book value as at 31 December 2017</b>	<b>59,658</b>	<b>2,885,563</b>	<b>2,945,221</b>
<b>Company</b>			
	Other investment s €	Subsidiary undertakings €	Total €
<b>Cost</b>			
Fixed asset investment as at 1 January 2018	59,658	2,885,653	2,945,221
Foreign exchange on brought forward cost	-	-	-
Additions	-	-	-
Disposals	(464)	-	(464)
<b>As at 31 December 2018</b>	<b>59,194</b>	<b>2,885,563</b>	<b>2,944,756</b>
<b>Provision for impairment</b>			
Provision for impairment as at 1 January 2018	-	-	-
Foreign exchange on brought forward impairment	-	-	-
Disposals	-	-	-
<b>As at 31 December 2018</b>	<b>-</b>	<b>-</b>	<b>-</b>

**OPPORTUNITY NETWORK HOLDINGS LIMITED**

**NOTES TO THE FINANCIAL STATEMENTS**

**YEAR ENDED 31 DECEMBER 2018**

---

Net book value as at 31 December 2018	59,194	2,885,563	2,944,756
	<hr/>	<hr/>	<hr/>

# OPPORTUNITY NETWORK HOLDINGS LIMITED

## NOTES TO THE FINANCIAL STATEMENTS

YEAR ENDED 31 DECEMBER 2018

### 8. Fixed asset investments (continued)

The following were subsidiary undertakings at the year-end:

Name	Country of incorporation or registration	% held	Nature of business	Registered address
Opportunity Network North America LLC	USA	100%	Trading company	210 Rivington Street, Apt. 9 New York, 10002, US.
Opportunity Network Inc.	USA	100%	Trading company	210 Rivington Street, Apt. 9 New York, 10002, US.
Opportunity Network Spain SL	Spain	100%	Trading company	Carrer de Lepant 350, Planta 6, 08025 Barcelona
Opportunity Network International UK Ltd	England and Wales	100%	Trading company	Third Floor 20 Old Bailey, London, EC4M 7AN, UK.

All of the above subsidiaries are included in the consolidated financial statements.

### 9. Trade and other receivables

Due within one year:

	Group 2018 €	Group 2017 €	Company 2018 €	Company 2017 €
Trade receivables	220,721	34,999	-	-
Receivables from group undertakings	-	-	10,526,972	7,826,345
Other receivables	489,472	576,237	10,502	49,701
Prepayments and accrued income	910,418	528,897	13,740	-
	<b>1,620,611</b>	<b>1,140,133</b>	<b>10,551,214</b>	<b>7,876,046</b>

Due in more than one year:

	Group 2018 €	Group 2017 €	Company 2018 €	Company 2017 €
Other receivables	103,217	83,000	-	-
Prepayments and accrued income	22,311	85,370	-	-
	<b>125,528</b>	<b>168,370</b>	<b>-</b>	<b>-</b>

### 10. Cash and cash equivalents

	Group 2018 €	Group 2017 €	Company 2018 €	Company 2017 €
Cash at bank and in hand	2,468,840	2,526,884	-	-

# OPPORTUNITY NETWORK HOLDINGS LIMITED

## NOTES TO THE FINANCIAL STATEMENTS

YEAR ENDED 31 DECEMBER 2018

### 11. Share capital

	Group and Company			Issued and fully paid		
	2018 Number	2018 £	2018 €	2017 Number	2017 £	2017 €
A Ordinary shares of £0.01 each	308,773	3,088	4,121	269,094	2,691	3,420
B Ordinary shares of £0.01 each	669,800	6,698	8,618	669,800	6,698	8,618
C1 Ordinary shares of £0.01 each	56,609	566	537	16,498	169	189
	—	—	—	—	—	—
	1,035,182	10,352	13,276	955,392	9,558	12,227
	—	—	—	—	—	—

During the year the Company issued 39,679 A Ordinary shares and 40,111 C Ordinary Shares.

In prior year 2017 the Company repurchased 759 A Ordinary Shares and 701 C Ordinary Shares at nominal value.

All classes of share have full dividend rights. Only B Ordinary shares have voting rights. A Ordinary shares and B Ordinary shares have full capital distribution rights. On the event of a liquidation, business sale, sale or listing, the consideration receivable by holders of C1 Ordinary shares is restricted based on thresholds determined prior to their issue.

### 12. Reserves

The following describes the nature and purpose of each reserve within owners' equity:

Reserve	Description and purpose
Share capital	Amount subscribed for share capital at nominal value.
Share premium	Amounts subscribed for share capital in excess of nominal value.
Shares to be issued	Amounts received for shares which are unissued.
Capital redemption reserve	Represents the nominal value of shares repurchased by the company.
Translation reserve	The translation reserve comprises translation differences arising from the conversion of functional currency balances into the presentational currency of the Group
Merger reserve	Group: Consolidation adjustment in relation to merger accounting in accordance with the Companies Act 2006. Parent: Reserve created where shares in a subsidiary are acquired and the consideration includes the issue of new shares by the Company, thereby attracting merger relief under section 612 of the Companies Act 2006.
Share compensation reserve	Reserve created in accordance with IFRS 2 Share Based Payments.
Retained earnings	Cumulative net gains and losses recognised in the consolidated income statement.

### 13. Borrowings

# OPPORTUNITY NETWORK HOLDINGS LIMITED

## NOTES TO THE FINANCIAL STATEMENTS

YEAR ENDED 31 DECEMBER 2018

	Group 2018 €	Group 2017 €	Company 2018 €	Company 2017 €
<b>Current</b>				
Loans from group undertakings	155,000	1,000,000	-	45,132
	155,000	1,000,000	-	45,132

### 14. Deferred revenue

	Group 2018 €	Group 2017 €	Company 2017 €	Company 2016 €
Amounts falling due within one year	2,143,790	1,601,809	-	-
Amounts falling due after more than one year	2,071,353	2,000,926	-	-
	4,215,143	3,602,735	-	-

### 15. Trade and other payables

#### Due within one year:

	Group 2018 €	Group 2017 €	Company 2018 €	Company 2017 €
Trade payables	744,071	524,964	18,362	20,554
Other taxation and social security	293,021	177,079	-	-
Accruals	105,068	249,925	32,521	21,268
	1,142,160	951,968	50,883	41,822



## OPPORTUNITY NETWORK HOLDINGS LIMITED

### NOTES TO THE FINANCIAL STATEMENTS

#### YEAR ENDED 31 DECEMBER 2018

---

##### 16. Commitments under operating leases

The Group leases property under operating lease agreements. The total of future minimum lease payments under non-cancellable operating leases are as follows:

	Land & Buildings	
	2018	2017
	€	€
Due within one year	160,800	160,800
Due between one year and five years	281,400	442,200
Due in more than five years	-	-
	<u>442,200</u>	<u>603,000</u>

##### 17. Share based payments

The Group awards share based payments to certain Group employees under three schemes; the C share based payment scheme, the A share based payment scheme and the phantom share based payment scheme.

The Group recognised €706,129 (2017: €902,793) of share based payments in the Consolidated Income Statement in the year ended 31 December 2018.

###### C share based payments:

Under the agreements C shares are issued at the grant date with graded vesting dates. The graded vests are conditional on the employees continuing to work for the Group from the date of the grant to dates between one and five years.

In addition to the above arrangement, further C shares are issued to employees who meet pre agreed yearly performance targets that are set between the Group and the employee. On the basis that the yearly performance targets are met the shares vest at the end of each year from the grant date, up to a maximum of five years.

The consideration on C shares is subject to thresholds, set prior to the date of the grant, where on the event of a liquidation, business sale, sale or listing the consideration that the holders receive will be restricted.

The Group assesses the fair value of the C shares at each grant date. The Group's valuations factor in the restricted consideration receivable by holders of the C shares in the event of a liquidation, business sale, sale or listing. In addition, the net present value calculations performed take account of the risks and likely rewards to shareholders that are inherent in a start-up. At the grant date, C shares, which are subject to the thresholds described above, were valued at prices between €0.33 and €3.58 per share

###### A share based payments:

Under share based payment agreements, A shares are issued at the grant date with vesting periods between one and ten years.

##### 17. Share based payments (continued)

---

## OPPORTUNITY NETWORK HOLDINGS LIMITED

### NOTES TO THE FINANCIAL STATEMENTS

YEAR ENDED 31 DECEMBER 2018

The Group assesses the fair value of the A shares at each grant date. The valuations at the grant date are based on the most recent transaction in A shares, a valuation using an industry sales multiple and the equity book value.

#### Phantom share based payments:

Phantom share based payment awards mimic the dividend rights of the Company's shares and the capital distribution rights of the A and B Ordinary shares. They are not eligible to be transferred. Based upon discounting the expected future cash flows of the shares the directors consider the value of the phantom share based payments to be negligible.

At 31 December 2018 there were 176,912 share based payment awards that been granted out of which 129,687 had vested.

#### 18. Related party transactions and controlling party

The immediate and ultimate controlling party is B Pallas.

The following table is a summary of the material transactions which took place during the year with related parties and the balances outstanding at the year end. All transactions were undertaken on an arms-length basis.

Name (Relationship)	Transaction	Amount		Amount due (to)/from related parties	
		2018 €	2017 €	2018 €	2017 €
Opportunity Network Inc. (common control)	Loan	1535	37,623	(43,597)	(45,132)
Opportunity Network North America LLC (common control)	Loan	92,252	82,125	30,273	82,125
Opportunity Network UK International Ltd (common control)	Loan	2,000,055	1,856,429	7,710,615	9,959,592
Opportunity Network Spain SRL (common control)	Loan	167,557	50,091	580,227	33,605
Opportunity Network -FZ (common control)	Loan	-	-	-	-
	Write off	-	20,456	-	-

# OPPORTUNITY NETWORK HOLDINGS LIMITED

## NOTES TO THE FINANCIAL STATEMENTS

YEAR ENDED 31 DECEMBER 2018

### 19. Financial instruments principal risks and uncertainties

A number of factors affect the operating results, financial condition and prospects of the Group. This section describes those that are considered by the directors to be material, their potential impact and the factors that mitigate them:

- Credit risk
- Foreign exchange risk
- Liquidity risk

In common with all other businesses, the Group is exposed to risks that arise from its use of financial instruments. This note describes the Group's objectives, policies and processes for managing those risks and the methods used to measure them. Further quantitative information in respect of these risks is presented throughout these financial statements.

#### Principal financial instruments

The principal financial instruments used by the Group, from which financial instrument risk arises are as follows:

- Cash and cash equivalents
- Trade and other receivables
- Trade and other payables
- Borrowings

A summary of the financial instruments held by category is provided below:

#### Group and company

##### Financial Assets

	Group		Company	
	Loans and receivables		Loans and receivables	
	31 Dec 18	31 Dec 17	31 Dec 18	31 Dec 17
	€	€	€	€
<b>Financial assets</b>				
Cash and cash equivalents	2,468,840	2,526,884	-	-
Trade and other receivables	813,411	694,236	11,331,166	7,874,046
<b>Total financial assets</b>	<b>3,282,251</b>	<b>3,221,120</b>	<b>11,331,166</b>	<b>7,874,046</b>

##### Financial Liabilities

	Group		Company	
	Other financial liabilities		Other financial liabilities	
	31 Dec 18	31 Dec 17	31 Dec 18	31 Dec 17
	€	€	€	€
<b>Financial liabilities</b>				
Trade and other payables	1,037,950	702,043	50,883	20,554
Borrowings	155,000	1,000,000	-	45,132
<b>Total financial liabilities</b>	<b>1,192,950</b>	<b>1,702,043</b>	<b>50,883</b>	<b>65,686</b>

# OPPORTUNITY NETWORK HOLDINGS LIMITED

## NOTES TO THE FINANCIAL STATEMENTS

YEAR ENDED 31 DECEMBER 2018

### 19. Principal risks and uncertainties *(continued)*

#### General objectives, policies and processes

The board of directors have overall responsibility for the determination of the Group's risk objectives and policies although they have delegated responsibility for designing and implementation of the objectives and policies to the Group's operations function. Management receive monthly reports from the finance function through which it can review the effectiveness of these objectives and processes.

The overall objective of the directors is to set policies that seek to reduce the risk as far as possible without unduly affecting the Group's competitiveness and flexibility. Further details regarding these policies are set out below.

#### (a) Credit risk

The Group's policy is to collect membership revenues prior to the commencement of the membership, thus eliminating the risk that a customer will fail to meet its contractual obligations. Financial loss to the Group in relation to other services is reduced by assessing the credit risk of new customers before entering contracts using different sources.

Credit risk also arises from cash and cash equivalents and deposits with banks and other financial institutions. For banks and other financial institutions, only independently rated parties with a minimum "A" are accepted.

#### (b) Foreign exchange risk

Foreign exchange risk arises when individual group entities enter into transactions denominated in a currency other than their functional currency. It is considered that the potential risk to the Group is significant. The fact that management has decided to modify the functional currency of three of its subsidiaries will significantly reduce the risk for the following years.

The Group's exposure to foreign currency risk in its principal currencies was as follows based on notional amounts:

	31 December 2018		31 December 2017	
	Euros	US Dollars	Euros	US Dollars
	€	\$	€	\$
Cash at bank and in hand	1,682,215	345,717	1,206,754	385,537
Trade and other receivables	110,000	-	405,969	13,783
Trade and other payables	(853,275)	-	(1,369,299)	-
Gross balance sheet exposure	938,940	345,717	243,424	399,320

# **OPPORTUNITY NETWORK HOLDINGS LIMITED**

## **NOTES TO THE FINANCIAL STATEMENTS**

**YEAR ENDED 31 DECEMBER 2018**

---

### **19. Principal risks and uncertainties *(continued)***

#### **(c) Liquidity risk**

Liquidity risk arises from the Group's management of working capital and the interest and principal repayments on its debt instruments. It is the risk that the Group will encounter difficulty in meeting its financial obligations as they fall due.

The Group's policy is to ensure that it will always have sufficient cash to allow it to meet its liabilities when they become due. To achieve this aim, it seeks to maintain cash balances at a level sufficient to meet expected cash requirements.

The directors periodically receive rolling 12-month cash flow projections as well as information regarding cash balances. At the period end and at the date of this report these projections indicated that the Group expected to have sufficient liquid resources to meet its obligations under all reasonably expected circumstances.

#### **Capital management**

The Group in its initial start-up phase seeks to secure and maintain a capital base so as to provide employee, customer, market and creditor confidence in the business. The directors monitor the retained cash and reserves.