

REGISTERED NUMBER: 10589323 (England and Wales)

Strategic Report, Report of the Directors and
Financial Statements for the Period 30 January 2017 to 31 December 2017
for
World Chess Plc

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for the Period 30 January 2017 to 31 December 2017

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World Chess Plc

Company Information

for the Period 30 January 2017 to 31 December 2017

DIRECTORS:

I Merenzon
M Shekhovtsov

SECRETARY:

M Shekhovtsov

REGISTERED OFFICE:

3rd Floor Fairgate House
78 New Oxford Street
London
WC1A 1HB

REGISTERED NUMBER:

10589323 (England and Wales)

AUDITORS:

S H Landes LLP
Statutory Auditors
3rd Floor Fairgate House
78 New Oxford Street
London
WC1A 1HB

Strategic Report
for the Period 30 January 2017 to 31 December 2017

The directors present their strategic report for the period 30 January 2017 to 31 December 2017.

REVIEW OF BUSINESS

The company did not have sale activity during the year. It is an investment holding company.

PRINCIPAL RISKS AND UNCERTAINTIES

The principal risks and uncertainties facing the company are broadly grouped as - competitive and financial instruments risks.

- Competitive Risks

The company is exposed to the competitive risks on the market as there are other companies involved in organisation of chess tournaments and provision of auxiliary services. However, due to direct contractual relationship with World Chess Federation (FIDE) and the exclusive commercial rights in relation to the World Chess Championship Cycle, it holds a unique position to develop unique products for top level chess tournaments.

- Financial Instrument Risks

The company has established a risk and financial management framework whose primary objectives are to protect the company from events that hinder the achievement of the company's performance objectives.

ON BEHALF OF THE BOARD:

M Shekhovtsov - Director

31 July 2018

Report of the Directors
for the Period 30 January 2017 to 31 December 2017

The directors present their report with the financial statements of the company for the period 30 January 2017 to 31 December 2017.

INCORPORATION

The company was incorporated on 30 January 2017 .

PRINCIPAL ACTIVITY

The principal activity of the company in the period under review was that of investment holding company.

DIVIDENDS

No dividends will be distributed for the period ended 31 December 2017.

DIRECTORS

The directors who have held office during the period from 30 January 2017 to the date of this report are as follows:

I Merenzon - appointed 30 January 2017

M Shekhovtsov - appointed 30 January 2017

FINANCIAL INSTRUMENTS

The financial risk management objectives and policies of the company and its subsidiaries undertakings and the exposure of the company (and its subsidiaries) to price risk, credit risk, liquidity risk and cash flow risk is disclosed in the strategic report and the notes to the Financial Statements.

FUTURE BUSINESS DEVELOPMENTS

- Establishing new subsidiaries
- Organisation of the top-level chess tournaments in 2018 and years to follow
- Development and creation of the new commercial products connected with chess

EVENTS SINCE THE BALANCE SHEET DATE

The company increased its share capital from 52,632 ordinary shares to 55,556 ordinary shares in March 2018.

FOREIGN BRANCHES AND SUBSIDIARIES

The company has two subsidiaries - World Chess Events Limited and World Chess US, Inc.

GOING CONCERN STATEMENT

The company business activities, together with the factors likely to affect its future developments, its financial position, financial risk management objectives, details of its financial instruments and its exposure to credit risk are described in the Strategic Report and in the notes to the Financial Statements.

As a consequence, the directors believe that the company is well placed to manage its business risks successfully in the environment which suggests many opportunities for sport events organisers.

We have a reasonable expectation that the company has adequate resources to continue in operational existence for the foreseeable future. Accordingly, they continue to adopt the going concern basis in preparing the annual report and accounts.

Report of the Directors
for the Period 30 January 2017 to 31 December 2017

DIRECTORS' RESPONSIBILITIES STATEMENT

The directors are responsible for preparing the Strategic Report, the Report of the Directors and the financial statements in accordance with applicable law and regulations.

Company law requires the directors to prepare financial statements for each financial year. Under that law the directors have elected to prepare the financial statements in accordance with International Financial Reporting Standards as adopted by the European Union. Under company law the directors must not approve the financial statements unless they are satisfied that they give a true and fair view of the state of affairs of the company and of the profit or loss of the company for that period. In preparing these financial statements, the directors are required to:

- select suitable accounting policies and then apply them consistently;
- make judgements and accounting estimates that are reasonable and prudent;
- state that the financial statements comply with IFRS;
- prepare the financial statements on the going concern basis unless it is inappropriate to presume that the company will continue in business.

The directors are responsible for keeping adequate accounting records that are sufficient to show and explain the company's transactions and disclose with reasonable accuracy at any time the financial position of the company and enable them to ensure that the financial statements comply with the Companies Act 2006. They are also responsible for safeguarding the assets of the company and hence for taking reasonable steps for the prevention and detection of fraud and other irregularities.

STATEMENT AS TO DISCLOSURE OF INFORMATION TO AUDITORS

So far as the directors are aware, there is no relevant audit information (as defined by Section 418 of the Companies Act 2006) of which the company's auditors are unaware, and each director has taken all the steps that he ought to have taken as a director in order to make himself aware of any relevant audit information and to establish that the company's auditors are aware of that information.

ON BEHALF OF THE BOARD:

M Shekhovtsov - Director

31 July 2018

Report of the Independent Auditors to the Members of World Chess Plc

Opinion

We have audited the financial statements of World Chess Plc (the 'company') for the period ended 31 December 2017 which comprise the Statement of Profit or Loss and Other Comprehensive Income, the Statement of Financial Position, the Statement of Changes in Equity, the Statement of Cash Flows and Notes to the Statement of Cash Flows, 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 International Financial Reporting Standards (IFRSs) as adopted by the European Union.

In our opinion the financial statements:

- give a true and fair view of the state of the company's affairs as at 31 December 2017 and of its loss for the period then ended;
- have been properly prepared in accordance with IFRSs as adopted by the European Union; 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 Auditors' 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 in the Strategic Report and the Report of the Directors, but does not include the financial statements and our Report of the Auditors thereon.

Our opinion on the financial statements does not cover the other information and 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.

Opinion 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 Strategic Report and the Report of the Directors for the financial year for which the financial statements are prepared is consistent with the financial statements; and
- the Strategic Report and the Report of the Directors have been prepared in accordance with applicable legal requirements.

Report of the Independent Auditors to the Members of World Chess Plc

Matters on which we are required to report by exception

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 Strategic Report or the Report of the Directors.

We have nothing to report in respect of the following matters where 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.

Responsibilities of directors

As explained more fully in the Directors' Responsibilities Statement set out on page four, 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 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.

Auditors' 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 a Report of the Auditors 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 Report of the Auditors.

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 a Report of the Auditors 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.

Steven Landes (Senior Statutory Auditor)
for and on behalf of S H Landes LLP
Statutory Auditors
3rd Floor Fairgate House
78 New Oxford Street
London
WC1A 1HB

31 July 2018

Statement of Profit or Loss and Other Comprehensive Income
for the Period 30 January 2017 to 31 December 2017

	Notes	€
CONTINUING OPERATIONS		
Revenue		-
Administrative expenses		<u>(13,599)</u>
OPERATING LOSS		<u>(13,599)</u>
Finance income	4	<u>2,770</u>
LOSS BEFORE INCOME TAX		<u>(10,829)</u>
Income tax	6	<u>-</u>
LOSS FOR THE PERIOD		<u>(10,829)</u>
OTHER COMPREHENSIVE INCOME		<u>-</u>
TOTAL COMPREHENSIVE INCOME		<u>-</u>
FOR THE PERIOD		<u><u>(10,829)</u></u>

The notes form part of these financial statements

Statement of Financial Position
31 December 2017

	Notes	€
ASSETS		
CURRENT ASSETS		
Trade and other receivables	8	1,124,319
Investments	9	1,363
Cash and cash equivalents	10	31
		<u>1,125,713</u>
TOTAL ASSETS		<u>1,125,713</u>
EQUITY		
SHAREHOLDERS' EQUITY		
Called up share capital	11	59,642
Share premium	12	1,062,571
Retained earnings	12	(10,829)
TOTAL EQUITY		<u>1,111,384</u>
LIABILITIES		
CURRENT LIABILITIES		
Trade and other payables	13	14,329
TOTAL LIABILITIES		<u>14,329</u>
TOTAL EQUITY AND LIABILITIES		<u>1,125,713</u>

The financial statements were approved by the Board of Directors on 31 July 2018 and were signed on its behalf by:

M Shekhovtsov - Director

Statement of Changes in Equity
for the Period 30 January 2017 to 31 December 2017

	Called up share capital €	Retained earnings €	Share premium €	Total equity €
Changes in equity				
Issue of share capital	59,642	-	1,062,571	1,122,213
Total comprehensive income	-	(10,829)	-	(10,829)
Balance at 31 December 2017	<u>59,642</u>	<u>(10,829)</u>	<u>1,062,571</u>	<u>1,111,384</u>

Statement of Cash Flows
for the Period 30 January 2017 to 31 December 2017

		€
Cash flows from operating activities		
Cash generated from operations	1	730
Net cash from operating activities		<u>730</u>
Cash flows from investing activities		
Purchase of fixed asset investments		(1,363)
Loans issued to related party		(1,124,319)
Interest received		<u>2,770</u>
Net cash from investing activities		<u>(1,122,912)</u>
Cash flows from financing activities		
Share issue		59,642
Share premium		<u>1,062,571</u>
Net cash from financing activities		<u>1,122,213</u>
Increase in cash and cash equivalents		<u>31</u>
Cash and cash equivalents at beginning of period	2	-
Cash and cash equivalents at end of period	2	<u>31</u>

Notes to the Statement of Cash Flows
for the Period 30 January 2017 to 31 December 2017

1. **RECONCILIATION OF LOSS BEFORE INCOME TAX TO CASH GENERATED FROM OPERATIONS**

	€
Loss before income tax	(10,829)
Finance income	<u>(2,770)</u>
	(13,599)
Increase in trade and other payables	<u>14,329</u>
Cash generated from operations	<u>730</u>

2. **CASH AND CASH EQUIVALENTS**

Cash and cash equivalents comprise cash held on demand with banks.

Notes to the Financial Statements
for the Period 30 January 2017 to 31 December 2017

1. STATUTORY INFORMATION

World Chess Plc is a public company, registered in England and Wales. The company's registered number and registered office address can be found on the Company Information page.

2. ACCOUNTING POLICIES

Basis of preparation

These financial statements have been prepared in accordance with International Financial Reporting Standards (IFRS) as adopted by the European Union and IFRIC interpretations and with those parts of the Companies Act 2006 applicable to companies reporting under IFRS. The financial statements have been prepared under the historical cost convention.

The company's functional and presentational currency is euro and rounded to the nearest €.

Preparation of consolidated financial statements

The financial statements contain information about World Chess Plc as an individual company and do not contain consolidated financial information as the parent of a group. The company is exempt under Section 399(2A) of the Companies Act 2006 from the requirements to prepare consolidated financial statements.

Critical accounting judgements and key sources of estimation uncertainty

The preparation of financial statements requires management to make estimates and assumptions that affect the reported amounts of assets and liabilities and the reported amounts of revenues and operating costs during the reporting period. The Company does not have any estimate which could have a significant effect on the financial statements.

Financial instruments

The company's financial instruments comprise of cash and cash equivalents and items such as trade receivables, loans receivable, trade payables and borrowings. The main purpose of these financial instruments is to provide finance for the company's operations. The company is exposed to variety of financial risks including credit risk, the directors have set policies regarding financial risk management which is in line with size of the company.

Credit risk

The carrying amount of financial assets represents the maximum credit exposure. The exposure to the credit risk at the reporting date was:

	31.12.17	
	€	
Cash and cash equivalents		31
Loans and receivables		
Trade and other debtors		-
Current loan receivable	1,124,319	
	=====	
Aggregate amounts		1,124,350

Notes to the Financial Statements - continued
for the Period 30 January 2017 to 31 December 2017

2. ACCOUNTING POLICIES - continued

Taxation

Current taxes are based on the results shown in the financial statements and are calculated according to local tax rules, using tax rates enacted or substantially enacted by the statement of financial position date.

Taxation is recognised in the income statement except to the extent that it relates to items recognised directly in equity, in which case it is recognised in equity.

Current tax is the expected tax payable on the taxable income for the year, using rates enacted at the balance sheet date and any adjustment to tax payable in respect of previous years.

Deferred tax assets and liabilities are calculated in respect of temporary differences using the balance sheet liability method. Deferred income taxes are provided for all temporary differences arising between the tax basis of assets and liabilities and their carrying values for financial reporting purposes. A deferred tax asset is recorded only to the extent that it is probable that taxable profit will be available against which the deductible temporary differences can be utilised. Deferred tax assets and liabilities are measured at tax rates that are expected to apply to the period when the asset is realised or the liability is settled, based on tax rates that have been enacted or substantively enacted at the balance sheet date. Deferred tax assets and liabilities are not discounted.

Going concern

The financial statements have been prepared on a going concern basis even though at the balance sheet date the company had net assets amounting to €1,111,384 and incurred a net loss of €10,829 for the year.

The directors consider the going concern basis to be appropriate due to the fact that the controlling party has expressed its willingness to provide financial support for the next 12 months as from the date of approval of the financial statements in order for the company to meet its current liabilities. Therefore the director continues to adopt the going concern basis of accounting, which contemplates the realisation of assets and satisfaction of liabilities and commitments in the normal course of business.

Notes to the Financial Statements - continued
for the Period 30 January 2017 to 31 December 2017

2. ACCOUNTING POLICIES - continued

Foreign currencies

Assets and liabilities in foreign currencies are translated into euro at the rates of exchange ruling at the statement of financial position date. Transactions in foreign currencies are translated into euro at the rate of exchange ruling at the date of transaction.

New standards and interpretations

The following standards, interpretations and amendments to published standards are not yet effective and have not been early adopted by the company:

- IFRS 9 in respect of Financial Instruments which will be effective for the accounting periods beginning on or after 1 January 2018.
- IFRS 16 in respect of Leases which will be effective for accounting periods beginning on or after 1 January 2019.

None of the above standards, interpretations and amendments to published standards are expected to have a significant impact on the company's financial statements when they are applied in future periods.

Revenue recognition

Revenues are recorded net of VAT and recognised in the period when revenue is earned according to the stage of completion of the transaction at the balance sheet date. Revenues are measured at the fair value of the consideration received or receivable when it is probable that the economic benefits associated with the transaction will flow to the company and the amount of revenue can be measured reliably. When the fair value of consideration received cannot be measured reliably the revenue is recognised at the fair value of the goods or services given up. Revenue comprises proceeds from services provided by the subsidiaries.

Trade and other debtors

Trade and other debtors are initially recognised at the transaction price and thereafter stated at amortised cost using the effective interest method, less impairment losses for bad and doubtful debts except where the effect of discounting would be immaterial. In such cases, the debtors are stated at cost less impairment losses for bad and doubtful debts.

Trade and other creditors

Trade and other creditors are initially recognised at fair value and thereafter stated at amortised cost using the effective interest method unless the effect of discounting would be immaterial, in which case they are stated at cost.

Finance income and costs

Finance income and costs comprise of interest expense on borrowings, interest income on loan receivables and net foreign currency gains/(loss) related to borrowings.

Capital risk management

The company's objectives when managing capital are to safeguard the company's ability to continue as a going concern in order to provide returns for the company's shareholders and benefits for other stakeholders and to maintain an optimal capital structure to reduce the cost of capital.

Investments

Investments in subsidiary undertakings are stated at cost less any provisions for any impairment in value.

3. EMPLOYEES AND DIRECTORS

There were no staff costs for the period ended 31 December 2017.

Directors' remuneration

€

-

Notes to the Financial Statements - continued
for the Period 30 January 2017 to 31 December 2017

4. NET FINANCE INCOME

	€
Finance income:	
Interest income	<u>2,770</u>

5. AUDITORS' REMUNERATION

	€
Fees payable to the company's auditors and their associates for the audit of the company's financial statements	<u>6,759</u>
Total audit fees	<u>6,759</u>
Other non- audit services	<u>4,506</u>
Total non-audit fees	<u>4,506</u>
Total fees payable	<u>11,265</u>

6. INCOME TAX

Analysis of the tax charge:

	31.12.2017	
	€	
UK corporation tax		-

Reconciliation of tax charge:

	31.12.2017	
	€	
Loss before tax	(10,829)	
Loss multiplied by the standard rate of corporation tax in the UK of 19%	2,058	
Effect of:		
Unrecognised deferred tax on tax losses c/f	(2,058)	
	=====	
Total tax charge		-

The Company has tax losses arising in the UK of €10,829 that are available indefinitely for offset against its future taxable profits. Due to uncertainty no deferred tax assets is recognised in the financial statements.

7. INVESTMENTS

The company's investments at the Statement of Financial Position date in the share capital of companies include the following:

World Chess Events Limited

Registered office: UK

Nature of business: Organising chess events

	%
Class of shares:	holding
Ordinary	100.00

The company latest statement of financial position is not ready yet.

Notes to the Financial Statements - continued
for the Period 30 January 2017 to 31 December 2017

7. INVESTMENTS - continued

World Chess US, Inc

Registered office: USA

Nature of business: Organising chess events

Class of shares:	%	
Ordinary shares	holding	
	100.00	
		31.12.17
		€
Aggregate capital and reserves		19,785
Profit for the year		<u>25,492</u>

8. TRADE AND OTHER RECEIVABLES

	€
Current:	
Amounts owed by group undertakings	<u>1,124,319</u>

9. INVESTMENTS

	€
Shares in group undertakings	<u>1,363</u>

10. CASH AND CASH EQUIVALENTS

	€
Bank accounts	<u>31</u>

11. CALLED UP SHARE CAPITAL

Allotted, issued and fully paid:

Number:	Class:	Nominal value:	€
52,632	Ordinary shares	1£	<u>59,642</u>

12. RESERVES

	Retained earnings €	Share premium €	Totals €
Deficit for the period	(10,829)		(10,829)
Cash share issue	-	1,062,571	1,062,571
At 31 December 2017	<u>(10,829)</u>	<u>1,062,571</u>	<u>1,051,742</u>

Notes to the Financial Statements - continued
for the Period 30 January 2017 to 31 December 2017

13. TRADE AND OTHER PAYABLES

	€
Current:	
Trade creditors	1,702
Other creditors	1,363
Accruals and deferred income	11,264
	<u>14,329</u>

14. RELATED PARTY DISCLOSURES

Included in debtors are the following balances from related parties:

	31.12.17
World Chess Events Ltd	€1,081,669
World Chess US, Inc.	€42,650

During the year, the company charged interest of €2,770 to World Chess Events Ltd. The balance due from World Chess US, Inc. is interest free loan.

World Chess Events Ltd and World Chess US, Inc. are subsidiaries of World Chess Plc.

15. ULTIMATE CONTROLLING PARTY

The ultimate controlling party is I Merenzon.

16. EVENTS AFTER THE REPORTING PERIOD

The company increased its share capital from 52,632 ordinary shares to 55,556 ordinary shares in March 2018.

This document was delivered using electronic communications and authenticated in accordance with the registrar's rules relating to electronic form, authentication and manner of delivery under section 1072 of the Companies Act 2006.