

REGISTERED NUMBER: 09551662 (England and Wales)

Annual Report and  
Financial Statements for the Year Ended 30 December 2017  
for  
R FINTECH PLC

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**COMPANY INFORMATION**

<b>Directors:</b>	Ignacio Ozcariz Luis Sole
<b>Company Secretary:</b>	Intertrust (UK) Limited
<b>Registered office:</b>	35 Great St Helen's London UK EC3A 6AP
<b>Registered number:</b>	09551662 (England and Wales)
<b>Auditors:</b>	KPMG LLP Chartered Accountants 15 Canada Square E14 5GL

## **STRATEGIC REPORT**

The directors present their strategic report for the year ended 30 December 2017 (comparative information is for the period ended 31 December 2016).

### **REVIEW OF THE BUSINESS**

The principal activities of the Company during the period in the period under review were related to developing new financial instruments in the field of Energy Commodities Securitization as well as in the field of Distributed Ledger Technologies (Blockchain based applications).

As at 30 December 2017, the loss for the year amounted to €7,269,209 (2016: loss of €629,688)

### **KEY PERFORMANCE INDICATORS**

Turnover (continuing operations): €nil (2016: €nil)

Loss for the financial year: €7,269,209 (2016: €629,688)

### **PRINCIPLE RISKS AND UNCERTAINTIES**

#### **Business development risks**

The principal risk facing the business is the creation and formation of a suitable business model, the development of the business in line with that model and the ability to operate within the mean of available resources at the company's disposal.

#### **Risks relating to regulation and taxation with respect to the subsidiaries entities**

The laws and regulations affecting the Subsidiaries (Recol Pro SA, Energy Securitisation SA, R Energy Broker GMBH & Physical assets ETP Ltd) are subject to change and any changes in such laws and regulations may have an adverse effect on their ability to carry on its businesses. Any such changes may also have an adverse effect on the ability of the Subsidiaries to pursue the investment policies, their financial condition, returns to the Noteholders, results of operations and/or the market price of the Notes.

### **FUTURE DEVELOPMENTS**

R FINTECH seeks to bring its proprietary system and concept to its members or participants. The system developed is a financial structure which involves diverse companies of a holding that allows to securitize commodities, commencing with energy commodities.

The commodities securitization will attract new investment opportunities potentially within the producers sector as a result of the new financing routes introduced.

To further facilitate foreign investment and to also enhance local investment so as to further wealth creation amongst its members, R FINTECH aims to serve as a facilitating link between investors, technical partners and its members and participants.

Facilitation will take place through two methodologies:

- Acting as a funding source. Inquiries from its member's management teams and principals are welcome. R FINTECH also recognizes the valuable role of intermediaries in origination and developing attractive investment opportunities. Confidentiality will be respected and R FINTECH may consider funding customary fees for valuable investment banking and intermediary services leading to complete transactions. R FINTECH is also interested in partnering with other investments groups.

## STRATEGIC REPORT *(continued)*

### FUTURE DEVELOPMENTS *(continued)*

• Acting as an investment catalyst. R FINTECH management and advisors will identify investment opportunities and put into gear their technical resources and financial resources to conceptualize projects. R FINTECH wishes to nurture promising next-generation industries and companies. As a partnership of financial, technical and management experts, the people behind R FINTECH understand how to turn a great vision into business, and a business into a success. R FINTECH believes in supporting entrepreneurs who have a unique insight into the dynamics of their market.

R FINTECH specifically plans to be early investors in some of the most promising Asset Backed Securities (ABS) developments, based on stored energy worldwide.

R FINTECH understands that there is a lot more to successful venture capital than gut instincts and money. It believes it has better-rounded definition of the word "investment". Entrepreneurs will choose to become members or partners of R FINTECH because R FINTECH's financial commitments are all working together for maximum results.

R Fintech has an on-going litigation with International Consultants for Financing and Engineering, S.L. ((ncofien) with base on the nature of the funds (500.000 Euros) furnished by Incofien to R Fintech. It is noteworthy that both the conditions which had to take place for the funds to return to Incofien and the timing for such eventual return never took place and those issues are currently sub iudice. The funds are correctly identified in R Fintech's balance sheet.

### FOCUS AREAS


R FINTECH will accept membership from companies that are in its main focus areas.

The Company will primarily participate in companies within the following main areas:

FINANCIAL - ENERGY - First ABS based on stored energy, barrels of Crude Oil, derivatives Natural Gas or even stored electricity. Direct exposure to the energy markets – the value of the investment in the Company's products will rise and fall in direct proportion to the price of the Energy.

FINANCIAL – TECHNOLOGY – R FINTECH aims the design, development, implementation, maintenance and promotion of financial tools and services based on new technologies as the Bilur's cryptocurrency Ecosystem.

### ON BEHALF OF THE BOARD:

  
\_\_\_\_\_  
Ignacio Ozcan

Director

Company registered number: 09551662

27 September 2018

## **REPORT OF THE DIRECTORS**

The directors present their report and the audited financial statements of the company for the year ended 30 December 2017. For the purposes of these financial statements the term 'year' represents the 364 days to 30 December 2017 (2016 : Period 1 May 2016 to 31 December 2016).

### **BUSINESS REVIEW**

The Company develops new financial instruments in the field of Energy Commodities Securitization by making investments through other group companies which in turn invests in lawyers, consultants & other service providers. The structure of the group allows the commodities securitization.

### **PROPOSED DIVIDEND**

The directors do not recommend the payment of a dividend.

### **DIRECTORS**

The directors of the company, who were in office during the year and up to the date of signing the financial statements,

Ignacio Ozcariz  
Luis Sole

### **EMPLOYEES**

The Company had no employees during the year.

### **POLITICAL CONTRIBUTIONS**

The Company made no political donations or incurred any political expenditure during the period

### **DISCLOSURE OF INFORMATION TO AUDITOR**

The directors who held office at the date of approval of this directors' report confirm that, so far as they are each aware,

### **ETHICAL POLICY**

The Company and Group are committed to working with our customers, suppliers and contractors to promote

### **CODE OF ETHICS STATEMENT**

To perform business duties in accordance with the appropriate recognized ethical and legal standards;

To practice honesty and integrity in all aspects of R Fintech work;

To exhibit professionalism in the workplace, and conduct in a way that will continue to promote the Customer's and

To be fair-minded, non-discriminatory, and treat all individuals, both internal and external to the Company

To fulfil their assigned responsibilities, and be proactive in developing the skills necessary to provide high job

To exercise fiduciary responsibility with respect to safeguarding the Company's assets;

To exercise custodial responsibility with respect to the use of Company property and resources;

To exercise, within the requirements of the Data Treatment laws, confidentiality with respect to information,

To take action to mitigate any real or perceived conflicts of interest.

### **OTHER INFORMATION**

An indication of likely future developments in the business and particulars of significant events which have occurred since the end of the financial year have been included in the Strategic Report on page 2.

## REPORT OF THE DIRECTORS *(continued)*

### LITIGATION

R Fintech has an on-going litigation with International Consultants for Financing and Engineering, S.L as a result of clarification disputes as to whether the (500,000 Euros) furnished by Incofien is regarded as a monetary contribution to a R Fintech business venture or alternatively a loan.

There are ongoing discussions with certain creditors and loan providers around the exact amounts to be paid to them. Upon conclusion of these discussions, the agreed amounts would be settled.

### AUDITOR

In accordance with Section 489 of the Companies Act 2006, a resolution for the re-appointment of KPMG LLP as auditor of the company is to be proposed at the forthcoming Annual General Meeting.

### GOING CONCERN

The Company is still a very young business and as is typical for businesses at this stage of their lifecycle it is generating start-up losses as it uses working capital to develop the business. As at 30 December 2017 the Company's current assets exceeded current liabilities by €13.2m.

The Company will require additional funding and the unpaid share capital of €14m to be paid in the foreseeable future, in particular within 12 months from signing the financial statements.

The directors have ongoing positive relationships with shareholders and so the directors believe that further funding will be achieved and the unpaid share capital of €14m will be recovered.

The directors have prepared a strategic plan in order to grow the business and respond to changes in the market in which they operate.

The directors have identified mitigating factors and the need for additional funding and believe that the uncertainties will be satisfactorily resolved by dialogue with existing shareholders and potential new investors.

Notwithstanding the above actions undertaken by the directors, these matters indicate the existence of material uncertainty, which may cast significant doubt on the Company's ability to continue as a going concern. As a consequence of the material uncertainty, the Company may be unable to realise its assets or discharge its liabilities in the normal course of business.

Nevertheless the financial statements are prepared on a going concern basis. The financial statements do not include any adjustments that would result from the basis of preparation being inappropriate.

## STATEMENT OF DIRECTORS' RESPONSIBILITIES IN RESPECT OF THE ANNUAL REPORT THE FINANCIAL STATEMENTS

The directors are responsible for preparing the Annual Report 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 they have elected to prepare the group and parent company financial statements in accordance with UK accounting standards and applicable law (UK Generally Accepted Accounting Practice), including FRS 102 *The Financial Reporting Standard applicable in the UK and Republic of Ireland*. 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 year. In preparing the 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 whether applicable UK accounting standards have been followed, subject to any material departures disclosed and explained in the financial statements;
- assess the group and parent company's ability to continue as a going concern, disclosing, as applicable, matters related to going concern; and
- use the going concern basis of accounting unless they either intend to liquidate the group or the parent company or to cease operations, or have no realistic alternative but to do so.

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 parent company and of their profit or loss for that period. In preparing each of the group and parent company financial statements, the directors are required to:

The directors are responsible for keeping adequate accounting records that are sufficient to show and explain the parent company's transactions and disclose with reasonable accuracy at any time the financial position of the parent company and enable them to ensure that its financial statements comply with the Companies Act 2006. They are responsible for such internal control as they determine is necessary to enable the preparation of financial statements that are free from material misstatement, whether due to fraud or error, and have general responsibility for taking such steps as are reasonably open to them to safeguard the assets of the group and to prevent and detect fraud and other irregularities.

### ON BEHALF OF THE BOARD:



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Ignacio Ozeiriz  
Director

27 September 2018



## **INDEPENDENT AUDITORS' REPORT TO THE MEMBERS OF R FINTECH PLC**

### **Disclaimer of opinion**

We were engaged to audit the financial statements of R Fintech PLC ("the company") for the year ended 30 December 2017 which comprise the income statement, statement of financial position, statement of changes in equity and related notes, including the accounting policies in note 1.

We do not express an opinion on the financial statements. Due to the significance of the matters described in the basis for disclaimer of opinion section of our report, we have not been able to obtain sufficient appropriate audit evidence to provide a basis for an audit opinion.

### **Basis for disclaimer of opinion**

The audit evidence available to us was limited in three respects. First, the evidence available to assess the appropriateness of the going concern basis of preparation was limited, because: the directors have not performed adequately detailed procedures to derive the company's plans and financial forecasts, including that the period covered is not clear; that the directors have not provided any details of mitigating actions referred to in note 1.2 to the financial statements; that as regards company's shareholders' ability and intention to provide financial support to the company, as referred to in note 1.2, the directors have provided no information to support that proposition; and that the directors have not provided any assessment of the prospects for attracting funds from new investors, as also cited in note 1.2. Accordingly, those forecasts and shareholders' and new investors' support are not suitable to enable any conclusions to be drawn in relation to both the going concern basis itself and the disclosures in note 1.2 concerning the use of that basis. Second, the evidence was limited in relation to the recoverability of a €14m receivable, comprising almost the whole of the company's assets, due from an investor that has not paid the invested amount; because there is no public information available about the financial standing of that investor and the directors have not provided any information or facilitated a direct approach to the investor. Third, the evidence was limited in relation to the nature and status of the ongoing litigation with International Consultants for Financing and Engineering SL relating to an amount of €0.5m recorded as "ICF loan" in note 11; because the directors have not provided sufficient information on the matter. As a result of these matters we have been unable to obtain sufficient appropriate audit evidence concerning the applicability of the going concern basis of accounting, the carrying amount of the debtor and the accounting and disclosure of the litigation.

### **Strategic report and directors' report**

The directors are responsible for the strategic report and the directors' report. Our opinion on the financial statements does not cover those reports and we do not express an audit opinion thereon.

Our responsibility is to read the strategic report and the directors' report and, in doing so, consider whether, based on our financial statements audit work, the information therein is materially misstated or inconsistent with the financial statements or our audit knowledge.

Due to the significance of the matters described in the basis for disclaimer of opinion on financial statements paragraph, and the consequential effect on the related disclosures in the Strategic Report and Directors' Report, although in our opinion the information given in the Strategic Report and the Directors' Report for the financial year is consistent with the financial statements, we do not express an opinion on the preparation of those reports in accordance with the Companies Act 2006 or whether we have identified material misstatements in those reports.

### **Matters on which we are required to report by exception**

In respect solely of the limitation of our work referred to above:

- we have not obtained all the information and explanations that we considered necessary for the purpose of our audit; and
- we were unable to determine whether adequate accounting records have been kept.

## **INDEPENDENT AUDITORS' REPORT TO THE MEMBERS OF R FINTECH PLC (continued)**

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:

- 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.

### **Directors' responsibilities**

As explained more fully in their statement set out on page 6, the directors are responsible for: the preparation of the financial statements and for being satisfied that they give a true and fair view; such internal control as they determine is necessary to enable the preparation of financial statements that are free from material misstatement, whether due to fraud or error; 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 they either intend to liquidate the company or to cease operations, or have no realistic alternative but to do so.

### **Auditor's responsibilities**

Our responsibility is to conduct an audit of the financial statements in accordance with International Standards on Auditing (UK), and to issue an auditor's report. However, due to the significance of the matter described in the basis for disclaimer of opinion section of our report, we were not able to obtain sufficient appropriate audit evidence to provide a basis for an audit opinion on the financial statements.

We have fulfilled our ethical responsibilities under, and are independent of the company in accordance with, UK ethical requirements including the FRC Ethical Standard.

### **The purpose of our audit work and to whom we owe our responsibilities**

This report is made solely to the company's members, as a body, in accordance with Chapter 3 of Part 16 of the Companies Act 2006. Our audit work has been undertaken so that we might state to the company's members those matters we are required to state to them in an auditor's report and for no other purpose. To the fullest extent permitted by law, we do not accept or assume responsibility to anyone other than the company and the company's members, as a body, for our audit work, for this report, or for the opinions we have formed.

**Craig Douglas (Senior Statutory Auditor)**  
for and on behalf of KPMG LLP, Statutory Auditor  
*Chartered Accountants*  
15 Canada Square  
E14 5GL  
28 September 2018

**INCOME STATEMENT**  
**For the year ended 30 December 2017**

	Note	2017 €	Period 1.05.2016 to 31.12.2016 €
Administrative expenses	4,5	(919,287)	(375,208)
Impairment of investment	5,8	(6,297,157)	(95,000)
Write off of investment		(52,397)	(150,038)
<b>OPERATING LOSS</b>	<b>4</b>	<b>(7,268,841)</b>	<b>(620,246)</b>
Interest payable and similar expenses	6	(368)	(9,422)
<b>LOSS ON ORDINARY ACTIVITIES BEFORE TAXATION</b>		<b>(7,269,209)</b>	<b>(629,668)</b>
Tax on loss	7	-	-
<b>LOSS FOR THE FINANCIAL YEAR</b>		<b>(7,269,209)</b>	<b>(629,668)</b>

There are no other comprehensive expenses or income other than as included in the loss for the current and prior years and therefore a separate statement of comprehensive income is not presented.

The accompanying notes form an integral part of these financial statements

**STATEMENT OF FINANCIAL POSITION**

		2017	2016
		€	€
<b>ASSETS</b>			
<b>NON-CURRENT ASSETS</b>			
Investments	8	80,829	4,968,553
<b>TOTAL NON-CURRENT ASSETS</b>		80,829	4,968,553
<b>CURRENT ASSETS</b>			
Trade and other receivables	9	14,214,931	77,248
Cash and cash equivalents	10	46,103	1,133,379
<b>TOTAL CURRENT ASSETS</b>		14,261,034	1,210,627
<b>TOTAL ASSETS</b>		14,341,863	6,179,180
<b>LIABILITIES</b>			
<b>CURRENT LIABILITIES</b>			
Creditors; amounts falling due within one year	11	(1,096,664)	(946,674)
<b>TOTAL CURRENT LIABILITIES</b>		(1,096,664)	(946,674)
<b>TOTAL ASSETS LESS CURRENT LIABILITIES</b>		(1,096,664)	5,232,506
<b>NET ASSETS</b>		13,245,199	5,232,506
<b>EQUITY ATTRIBUTABLE TO OWNERS OF THE PARENT</b>			
Called up share capital	13	5,447,902	5,032,000
Share premium account		15,834,000	968,000
Retained earnings	14	(8,036,703)	(767,494)
<b>TOTAL EQUITY</b>		13,245,199	5,232,506

The financial statements on pages 9 to 20 were approved by the Board of Directors and authorised for issue on 27 September 2018 and were signed on its behalf by:

  
 \_\_\_\_\_  
 Ignacio Ozcañiz  
 Director

Registered number: 09551662

The accompanying notes form an integral part of these financial statements

**STATEMENT OF CHANGES IN EQUITY**

	Note	Called up share capital €	retained (deficit)/earnings €	Share Premium account €	Total equity €
<b>Balance at 1 May 2016</b>		<b>200,000</b>	-	-	<b>200,000</b>
Prior period adjustments		-	(137,826)	-	(137,826)
As restated		<b>200,000</b>	<b>(137,826)</b>	-	<b>62,174</b>
Issue of share capital	13	4,832,000	-	968,000	5,800,000
Profit for the financial year	14	-	(629,668)	-	(629,668)
<b>Balance at 30 December 2016</b>		<b>5,032,000</b>	<b>(767,494)</b>	<b>968,000</b>	<b>5,232,506</b>
Issue of share capital	13	415,902	-	16,366,000	16,781,902
Transaction costs		-	-	(1,500,000)	(1,500,000)
Profit for the financial year	14	-	(7,269,209)	-	(7,269,209)
<b>Balance at 30 December 2017</b>		<b>5,447,902</b>	<b>(8,036,703)</b>	<b>15,834,000</b>	<b>13,245,199</b>

The accompanying notes form an integral part of these financial statements

## NOTES

*(forming part of the financial statements)*

### 1 ACCOUNTING POLICIES

#### Company information

R Fintech PLC (the "Company") is a public company incorporated, domiciled and registered in the UK. The registered number is 09551662 and the registered address is 35 Great St Helen's, London, United Kingdom, EC3A 6AP.

The Company is exempt by virtue of s309/s400/s401/s402 subject to the small companies' regime of the Companies Act 2006 from the requirement to prepare group financial statements. These financial statements present information about the Company as an individual undertaking and not about its groups.

#### Basis of preparation

These financial statements have been prepared in accordance with Financial Reporting Standard 102 The financial reporting standard applicable in the UK and Republic of Ireland ("FRS 102") as issued in August 2014. The amendments to FRS 102 issued in July 2015 have been applied. The presentation currency of these financial statements is in sterling. All amounts in the financial statements have been rounded to the nearest €1.

For the purposes of these financial statements the term 'year' represents the 364 days to 30 December 2017 (2016 : Period 1 May 2016 to 31 December 2016).

#### Financial reporting standard 102 - reduced disclosure exemptions

The company has taken advantage of the following disclosure exemptions in preparing these financial statements, as permitted by FRS 102 "Financial Reporting Standard applicable in the UK and Republic of Ireland":

- the requirements of Section 7 Statement of Cash Flows;
- the requirement of Section 33 Related Party Disclosures paragraph 33.7.

#### 1.1 Measurement convention

The financial statements are prepared on the historical cost basis, except for derivative financial instruments which are recognised at fair value.

#### 1.2 Going concern

The Company is still a very young business and as is typical for businesses at this stage of their lifecycle it is generating start-up losses as it uses working capital to develop the business. As at 30 December 2017 the Company's current assets exceeded current liabilities by €13.2m.

The Company will require additional funding and the unpaid share capital of €14m to be paid in the foreseeable future, in particular within 12 months from signing the financial statements.

The directors have ongoing positive relationships with shareholders and so the directors believe that further funding will be achieved and the unpaid share capital of €14m will be recovered.

The directors have prepared a strategic plan in order to grow the business and respond to changes in the market in which they operate.

The directors have identified mitigating factors and the need for additional funding and believe that the uncertainties will be satisfactorily resolved by dialogue with existing shareholders and potential new investors.

Notwithstanding the above actions undertaken by the directors, these matters indicate the existence of material uncertainty, which may cast significant doubt on the Company's ability to continue as a going concern. As a consequence of the material uncertainty, the Company may be unable to realise its assets or discharge its liabilities in the normal course of business.

Nevertheless the financial statements are prepared on a going concern basis. The financial statements do not include any adjustments that would result from the basis of preparation being inappropriate

**NOTES** (continued)

**1.3 Foreign currencies**

**(a) Foreign currency translation**

Functional and presentation currency

Transactions in foreign currencies are initially recorded in the functional currency by applying the spot exchange rate ruling at the date of the transaction.

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

**(b) Transactions and balances**

Foreign currency transactions are translated into the functional currency using the exchange rates prevailing at the dates of the transactions or valuation where items are re-measured. Foreign exchange gains and losses resulting from the settlement of such transactions and from the translation at year end exchange rates of monetary assets and liabilities denominated in foreign currencies are recognised in the income statement.

Foreign exchange gains and losses that relate to borrowings and cash and cash equivalents are presented in the income statement within 'finance income or finance cost'. All other foreign exchange gains and losses are presented in the income statement within 'administrative expenses'.

Translation differences on non-monetary financial assets and liabilities such as equities held at fair value through profit or loss are recognised in profit or loss as part of the fair value gain or loss. Translation differences on nonmonetary financial assets such as equities classified as available-for-sale are included in the available-for-sale reserve in equity.

**1.4 Classification of financial instruments issued by the Company**

In accordance with FRS 102.22, financial instruments issued by the Company are treated as equity only to the extent that they meet the following two conditions:

- (a) they include no contractual obligations upon the company to deliver cash or other financial assets or to exchange financial assets or financial liabilities with another party under conditions that are potentially unfavourable to the company; and
- (b) where the instrument will or may be settled in the company's own equity instruments, it is either a nonderivative that includes no obligation to deliver a variable number of the company's own equity instruments or is a derivative that will be settled by the company's exchanging a fixed amount of cash or other financial assets for a fixed number of its own equity instruments.

To the extent that this definition is not met, the proceeds of issue are classified as a financial liability. Where the instrument so classified takes the legal form of the company's own shares, the amounts presented in these financial statements for called up share capital and share premium account exclude amounts in relation to those shares.

## NOTES (continued)

### 1.5 Basic financial instruments

#### *Trade and other debtors / creditors*

Trade and other debtors are recognised initially at transaction price less attributable transaction costs. Trade and other creditors are recognised initially at transaction price plus attributable transaction costs. Subsequent to initial recognition they are measured at amortised cost using the effective interest method, less any impairment losses in the case of trade debtors. If the arrangement constitutes a financing transaction, for example if payment is deferred beyond normal business terms, then it is measured at the present value of future payments discounted at a market rate of instrument for a similar debt instrument.

#### *Interest-bearing borrowings classified as basic financial instruments*

Interest-bearing borrowings are recognised initially at the present value of future payments discounted at a market rate of interest. Subsequent to initial recognition, interest-bearing borrowings are stated at amortised cost using the effective interest method, less any impairment losses.

#### *Investments in preference and ordinary shares*

Investments in equity instruments are measured initially at fair value, which is normally the transaction price. Transaction costs are excluded if the investments are subsequently measured at fair value through profit and loss. Subsequent to initial recognition investments that can be measured reliably are measured at fair value with changes recognition in profit or loss. Other investments are measured at cost less impairment in profit or loss.

#### *Investment in subsidiaries, jointly controlled entities and associates*

These are separate financial statements of the company. Investments in subsidiaries, jointly controlled entities and associates are carried at cost less impairment.

#### *Cash and cash equivalents*

Cash and cash equivalents comprise cash balances and call deposits. Bank overdrafts that are repayable on demand and form an integral part of the Company's cash management are included as a component of cash and cash equivalents for the purpose only of the cash flow statement.

### 1.6 Impairment excluding stocks and deferred tax assets

#### *Financial assets (including trade and other debtors)*

A financial asset not carried at fair value through profit or loss is assessed at each reporting date to determine whether there is objective evidence that it is impaired. A financial asset is impaired if objective evidence indicates that a loss event has occurred after the initial recognition of the asset, and that the loss event had a negative effect on the estimated future cash flows of that asset that can be estimated reliably.

An impairment loss in respect of a financial asset measured at amortised cost is calculated as the difference between its carrying amount and the present value of the estimated future cash flows discounted at the asset's original effective interest rate. For financial instruments measured at cost less impairment, impairment is calculated as the difference between its carrying amount and the best estimate of the amount that the Company would receive for the asset if it were to be sold at the reporting date. Interest on the impaired asset continues to be recognised through the unwinding of the discount. Impairment losses are recognised in profit or loss. When a subsequent event causes the amount of impairment loss to decrease, the decrease in impairment loss is reversed through profit or loss.



## **NOTES** *(continued)*

### *Non-financial assets*

The carrying amounts of the Company's non-financial assets, other than investment property, stocks and deferred tax assets, are reviewed at each reporting date to determine whether there is any indication of impairment. If any such indication exists, then the asset's recoverable amount is estimated. The recoverable amount of an asset or cash generating unit is the greater of its value in use and its fair value less costs to sell. 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 the purpose of impairment testing, assets that cannot be tested individually are grouped together into the smallest Company of assets that generates cash inflows from continuing use that are largely independent of the cash inflows of other assets or groups of assets (the "cash-generating unit").

### **1.7 Revenue**

Revenue is measured at the fair value of the consideration received or receivable. Amounts disclosed as revenue are net of rebates and amounts collected on behalf of third parties.

The Company recognises revenue when the amount of revenue can be reliably measured, it is probable that future economic benefits will flow to the entity and specific criteria have been met for each of the Company's activities as described below. The Company bases its estimates taking into consideration the type of customer, the type of transaction and the specifics of each arrangement.

R Fintech as a holding company has revenue-generating operations linked to services provided to their subsidiaries. Moreover the Company is dependent on upstream cash flows from its subsidiaries, primarily the Special Purpose Vehicles that carry on the issue of the financial products. As a result, our ability to meet our ongoing and future debt service and other financial obligations and to pay dividends on our common stock is primarily dependent on the earnings and cash flows of our operating subsidiaries and their ability to pay upstream dividends or to repay funds due to us.

### **1.8 Expenses**

#### Interest receivable and Interest payable

Interest payable and similar expenses include interest payable, finance expenses on shares classified as liabilities and finance leases recognised in profit or loss using the effective interest method, unwinding of the discount on provisions and net foreign exchange losses that are recognised in the profit and loss account (see foreign currency accounting policy).

Other interest receivable and similar income include interest receivable on funds invested and net foreign exchange gains.

Interest income and interest payable are recognised in profit or loss as they accrue, using the effective interest method. Dividend income is recognised in the profit and loss account on the date the company's right to receive payments is established. Foreign currency gains and losses are reported on a net basis.

**NOTES** *(continued)*

**1.9 Taxation**

Tax on the profit or loss for the year comprises current and deferred tax. Tax is recognised in the profit and loss account except to the extent that it relates to items recognised directly in equity or other comprehensive income, in which case it is recognised directly in equity or other comprehensive income.

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

Deferred tax is provided on timing differences which arise from the inclusion of income and expenses in tax assessments in periods different from those in which they are recognised in the financial statements. The following timing differences are not provided for: differences between accumulated depreciation and tax allowances for the cost of a fixed asset if and when all conditions for retaining the tax allowances have been met; and differences relating to investments in subsidiaries to the extent that it is not probable that they will reverse in the foreseeable future and the reporting entity is able to control the reversal of the timing difference.

Deferred tax is not recognised on permanent differences arising because certain types of income or expense are non-taxable or are disallowable for tax or because certain tax charges or allowances are greater or smaller than the corresponding income or expense.

Deferred tax is provided in respect of the additional tax that will be paid or avoided on differences between the amount at which an asset (other than goodwill) or liability is recognised in a business combination and the corresponding amount that can be deducted or assessed for tax. Goodwill is adjusted by the amount of such deferred tax.

Deferred tax is measured at the tax rate that is expected to apply to the reversal of the related difference, using tax rates enacted or substantively enacted at the balance sheet date.

Unrelieved tax losses and other deferred tax assets are recognised only to the extent that it is probable that they will be recovered against the reversal of deferred tax liabilities or other future taxable profits.

**NOTES (continued)**

**2 Significant accounting judgements, estimates and assumptions**

The preparation of the Company's consolidated financial statements requires management to make judgements, estimates and assumptions that affect the reported amounts of revenues, expenses, assets and liabilities, and the accompanying disclosures, and the disclosure of contingent liabilities. Uncertainty about these assumptions and estimates could result in outcomes that require a material adjustment to the carrying amount of assets or liabilities affected in future periods.

**3 Directors' remuneration**

During the period no amounts were paid by the company for the directors' remuneration.

**4 Operating loss**

The operating loss is stated after charging:

	<b>2017</b>	<b>Period 1.05.2016 to 31.12.2016</b>
	€	€
Subscriptions	(71,235)	(16,929)
Professional fees	(298,195)	(306,825)
Auditor's remuneration	(28,537)	(30,000)
Foreign exchange losses	(6,128)	(2,627)
Impairment of investment (note 8)	(6,297,157)	(95,000)
Write off of investment	(52,397)	(150,038)
	<u>(6,753,649)</u>	<u>(601,419)</u>

	<b>2017</b>	<b>Period 1.05.2016 to 31.12.2016</b>
	€	€
<b>5 Expenses and auditor's remuneration</b>		
Administrative expenses	(919,287)	(375,208)
Impairment of investment	(6,297,157)	(95,000)
Write off of investment	(52,397)	(150,038)
	<u>(7,268,841)</u>	<u>(620,246)</u>

The Company has expensed an amount of €28,537 (2016: €30,000) to be paid to its auditors in respect of the audit of the financial statements of the Company.

	<b>2017</b>	<b>Period 1.05.2016 to 31.12.2016</b>
	€	€
<b>6 Interest payable and similar expenses</b>		
Bank charges	(368)	(113)
Interest on loan from shareholders	-	(9,309)
	<u>(368)</u>	<u>(9,422)</u>

**NOTES (continued)**

**7 Taxation**

		<b>Period</b>
	<b>2017</b>	<b>1.05.2016</b>
	<b>€</b>	<b>to</b>
	<b>€</b>	<b>31.12.2016</b>
	<b>€</b>	<b>€</b>
Current tax expense	-	-
Deferred tax expense	-	-
	<b>2017</b>	<b>31.12.2016</b>
	<b>€</b>	<b>€</b>
<b>Reconciliation of effective tax rate</b>		
Loss for the period	(7,269,209)	(629,668)
Total tax expense	-	-
Loss excluding taxation	(7,269,209)	(629,668)
	<b>€</b>	<b>€</b>
Tax using the UK corporation tax rate of 19.25% (2016: 20%)	(1,399,074)	(125,934)
Expenses not deductible for tax purposes	1,244,413	79,245
Adjust closing deferred tax to average rate of 19.25%	26,368	
Adjust opening deferred tax to average rate of 19.25% (2016: 20%)	(8,315)	7,004
Deferred tax not recognised	136,608	39,685
Total tax expenses	-	-

The Company has a potential deferred tax asset of €136,608 (2016: €39,685) in respect of tax losses. Given that the utilisation of these losses is unlikely within the next twelve months, no deferred tax asset has been recognised.

**8 INVESTMENTS**

		<b>Shares in subsidiaries</b>
	<b>€</b>	<b>€</b>
<b>Cost</b>		
At 1 January 2017		4,968,553
Additions		461,829
Write off		(52,397)
At 30 December 2017		<u>5,377,985</u>
 <b>Provision for Impairment</b>		
At 30 December 2017		<u>(5,366,986)</u>
 <b>Net Carrying Value</b>		
At 30 December 2017		<u>11,000</u>

The company has the following participating interests:

<b>Company</b>	<b>Principle place of business</b>	<b>Country of incorporation</b>	<b>Type of shares</b>	<b>% owned</b>	<b>Net Assets Value</b>
Recol Pro SA	Spain	Spain	Ordinary	96%	EUR 12,824,634
Energy Securitization SA	Luxembourg	Luxembourg	Ordinary	100%	-
R Energy Broker GMBH	Switzerland	Switzerland	Ordinary	100%	-
Recol Atlas ATS SL	Spain	Spain	Ordinary	5%	EUR 44,304
Recol Bitcoin Exchange SL	Spain	Spain	Ordinary	5%	EUR 53,699
Physical Assets ETP Ltd	Ireland	Ireland	Ordinary	100%	-

R Fintech US LLC was liquidated and the investment balance of € 52,397 had been written off. Moreover, the balance sheet of Energy Securitization SA, R Energy Broker GMBH & Recol Pro SA does not support the value of the initial investment and therefore, an impairment for the full amount of €6,297,157 has been expensed in the year to 30 December 2017.

**NOTES (continued)**

**8 INVESTMENTS (continued)**

	<b>ATMChain (ATM)</b> \$
<b>Cost</b>	
At 1 January 2017	-
Additions	1,000,000
At 30 December 2017	<u>1,000,000</u>
<b>Provision for Impairment</b>	
At 30 December 2017	<u>930,171</u>
<b>Net Carrying Value</b>	
At 30 December 2017	<u>69,829</u>

The company had invested in 37,000,000 coins of ATMChain (ATM) Cryptocurrency for which the recoverable amount per coin is €0.001887.

**9 Trade and other receivables**

	2017 €	2016 €
Amounts owed by company undertakings in which the company has a participating interest	108,522	49,946
Share capital unpaid	14,100,000	-
VAT	4,963	-
Other debtors	1,446	18,838
Prepayments and accrued income	-	8,464
	<u>14,214,931</u>	<u>77,248</u>
Due within one year	<u>14,214,931</u>	<u>77,248</u>

Share capital unpaid consists of 7m shares under an agreement to compromise debt for which payments is due to be received in October 2018.

**10 Cash and cash equivalents**

	2017 €	2016 €
Cash at bank and in hand	<u>46,103</u>	<u>1,133,379</u>
	<u>46,103</u>	<u>1,133,379</u>

**11 Creditors: amounts falling due within one year**

	2017 €	2016 €
Amounts owed to company undertakings in which the company has a participating interest	133,041	-
Trade creditors	208,460	6,448
Other creditors	1,000	1,000
Accruals	28,537	145,530
Loans from shareholders	225,626	293,696
ICF Loan	500,000	500,000
	<u>1,096,664</u>	<u>946,674</u>

During the year the Company repaid €68,070 of the loans from shareholders. The remaining total interest free loan amount to shareholders & ICF of €725,626 is repayable within one year.

**12 Interest-bearing loans and borrowings**

This note provides information about the contractual terms of the Company's interest-bearing loans and borrowings, which are measured at amortised cost.

	2017 €	2016 €
<b>Creditors falling due within less than one year</b>		
Debenture loans	<u>500,000</u>	<u>500,000</u>
	<u>500,000</u>	<u>500,000</u>

**NOTES (continued)**

<b>13 Called up share capital</b>	<b>2017</b>	<b>2016</b>
	€	€
On issue at the beginning of the period	5,032,000	200,000
Issued during the year	415,902	4,832,000
	<u>5,447,902</u>	<u>5,032,000</u>
On issue at 30 December - not fully paid		
	<b>2017</b>	<b>2016</b>
	€	€
Allotted, called up and not fully paid		
128,647,550 ordinary shares fully paid	5,145,902	5,032,000
7,550,000 ordinary shares not paid	302,000	-
	<u>5,447,902</u>	<u>5,032,000</u>

The following shares were issued during the year:

7,500,000 ordinary shares to the World Crypto Organisation on 10th August 2017 issued at €0.04 per share (including a premium of €1.96 for each issue.

750,000 ordinary shares of €0.04 each to Usama Al Ali at 10% of the World Crypto Organisation shares issued on 10th August 2017.

2,047,555 ordinary shares of €0.04 each for shares in Recol Pro SA on 22nd May 2017

The holders of ordinary shares are entitled to receive dividends as declared from time to time and are entitled to one vote per

**14 RESERVES**

	<b>Retained earnings</b>	<b>Called up share capital</b>	<b>Share Premium account</b>	<b>Totals</b>
	€	€	€	€
<b>Balance at 30 April 2016</b>	<u>(137,826)</u>	<u>-</u>	<u>-</u>	<u>(137,826)</u>
Deficit for the year	(629,668)	-	-	(629,668)
Shares issued	-	5,032,000	968,000	6,000,000
Balance at 30 December 2016	<u>(767,494)</u>	<u>5,032,000</u>	<u>968,000</u>	<u>5,232,506</u>
Deficit for the year	(7,269,209)	-	-	(7,269,209)
Shares issued	-	415,902	16,366,000	16,781,902
Transaction costs	-	-	(1,500,000)	(1,500,000)
<b>Balance at 30 December 2017</b>	<u>(8,036,703)</u>	<u>5,447,902</u>	<u>15,834,000</u>	<u>13,245,199</u>

Transaction costs of €1,500,000 had been incurred due to a commission fee in relation to the shares obtained by the World Crypto Organisation of €15,000,000.

**15 Commitments**

*Capital commitments*

The Company's contractual commitments to purchase tangible fixed assets at the year-end were:

Purchase agreements to buy 100% of the shares of Recol Bitcoin Exchange and Recol Atlas ATS by 31 December 2018 from his current owners Mr Ignacio Ozcariz and Mr. Luis Sole.

In respect of its interest in Subsidiaries, the Company is committed to incur capital expenditure of a minimum of €1,000,000 Euros and a maximum of €5,000,000.

At the year-end, there were no contractual commitments for the acquisition of intangible assets. Also there were no contractual commitments regarding acquisition, development and maintenance of investment properties.

**16 Ultimate parent company**

The Company is a subsidiary undertaking of Ravi Corporate S.L, incorporated in Spain. The ultimate controlling party is Ignacio Ozcariz.

**17 Related party disclosures**

The Company has taken advantage of exemption, under the terms of Financial Reporting Standard 102 "The Financial Reporting Standards applicable in the UK and the Republic of Ireland", not to disclose related party transactions with wholly owned subsidiaries within the group.

**18 Post balance sheet events**

Since the end of the year, the Directors are not aware of any matter or circumstance not otherwise dealt with in the Directors' report that has significantly or may significantly affect the operations of the Company, the results of its operations, or state of the Company's affairs in future financial years.