

Registered number: 04150127

ESECLENDING (EUROPE) LIMITED  
FINANCIAL STATEMENTS  
31 DECEMBER 2015

FILING COPY



# **ESECLENDING (EUROPE) LIMITED**

## **CONTENTS**

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	Page
<b>Company information page</b>	<b>1</b>
<b>Directors' report</b>	<b>2</b>
<b>Directors' responsibilities statement</b>	<b>3</b>
<b>Independent auditor's report</b>	<b>4 - 5</b>
<b>Profit and loss account</b>	<b>6</b>
<b>Balance sheet</b>	<b>7 - 8</b>
<b>Notes to the financial statements</b>	<b>9 - 16</b>

## **ESECLENDING (EUROPE) LIMITED**

### **COMPANY INFORMATION**

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<b>Directors</b>	S G B Young E J Oliver
<b>Company secretary</b>	S G B Young
<b>Registered number</b>	04150127
<b>Registered office</b>	25 Old Broad Street London EC2N 1HQ
<b>Independent auditor</b>	Blick Rothenberg LLP Chartered Accountants & Statutory Auditor 16 Great Queen Street Covent Garden London WC2B 5AH

**ESECLENDING (EUROPE) LIMITED**  
**DIRECTORS' REPORT**  
**FOR THE YEAR ENDED 31 DECEMBER 2015**

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The directors present their report and the audited financial statements for the year ended 31 December 2015.

**Directors**

The directors who served during the year were:

S G B Young  
E J Oliver

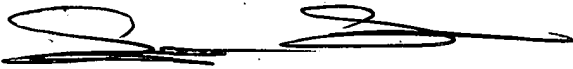
**Disclosure of information to auditor**

Each of the persons who are directors at the time when this directors' report is approved has confirmed that:

- so far as that director is aware, there is no relevant audit information of which the company's auditor is unaware, and
- that director has taken all the steps that ought to have been taken as a director in order to be aware of any relevant audit information and to establish that the company's auditor is aware of that information.

This report has been prepared in accordance with the provisions applicable to companies subject to the small companies regime.

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



**S G B Young**  
Director

Date: 18th April 2016

## **ESECLENDING (EUROPE) LIMITED**

### **DIRECTORS' RESPONSIBILITIES STATEMENT FOR THE YEAR ENDED 31 DECEMBER 2015**

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The directors are responsible for preparing the directors' 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 the directors have elected to prepare the financial statements in accordance with United Kingdom Generally Accepted Accounting Practice (United Kingdom Accounting Standards and applicable law). 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 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 judgments 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;
- 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.

**ESECLENDING (EUROPE) LIMITED**  
**INDEPENDENT AUDITOR'S REPORT TO THE SHAREHOLDERS OF ESECLENDING**  
**(EUROPE) LIMITED**  
**FOR THE YEAR ENDED 31 DECEMBER 2015**

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We have audited the financial statements of eSecLending (Europe) Limited for the year ended 31 December 2015, set out on pages 6 to 16. The financial reporting framework that has been applied in their preparation is applicable law and the Financial Reporting Standard for Smaller Entities (effective January 2015) (United Kingdom Generally Accepted Accounting Practice applicable to Smaller Entities).

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.

**Respective responsibilities of directors and auditor**

As explained more fully in the directors' responsibilities statement, the directors are responsible for the preparation of the financial statements and for being satisfied that they give a true and fair view. Our responsibility is to audit and express an opinion on the financial statements in accordance with applicable law and International Standards on Auditing (UK and Ireland). Those standards require us to comply with the Auditing Practices Board's Ethical Standards for Auditors.

**Scope of the audit of the financial statements**

An audit involves obtaining evidence about the amounts and disclosures in the financial statements sufficient to give reasonable assurance that the financial statements are free from material misstatement, whether caused by fraud or error. This includes an assessment of: whether the accounting policies are appropriate to the company's circumstances and have been consistently applied and adequately disclosed; the reasonableness of significant accounting estimates made by the directors; and the overall presentation of the financial statements. In addition, we read all the financial and non-financial information in the directors' report to identify material inconsistencies with the audited financial statements and to identify any information that is apparently materially incorrect based on, or materially inconsistent with, the knowledge acquired by us in the course of performing the audit. If we become aware of any apparent material misstatements or inconsistencies we consider the implications for our report.

**Opinion on financial statements**

In our opinion the financial statements:

- give a true and fair view of the state of the company's affairs as at 31 December 2015 and of its profit for the year then ended;
- have been properly prepared in accordance with United Kingdom Generally Accepted Accounting Practice applicable to Smaller Entities; and
- have been prepared in accordance with the requirements of the Companies Act 2006.

**Opinion on other matter prescribed by the Companies Act 2006**

In our opinion the information given in the directors' report for the financial year for which the financial statements are prepared is consistent with the financial statements.

## **ESECLENDING (EUROPE) LIMITED**

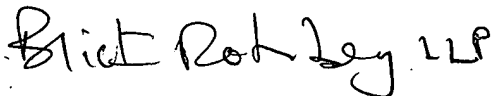
### **INDEPENDENT AUDITOR'S REPORT TO THE SHAREHOLDERS OF ESECLENDING (EUROPE) LIMITED FOR THE YEAR ENDED 31 DECEMBER 2015**

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

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; or
- the directors were not entitled to prepare the financial statements in accordance with the small companies regime and to take advantage of the small companies' exemption from the requirement to prepare a strategic report or in preparing the directors' report.



Simon Mayston (senior statutory auditor)

for and on behalf of  
**Blick Rothenberg LLP**

Chartered Accountants  
Statutory Auditor

16 Great Queen Street  
Covent Garden  
London  
WC2B 5AH

19 April 2016

**ESECLENDING (EUROPE) LIMITED**  
**PROFIT AND LOSS ACCOUNT**  
**FOR THE YEAR ENDED 31 DECEMBER 2015**

	Note	2015 £	2014 £
<b>Turnover</b>	1,2	<b>2,539,234</b>	2,067,221
Administrative expenses		<b>(2,397,314)</b>	(1,951,680)
<b>Profit on ordinary activities before taxation</b>		<b>141,920</b>	115,541
Tax on profit on ordinary activities	5	<b>(32,323)</b>	(24,847)
<b>Profit for the financial year</b>	15	<b>109,597</b>	90,694

The notes on pages 9 to 16 form part of these financial statements.



**ESECLENDING (EUROPE) LIMITED**

REGISTERED NUMBER: 04150127

**BALANCE SHEET  
AS AT 31 DECEMBER 2015**

	Note	£	2015 £	£	2014 £
<b>Fixed assets</b>					
Tangible assets	6		173,433		34,595
Investments	7		16,504		16,504
			<u>189,937</u>		<u>51,099</u>
<b>Current assets</b>					
Debtors	8	400,312		368,679	
Cash at bank		102,683		15,275	
		<u>502,995</u>		<u>383,954</u>	
<b>Creditors:</b> amounts falling due within one year	9	(349,888)		(189,079)	
<b>Net current assets</b>			<u>153,107</u>		<u>194,875</u>
<b>Total assets less current liabilities</b>			<u>343,044</u>		<u>245,974</u>
<b>Creditors:</b> amounts falling due after more than one year	10		(14,477)		(9,686)
<b>Provisions for liabilities</b>					
Deferred tax	11	(19,598)			
Other provisions	12	-		(42,916)	
			<u>(19,598)</u>		<u>(42,916)</u>
<b>Net assets</b>			<u>308,969</u>		<u>193,372</u>
<b>Capital and reserves</b>					
Called up share capital	13		1,376,398		1,376,398
Other reserves	15		6,000		-
Profit and loss account	15		(1,073,429)		(1,183,026)
<b>Shareholders' funds</b>			<u>308,969</u>		<u>193,372</u>

The financial statements have been prepared in accordance with the special provisions applicable to small companies within Part 15 of the Companies Act 2006 and in accordance with the Financial Reporting Standard for Smaller Entities (effective January 2015).

# **ESECLENDING (EUROPE) LIMITED**

## **BALANCE SHEET (continued) AS AT 31 DECEMBER 2015**

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The financial statements were approved and authorised for issue by the board and were signed on its behalf by:



**S G B Young**  
Director

Date: 18th April 2016

The notes on pages 9 to 16 form part of these financial statements.

# **ESECLENDING (EUROPE) LIMITED**

## **NOTES TO THE FINANCIAL STATEMENTS FOR THE YEAR ENDED 31 DECEMBER 2015**

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### **1. Accounting Policies**

#### **1.1 Basis of preparation of financial statements**

The financial statements have been prepared under the historical cost convention and in accordance with the Financial Reporting Standard for Smaller Entities (effective January 2015).

#### **1.2 Going concern**

After making enquiries, the directors have a reasonable expectation that the company 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. Accordingly, they continue to adopt the going concern basis in preparing the financial statements.

#### **1.3 Turnover**

Turnover comprises revenue recognised by the company in respect of services supplied. It is stated at the fair value of the consideration receivable exclusive of Value Added Tax.

#### **1.4 Tangible fixed assets and depreciation**

Tangible fixed assets are stated at cost less depreciation. Depreciation is provided at rates calculated to write off the cost of fixed assets, less their estimated residual value, over their expected useful lives on the following bases:

Leasehold Property	-	10% straight line
Fixtures & fittings	-	20% straight line
Office equipment	-	20% straight line

#### **1.5 Investments**

Investments held as fixed assets are shown at cost less provision for impairment.

#### **1.6 Operating leases**

Rentals under operating leases are charged to the profit and loss account on a straight line basis over the lease term.

Benefits received and receivable as an incentive to sign an operating lease are recognised on a straight line basis over the period until the date the rent is expected to be adjusted to the prevailing market rate.

# **ESECLENDING (EUROPE) LIMITED**

## **NOTES TO THE FINANCIAL STATEMENTS**

### **FOR THE YEAR ENDED 31 DECEMBER 2015**

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

##### **1.7 Deferred taxation**

Full provision is made for deferred tax assets and liabilities arising from all timing differences between the recognition of gains and losses in the financial statements and recognition in the tax computation.

A net deferred tax asset is recognised only if it can be regarded as more likely than not that there will be suitable taxable profits from which the future reversal of the underlying timing differences can be deducted.

Deferred tax assets and liabilities are calculated at the tax rates expected to be effective at the time the timing differences are expected to reverse.

Deferred tax assets and liabilities are not discounted.

##### **1.8 Foreign currencies**

Monetary assets and liabilities denominated in foreign currencies are translated into sterling at rates of exchange ruling at the balance sheet date.

Transactions in foreign currencies are translated into sterling at the rate ruling on the date of the transaction.

Exchange gains and losses are recognised in the profit and loss account.

##### **1.9 Pensions**

The company operates a defined contribution pension scheme and the pension charge represents the amounts payable by the company to the fund in respect of the year.

##### **1.10 Equity settled share-based payments**

In accordance with the Financial Reporting Standard for Smaller Entities equity-settled share based payment arrangements are not recognised in the financial statements; information relating thereto is reported on a disclosure basis only in the financial statements.

##### **1.11 Financial instruments**

Financial instruments are classified and accounted for according to the substance of the contractual arrangement, as either financial assets, financial liabilities or equity instruments. An equity instrument is any contract that evidences a residual interest in the assets of the company after deducting all of its liabilities.

#### **2. Turnover**

The whole of the turnover is attributable to the principal activity of the company.

All turnover arose within the United Kingdom.

**ESECLENDING (EUROPE) LIMITED**  
**NOTES TO THE FINANCIAL STATEMENTS**  
**FOR THE YEAR ENDED 31 DECEMBER 2015**

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**3. Profit**

The profit is stated after charging/(crediting):

	2015 £	2014 £
Depreciation of tangible fixed assets:		
- owned by the company	13,050	12,387
Auditor's remuneration	6,500	6,500
Pension costs	91,494	86,779
Operating lease rentals:		
- plant and machinery	41,848	38,408
- land and buildings	208,382	197,318
Difference on foreign exchange	(382)	(334)
	<u>          </u>	<u>          </u>

**4. Directors' remuneration**

	2015 £	2014 £
Aggregate remuneration	<u>306,345</u>	<u>287,082</u>

During the year retirement benefits were accruing to 2 directors (2014 - 2) in respect of defined contribution pension schemes.

**5. Taxation**

	2015 £	2014 £
<b>Analysis of tax charge in the year</b>		
<b>Current tax</b>		
UK corporation tax charge on profit for the year	12,725	24,847
<b>Deferred tax</b> (see note 11)		
Capital allowances in excess of depreciation	19,598	-
<b>Tax on profit on ordinary activities</b>	<u>32,323</u>	<u>24,847</u>

**ESECLENDING (EUROPE) LIMITED**  
**NOTES TO THE FINANCIAL STATEMENTS**  
**FOR THE YEAR ENDED 31 DECEMBER 2015**

**6. Tangible fixed assets**

	Leasehold property £	Fixtures & fittings £	Computer equipment £	Total £
<b>Cost</b>				
At 1 January 2015	13,957	69,220	112,577	195,754
Additions	134,135	6,929	14,909	155,973
Disposals	-	(4,247)	(27,180)	(31,427)
At 31 December 2015	148,092	71,902	100,306	320,300
<b>Depreciation</b>				
At 1 January 2015	9,531	68,465	83,163	161,159
Charge for the year	1,396	322	11,332	13,050
On disposals	-	(4,247)	(23,095)	(27,342)
At 31 December 2015	10,927	64,540	71,400	146,867
<b>Net book value</b>				
At 31 December 2015	137,165	7,362	28,906	173,433
At 31 December 2014	4,426	755	29,414	34,595

**7. Fixed asset investments**

	Other fixed asset investments £
<b>Cost or valuation</b>	
At 1 January 2015 and 31 December 2015	16,504
<b>Net book value</b>	
At 31 December 2015	16,504
At 31 December 2014	16,504

**8. Debtors**

	2015 £	2014 £
<b>Due after more than one year</b>		
Other debtors	52,118	-
<b>Due within one year</b>		
Other debtors	348,194	368,679
	400,312	368,679

# ESECLENDING (EUROPE) LIMITED

## NOTES TO THE FINANCIAL STATEMENTS FOR THE YEAR ENDED 31 DECEMBER 2015

**9. Creditors:  
Amounts falling due within one year**

	2015 £	2014 £
Trade creditors	106,579	33,209
Corporation tax	12,742	24,847
Other taxation and social security	57,081	50,604
Other creditors	173,486	80,419
	<u>349,888</u>	<u>189,079</u>

**10. Creditors:  
Amounts falling due after more than one year**

	2015 £	2014 £
Other creditors	<u>14,477</u>	<u>9,686</u>

**11. Deferred taxation**

	2015 £	2014 £
At beginning of year	-	-
Charge for year (P&L)	19,598	-
	<u>19,598</u>	<u>-</u>
At end of year	<u>19,598</u>	<u>-</u>

The provision for deferred taxation is made up as follows:

	2015 £	2014 £
Capital allowances in excess of depreciation	<u>19,598</u>	<u>-</u>

**ESECLENDING (EUROPE) LIMITED**  
**NOTES TO THE FINANCIAL STATEMENTS**  
**FOR THE YEAR ENDED 31 DECEMBER 2015**

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**12. Provisions**

	<b>Provision for dilapidations £</b>
At 1 January 2015	<b>42,916</b>
Amounts released to profit and loss account	<b>(42,916)</b>
At 31 December 2015	<u><u>-</u></u>

**Provision for dilapidations**

The dilapidation provision was released during the year following relocation and surrender of the former lease.

**13. Share capital**

	<b>2015 £</b>	<b>2014 £</b>
<b>Allotted, called up and fully paid</b>		
1,376,398 Ordinary shares of £1 each	<u><u>1,376,398</u></u>	<u><u>1,376,398</u></u>



## ESECLENDING (EUROPE) LIMITED

### NOTES TO THE FINANCIAL STATEMENTS FOR THE YEAR ENDED 31 DECEMBER 2015

#### 14. Share based payments

During the year ended 31 December 2015, eSec Holdings LP issued 38, 11, and 11 (2014: 76, 22, and 22) Class P1, P2, and P3 co-invest units, respectively, to two employees (2014: two employees) of eSecLending (Europe) Limited for total proceeds of US\$245 (2014: US\$491). The weighted average exercise price of the co-invest units, which are fully vested are as follows: Class P1 US\$D (2014: US\$6.406), Class P2: US\$E (2014: US\$0.1911) and Class P3: US\$F (2014: \$0.0124). The Class P units are intended to be profit interests. The date of grant of the units was 22 October 2013 and there are no performance conditions associated with these shares.

#### 15. Reserves

	Other reserves £	Profit and loss account £
At 1 January 2015		(1,183,026)
Profit for the financial year		109,597
Movement on other reserves	6,000	
At 31 December 2015	<u>6,000</u>	<u>(1,073,429)</u>

#### 16. Pension commitments

The company operates a defined contributions pension scheme. The assets of the scheme are held separately from those of the company in an independently administered fund. The pension cost charge represents contributions payable by the company to the fund and amounted to £91,494 (2014 - £86,779). Contributions totalling £nil (2014 - £nil) were payable to the fund at the balance sheet date and are included in creditors

#### 17. Operating lease commitments

At 31 December 2015 the company had annual commitments under non-cancellable operating leases as follows:

	2015 £	2014 £
Expiry date:		
Between 2 and 5 years	<u>173,728</u>	<u>109,675</u>

## **ESECLENDING (EUROPE) LIMITED**

### **NOTES TO THE FINANCIAL STATEMENTS FOR THE YEAR ENDED 31 DECEMBER 2015**

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#### **18. Related party transactions**

The company has taken advantage of the exemption from disclosing transactions with entities which are a wholly owned part of the group.

Transactions with (other) related parties are as follows:

Name (relationship)	Transaction	Amount		Amount due (to)/from related parties	
		2015	2014	2015	2014
		£	£	£	£
Securities Finance Trust Company (previous affiliate company)	Sales	2,539,235	2,067,221	192,107	249,377

#### **19. Ultimate parent undertaking and controlling party**

The immediate and ultimate parent undertaking is eSecLending UK Holdings LLC, a company registered in the United States. eSec Inc. (US), the immediate parent of Securities Finance Trust Company, owns a call option on all of the shares of eSecLending (Europe) Limited. In the opinion of the directors the ultimate controlling party is Mr C Starble.