

Registered number:04150127

**ESECLENDING (EUROPE) LTD
FINANCIAL STATEMENTS
FOR THE YEAR ENDED 31 DECEMBER 2021**

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ESECLENDING (EUROPE) LTD
COMPANY INFORMATION

Directors	E J Oliver C Starble
Registered number	04150127
Registered office	25 Old Broad Street London EC2N 1HQ
Independent auditors	Blick Rothenberg Audit LLP Chartered Accountants & Statutory Auditor 16 Great Queen Street Covent Garden London WC2B 5AH

ESECLENDING (EUROPE) LTD**BALANCE SHEET
AS AT 31 DECEMBER 2021**

	Note	2021 £	2020 £
Fixed assets			
Tangible assets	4	86,076	87,051
Investments	5	16,504	16,504
		<u>102,580</u>	<u>103,555</u>
Current assets			
Debtors	6	1,482,379	1,090,392
Cash at bank and in hand		53,957	24,474
		<u>1,536,336</u>	<u>1,114,866</u>
Creditors: amounts falling due within one year	7	(600,958)	(205,487)
Net current assets		<u>935,378</u>	<u>909,379</u>
Total assets less current liabilities		<u>1,037,958</u>	<u>1,012,934</u>
Creditors: amounts falling due after more than one year	8	(113,553)	(140,754)
Provisions for liabilities			
Deferred tax	9	(15,755)	(11,113)
Other provisions	10	(14,400)	(12,000)
		<u>(30,155)</u>	<u>(23,113)</u>
Net assets		<u>894,250</u>	<u>849,067</u>

ESECLENDING (EUROPE) LTD**BALANCE SHEET (CONTINUED)
AS AT 31 DECEMBER 2021**

	Note	2021 £	2020 £
Capital and reserves			
Called up share capital	11	1,376,398	1,376,398
Other reserves		6,000	6,000
Profit and loss account		(488,148)	(533,331)
		<u>894,250</u>	<u>849,067</u>

The financial statements have been prepared in accordance with the provisions applicable to companies subject to the small companies regime and in accordance with the provisions of FRS 102 Section 1A - small entities.

The financial statements have been delivered in accordance with the provisions applicable to companies subject to the small companies regime.

The company has opted not to file the profit and loss account in accordance with provisions applicable to companies subject to the small companies' regime.

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


E J Oliver
Director

Date: 20/4/2022

The notes on pages 4 to 12 form part of these financial statements.

ESECLENDING (EUROPE) LTD

NOTES TO THE FINANCIAL STATEMENTS FOR THE YEAR ENDED 31 DECEMBER 2021

1. General information

eSecLending (Europe) Limited is a private company limited by shares incorporated in England and Wales. The address of its registered office is 25 Old Broad Street, London, EC2N 1HQ.

The financial statements are presented in Sterling (£).

2. Accounting policies

2.1 Basis of preparation of financial statements

The financial statements have been prepared under the historical cost convention unless otherwise specified within these accounting policies and in accordance with Section 1A of Financial Reporting Standard 102, the Financial Reporting Standard applicable in the UK and the Republic of Ireland and the Companies Act 2006.

The following principal accounting policies have been applied:

2.2 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.

2.3 Revenue recognition

Revenue from contracts to provide sales and marketing services to related companies is recognised in the period in which the services are provided. Revenue is recognised to the extent that it is probable that the company will receive the consideration due under the contract and the amount of revenue can be measured reliably. Revenue is measured as the fair value of the consideration received or receivable, excluding Value added tax.

2.4 Tangible fixed assets

Tangible fixed assets under the cost model are stated at historical cost less accumulated depreciation and any accumulated impairment losses. Historical cost includes expenditure that is directly attributable to bringing the asset to the location and condition necessary for it to be capable of operating in the manner intended by management.

The company adds to the carrying amount of an item of fixed assets the cost of replacing part of such an item when that cost is incurred, if the replacement part is expected to provide incremental future benefits to the company. The carrying amount of the replaced part is derecognised. Repairs and maintenance are charged to profit or loss during the period in which they are incurred.

At each reporting date the company assesses whether there is any indication of impairment. If such indication exists, the recoverable amount of the asset is determined which is the higher of its fair value less costs to sell and its value in use. An impairment loss is recognised where the carrying amount exceeds the recoverable amount.

ESECLENDING (EUROPE) LTD

NOTES TO THE FINANCIAL STATEMENTS FOR THE YEAR ENDED 31 DECEMBER 2021

2. Accounting policies (continued)

2.4 Tangible fixed assets (continued)

Depreciation is charged so as to allocate the cost of assets less their residual value over their estimated useful lives, using the straight-line method.

Depreciation is provided on the following basis:

Lease property	- 10%
Fixtures & fittings	- 20%
Office equipment	- 20%
Other fixed assets	- 10%

The assets' residual values, useful lives and depreciation methods are reviewed, and adjusted prospectively if appropriate, or if there is an indication of a significant change since the last reporting date.

Gains and losses on disposals are determined by comparing the proceeds with the carrying amount and are recognised in profit or loss.

2.5 Cash and cash equivalents

Cash is represented by cash in hand and deposits with financial institutions repayable without penalty on notice of not more than 24 hours. Cash equivalents are highly liquid investments that mature in no more than three months from the date of acquisition and that are readily convertible to known amounts of cash with insignificant risk of change in value.

2.6 Financial instruments

The company has elected to apply Sections 11 and 12 of FRS 102 in respect of financial instruments.

Financial assets and financial liabilities are recognised when the company becomes party to the contractual provisions of the instrument.

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

The company's policies for its major classes of financial assets and financial liabilities are set out below.

Financial assets

Basic financial assets, including other debtors, cash and bank balances and intercompany working capital balances are initially recognised at transaction price, unless the arrangement constitutes a financing transaction, where the transaction is measured at the present value of the future receipts discounted at a market rate of interest for a similar debt instrument. Financing transactions are those in which payment is deferred beyond normal business terms or is financed at a rate of interest that is not a market rate.

Such assets are subsequently carried at amortised cost using the effective interest method, less any impairment.

ESECLENDING (EUROPE) LTD
NOTES TO THE FINANCIAL STATEMENTS
FOR THE YEAR ENDED 31 DECEMBER 2021

2. Accounting policies (continued)

Financial instruments (continued)

Financial liabilities

Basic financial liabilities, including trade and other creditors are initially recognised at transaction price. Financing transactions are those in which payment is deferred beyond normal business terms or is financed at a rate of interest that is not a market rate.

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

Impairment of financial assets

Financial assets measured at cost and amortised cost are assessed at the end of each reporting period for objective evidence of impairment. If objective evidence of impairment is found, an impairment loss is recognised in the profit and loss account.

For financial assets measured at cost less impairment, the impairment loss is measured as the difference between the asset's carrying amount and the best estimate of the amount the company would receive for the asset if it were to be sold at the reporting date.

For financial assets measured at amortised cost, the impairment loss is measured as the difference between the asset's carrying amount and the present value of estimated cash flows discounted at the asset's original effective interest rate. If the financial asset has a variable interest rate, the discount rate for measuring any impairment loss is the current effective interest rate determined under the contract.

If there is a decrease in the impairment loss arising from an event occurring after the impairment was recognised, the impairment is reversed. The reversal is such that the current carrying amount does not exceed what the carrying amount would have been had the impairment not previously been recognised. The impairment reversal is recognised in profit or loss.

Derecognition of financial assets and financial liabilities

Financial assets are derecognised when (a) the contractual rights to the cash flows from the asset expire or are settled, or (b) substantially all the risks and rewards of the ownership of the asset are transferred to another party or (c) despite having retained some significant risks and rewards of ownership, control of the asset has been transferred to another party who has the practical ability to unilaterally sell the asset to an unrelated third party without imposing additional restrictions.

Financial liabilities are derecognised when the liability is extinguished, that is when the contractual obligation is discharged, cancelled or expires.

Offsetting of financial assets and financial liabilities

Financial assets and liabilities are offset and the net amount reported in the balance sheet when there is an enforceable right to set off the recognised amounts and there is an intention to settle on a net basis or to realise the asset and settle the liability simultaneously.

ESECLENDING (EUROPE) LTD
NOTES TO THE FINANCIAL STATEMENTS
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2. Accounting policies (continued)

2.7 Foreign currency translation

Functional and presentation currency

The company's functional and presentational currency is Sterling (£).

Transactions and balances

Foreign currency transactions are translated into the functional currency using the spot exchange rates at the dates of the transactions.

At each period end foreign currency monetary items are translated using the closing rate. Non-monetary items measured at historical cost are translated using the exchange rate at the date of the transaction and non-monetary items measured at fair value are measured using the exchange rate when fair value was determined.

Foreign exchange gains and losses resulting from the settlement of transactions and from the translation at period-end exchange rates of monetary assets and liabilities denominated in foreign currencies are recognised in profit or loss except when deferred in other comprehensive income as qualifying cash flow hedges.

Foreign exchange gains and losses that relate to borrowings and cash and cash equivalents are presented in the profit and loss account within 'finance income or costs'. All other foreign exchange gains and losses are presented in profit or loss within 'other operating income'.

2.8 Operating leases

Rentals paid under operating leases are charged to profit or loss 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 lease term, unless another systematic basis is representative of the time pattern of the lessee's benefit from the use of the leased asset.

2.9 Pensions

Defined contribution pension plan

The company operates a defined contribution plan for its employees. A defined contribution plan is a pension plan under which the company pays fixed contributions into a separate entity. Once the contributions have been paid the company has no further payment obligations.

The contributions are recognised as an expense in profit or loss when they fall due. Amounts not paid are shown in accruals as a liability in the balance sheet. The assets of the plan are held separately from the company in independently administered funds.

2.10 Interest income

Interest income is recognised in profit or loss using the effective interest method.

2.11 Share capital

Ordinary shares are classified as equity.

ESECLENDING (EUROPE) LTD

NOTES TO THE FINANCIAL STATEMENTS FOR THE YEAR ENDED 31 DECEMBER 2021

2. Accounting policies (continued)

2.12 Provisions for liabilities

Provisions are made where an event has taken place that gives the company a legal or constructive obligation that probably requires settlement by a transfer of economic benefit, and a reliable estimate can be made of the amount of the obligation.

Provisions are charged as an expense to profit or loss in the year that the company becomes aware of the obligation, and are measured at the best estimate at the balance sheet date of the expenditure required to settle the obligation, taking into account relevant risks and uncertainties.

When payments are eventually made, they are charged to the provision carried in the balance sheet.

2.13 Current and deferred taxation

The tax expense for the year comprises current and deferred tax. Tax is recognised in the profit and loss account, except that a charge attributable to an item of income and expense recognised as other comprehensive income or to an item recognised directly in equity is also recognised in other comprehensive income or directly in equity respectively.

Current tax is the amount of income tax payable in respect of taxable profit for the year or prior years.

The current income tax charge is calculated on the basis of tax rates and laws that have been enacted or substantively enacted by the balance sheet date in the countries where the company operates and generates income.

Deferred tax arises from timing differences that are differences between taxable profits and total comprehensive income as stated in the financial statements. These timing differences 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.

Deferred tax balances are recognised in respect of all timing differences that have originated but not reversed by the balance sheet date, except that:

- The recognition of deferred tax assets is limited to the extent that it is probable that they will be recovered against the reversal of deferred tax liabilities or other future taxable profits; and
- Any deferred tax balances are reversed if and when all conditions for retaining associated tax allowances have been met.

Deferred tax is determined using tax rates and laws that have been enacted or substantively enacted by the balance sheet date.

3. Employees

The average monthly number of employees, including directors, during the year was 16 (2020 - 14).

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NOTES TO THE FINANCIAL STATEMENTS
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4. Tangible fixed assets

	Leasehold property £	Fixtures & fittings £	Computer equipment £	Other fixed assets £	Total £
Cost					
At 1 January 2021	135,885	74,325	172,576	683	383,469
Additions	-	-	21,375	-	21,375
Disposals	-	-	-	(683)	(683)
At 31 December 2021	135,885	74,325	193,951	-	404,161
Depreciation					
At 1 January 2021	66,611	72,351	157,416	40	296,418
Charge for the year on owned assets	13,588	686	7,433	28	21,735
Disposals	-	-	-	(68)	(68)
At 31 December 2021	80,199	73,037	164,849	-	318,085
Net book value					
At 31 December 2021	55,686	1,288	29,102	-	86,076
At 31 December 2020	69,274	1,974	15,160	643	87,051

5. Fixed asset investments

	Other fixed asset investments £
Cost or valuation	
At 1 January 2021	16,504
At 31 December 2021	16,504

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6. Debtors

	2021 £	2020 £
Due after more than one year		
Other debtors	104,237	104,237
Due within one year		
Other debtors	1,292,248	924,536
Prepayments and accrued income	85,894	61,619
	<u>1,482,379</u>	<u>1,090,392</u>

7. Creditors: amounts falling due within one year

	2021 £	2020 £
Trade creditors	21,034	19,051
Corporation tax	14,085	17,025
Other taxation and social security	49,866	49,382
Other creditors	-	1
Accruals and deferred income	515,974	120,028
	<u>600,958</u>	<u>205,487</u>

8. Creditors: amounts falling due after more than one year

	2021 £	2020 £
Accruals and deferred income	113,553	140,754
	<u>113,553</u>	<u>140,754</u>

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9. Deferred taxation

	2021 £
At beginning of year	(11,113)
Charged to profit or loss	(4,642)
At end of year	<u>(15,755)</u>

The deferred tax balance is made up as follows:

	2021 £	2020 £
Accelerated capital allowances	<u>(15,755)</u>	<u>(11,113)</u>

10. Provisions

	Provision for dilapidations £
At 1 January 2021	12,000
Charged to profit or loss	2,400
At 31 December 2021	<u>14,400</u>

11. Share capital

	2021 £	2020 £
Allotted, called up and fully paid		
1,376,398 (2020 - 1,376,398) Ordinary shares of £1 each	<u>1,376,398</u>	<u>1,376,398</u>

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12. Commitments under operating leases

At 31 December 2021 the company had future minimum lease payments due under non-cancellable operating leases for each of the following periods:

	2021 £	2020 £
Not later than 1 year	173,728	173,728
Later than 1 year and not later than 5 years	492,229	665,957
	<u>665,957</u>	<u>839,685</u>

13. Related party transactions

The company has taken advantage of the exemption contained in FRS 102 section 33 "Related Party Disclosures" 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	
		2021 £	2020 £	2021 £	2020 £
Securities Finance Trust Company (common influence)	Sales	2,796,633	2,298,503	1,267,343	908,578

The parent undertaking of the Securities Finance Trust Company, eSec Inc, has also entered into a guarantee in respect of the lease obligation.

14. Parent undertaking

The smallest group for which consolidated financial statements are drawn up is headed by eSecLending UK Holdings LLC whose registered office is One Boston Place, 24th Floor, Boston, MA 02108, United States of America.

15. Auditors' information

The auditor's report on the company's full financial statements was unqualified. Those financial statements were audited by Blick Rothenberg Audit LLP and the auditor's report thereon was signed by Simon Mayston (senior statutory auditor).