

Company Registration No. 4585206 (England and Wales)

**ELARA CAPITAL PLC**  
**DIRECTORS' REPORT AND CONSOLIDATED**  
**FINANCIAL STATEMENTS**  
**FOR THE YEAR ENDED 31 MARCH 2017**

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COMPANIES HOUSE

# **ELARA CAPITAL PLC**

## **GROUP INFORMATION**

<b>Directors</b>	R Bhatt A Pandey A D Persaud P Church
<b>Secretary</b>	A Verma
<b>Company number</b>	4585206
<b>Registered office</b>	248a Marylebone Road London NW1 6JZ
<b>Auditor</b>	KPMG LLP 15 Canada Square London E14 5GL
<b>Business address</b>	248a Marylebone Road London NW1 6JZ
<b>Bankers</b>	Lloyds TSB Plc High Street Coventry CV1 5RA  ICICI Bank UK Plc 21 Knightsbridge London SW1X 7LY
<b>Solicitors</b>	Fladgate Fielder LLP 25 North Row London W1K 6DJ

# **ELARA CAPITAL PLC**

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# **ELARA CAPITAL PLC**

## **STRATEGIC REPORT**

### **FOR THE YEAR ENDED 31 MARCH 2017**

The Directors present their strategic report of Elara Group (the 'Group') for the year ended 31 March 2017.

In accordance with Section 414A(1) of the Companies Acts 2006, we have prepared the Strategic Report which includes a review of the Group business and future developments, a description of the principal risk and uncertainties facing the group and key performance indicators.

#### **Review of the business**

The principal activity of the Group is that of advising on investment instruments and arranging deals in investments, including the raising of equity capital through issuance of Global Depository Receipts, mergers and acquisitions, broking, and other merchant banking activities.

The Group has performed well and as per its strategic objectives for the year given the challenging operating environment. The Group has shown a profit before taxation of £4,620,746 for the year ended 31 March 2017 as compared to the restated loss before tax of £1,418,925 for the year ended 31 March 2016. Refer to note 27 for further details on restatement of prior year balances. The directors are optimistic about the future prospects of the Group and expect slow but steady growth in the future.

The shareholders' funds have increased from £21.75 million (restated) at the start of the year to £28.68 million at 31 March 2017 mainly due to currency difference on consolidation.

The Group's position at the balance sheet dates is shown on page 8, and that of the Company is shown on page 9.

The consolidated profit and loss account and other comprehensive income of the Group is shown on page 7, which shows the key performance indicators, which are considered to be turnover, gross profit and operating profit.

#### **Business environment**

The Group's main focus is on Indian Markets. The Group advises clients on investments in Indian securities. Fluctuations in these markets have an impact on the Group's positions as well as on client positions. The Group is optimistic about the future due to the recent developments in India related to tax reforms and improved business environment. The Group is optimistic about the future and we expect a steady growth of the Group.

#### **Strategy**

The Group will continue to employ capital in liquid debt securities and equities, maintain robust capital adequacy and liquidity with focus on the growth of the Group. The Group will concentrate on providing quality services to its customers and focus on building relations with new customers.

The Group remains invested in high quality liquid debt securities and equity of listed companies.

#### **Principal risks and uncertainties**

A description of the principal risk and uncertainties faced by the Group are discussed in the relevant section of the Directors' report.

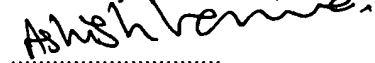
The process of risk management is addressed through a framework of policies, procedures and internal controls. Compliance with regulations, legal and ethical standards is a high priority for the group and is managed throughout the operational activities of the business and by each respective department.

BY ORDER OF THE BOARD

For and on behalf of

ELARA CAPITAL PLC

248a Marylebone Road, London, NW1 6JZ



A Verma

Company Secretary

18 Aug 2017

# **ELARA CAPITAL PLC**

## **DIRECTORS' REPORT**

### **FOR THE YEAR ENDED 31 MARCH 2017**

The Directors present their annual report and consolidated financial statements of Elara Capital Plc (the 'Group') for the year ended 31 March 2017.

#### **Principal activities and review of the business**

The principal activity of the Group continues to be that of advising on investment instruments and arranging deals in investments, including the raising of equity capital through issuance of Global Depository Receipts, mergers and acquisitions, broking, and other merchant banking activities. The Company is authorised and regulated by the Financial Conduct Authority in the United Kingdom and its subsidiaries where appropriate are regulated in the jurisdictions in which they operate.

The results for the year and the financial position at the end of the year were considered satisfactory by the directors given the difficult market conditions. The directors are optimistic about the future prospects of the Group and expect slow but steady growth in the future.

The Group's position at the balance sheet dates is shown on page 8, and that of the Company is shown on page 9.

The consolidated profit and loss account and other comprehensive income of the Group is shown on page 7, which shows the key performance indicators, which are considered to be turnover, gross profit and operating profit.

In the view of the directors the following are the key risks faced by the Group:-

#### **Financial risk**

Financial risk is an umbrella term for multiple types of risk associated with financing, including financial transactions that include group loans in risk of default.

The Group has in place a risk management process to limit the adverse effects on the financial performance of the Group by monitoring the exposure to each respective risk. The policies are set by the Board of Directors and monitored by the Finance Department. Given the size of the Group, the directors do not deem it necessary to delegate the responsibility of monitoring risk management to a sub-committee of the board.

#### **Market Risk**

- The Group's main focus is on Indian Markets. The Group advises clients on investments in Indian securities. Fluctuations in these markets have an impact on the Group's positions as well as on client positions. The directors believe this to be a risk, from both a monetary as well as a reputational perspective.
- The business has a strong dependence upon political stability in India. Any instability could affect the Group's revenues.
- India as an investment destination is administered by local government regulations. Any changes in these regulations could affect the business of the Group.

#### **Operational Risk**

Operational risk is the risk of a change in value caused by the fact that actual losses, incurred for inadequate or failed internal processes, people and systems, or from external events (including legal risk), differ from expected losses. The Group believes internal controls and processes are very important to manage the following:-

- Appropriateness of trades transacted on behalf of clients as well as proprietary positions
- Counterparty risk
- Fund transfer authorisation
- Compliance with local law and financial services regulations.

#### **Credit risk**

Credit risk is the risk associated with a borrower/debtor going into default. The Group performs appropriate due diligence on potential customers before entering into any transactions. The Group ensures credit given is effectively managed as part of a diversified borrowing pool.

# **ELARA CAPITAL PLC**

## **DIRECTORS' REPORT (CONTINUED)**

### **FOR THE YEAR ENDED 31 MARCH 2017**

#### **Liquidity risk**

Liquidity risk is a risk that for a certain period of time a given financial asset, security or commodity cannot be traded quickly enough in the market without impacting the market price.

The Group actively maintains adequate levels of liquid resources to ensure sufficient funds are available to settle liabilities as they fall due.

In accordance with the FCA requirement of BIPRU Chapter 11 'disclosure (pillar 3)', the Group is required to publish further information to allow external parties to assess the capital adequacy of the organization. The Pillar 3 report is available at <http://www.elaracapital.com/pdf/Pillar3Disclosure-ElaraCapitalPLC.pdf>

#### **Interest rate risk**

There is minimal exposure to interest rate risk in relation to the assets and liabilities held due to no exposure to external borrowings. The Directors constantly monitor and will act accordingly to mitigate this risk should operations change in size or nature.

#### **Currency risk**

The Group is exposed to currency risk across many of its operations including client and proprietary positions. The Group seeks to minimize exposure to currency risk at all times.

The Group has diversified its operations to different locations which has helped Elara to match currencies between expenses and income. The Group also continuously monitors the movements in currency which it is exposed to and looks out for suitable opportunities to convert currency.

#### **Steps taken to mitigate all of these risks**

- The directors are consciously working towards diversifying the Group services by adding more geographies, though the directors feel that India itself offers ample growth opportunities.
- The directors are investing resources to build strong systems and processes to monitor trades and fund flows.
- The Group undertakes appropriate due diligence before accepting any new counterparty and monitor these relationships on an ongoing basis.
- With respect to the corporate finance mandate the directors insist wherever possible that fees are paid through an Escrow Mechanism.
- The Group holds professional indemnity insurance with Liberty International Underwriters.

#### **Results and dividends**

The results for the year are set out on page 7.

The directors recommended an interim dividend of £150,000 in aggregate on ordinary shares for the year ended 31 March 2017, of which £150,000 was paid during the financial year as an interim dividend. The directors recommended a dividend of £150,000 for the year ended 31 March 2016.

#### **Directors**

The following directors have held office during the year and at the date of this report:

R Bhatt

A Pandey

A D Persaud

P Church

M Desai (Appointed on 21 June 2016)

#### **Creditor payment policy**

The Group's current policy concerning the payment of trade creditors is to:

- agree the terms of payment with suppliers when agreeing the terms of each transaction;
- ensure that suppliers are made aware of the terms of payment by inclusion of the relevant terms in their contracts; and
- pay in accordance with the Group's contractual and other legal obligations.

#### **Donation**

The Group paid a charitable donation of £38,618 (2016:£ 36,650) during the year to charities working to support deaf and blind people, higher education and alleviate poverty in United Kingdom and India.

# **ELARA CAPITAL PLC**

## **DIRECTORS' REPORT (CONTINUED)**

### **FOR THE YEAR ENDED 31 MARCH 2017**

#### **Remuneration Policy & Practices**

In accordance with the FCA requirement the Group is required to publish its remuneration policy. The remuneration policy is available at <http://www.elaracapital.com/pdf/RemunerationDisclosure-2014.pdf>.

#### **Auditor**

Pursuant to Section 487 of the Companies Act 2006, the auditor will be deemed to be reappointed and KPMG LLP will therefore continue in office.

#### **Statement of disclosure to auditor**

So far as each person who was a director at the date of approving this report is aware, there is no relevant audit information of which the Group and Company's auditor is unaware. Additionally, the directors individually have taken all the necessary steps that they ought to have taken as directors in order to make themselves aware of all relevant audit information and to establish that the Group and Company's auditor is aware of that information.

#### **Statement of directors' responsibilities**

The directors are responsible for preparing the Strategic Report, 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) including FRS102 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 Group and Company and of the profit or loss of the Group and 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 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.

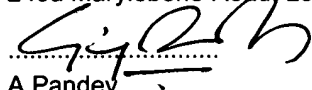
The directors are responsible for keeping adequate accounting records that are sufficient to show and explain the Group and Company's transactions and disclose with reasonable accuracy at any time the financial position of the Group and Company and enable them to ensure that the financial statements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

BY ORDER OF THE BOARD

For and on behalf of

ELARA CAPITAL PLC

248a Marylebone Road, London, NW1 6JZ



A Pandey

Director

18 Aug 2017

## **INDEPENDENT AUDITOR'S REPORT**

### **TO THE MEMBERS OF ELARA CAPITAL PLC**

We have audited the Group and the Company financial statements of Elara Capital Plc for the year ended 31 March 2017 as set out on pages 7 to 36. The financial reporting framework that has been applied in their preparation is applicable law and UK Accounting Standards (UK Generally Accepted Accounting Practice), including Financial Reporting Standard 102.

This report is made solely to the Group and 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 Group and the Company's members those matters we are required to state to them in an auditors' 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 Group 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 auditors**

As explained more fully in the Directors' Responsibilities Statement set out on page 4, 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 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 (APB's) Ethical Standards for Auditors.

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

A description of the scope of an audit of financial statements is provided on the Financial Reporting Council's website at [www.frc.org.uk/auditscopeukprivate](http://www.frc.org.uk/auditscopeukprivate).

#### **Opinion on financial statements**

In our opinion the financial statements:

- give a true and fair view of the state of the Group and the Company's affairs as at 31 March 2017 and of the Group's profit for the year then ended;
- have been properly prepared in accordance with UK Generally Accepted Accounting Practice; and
- have been prepared in accordance with the requirements of the Companies Act 2006.

#### **Opinion on other matters prescribed by the Companies Act 2006**

In our opinion the information given in the Strategic Report and the Directors' Report for the financial year is consistent with the financial statements.

Based solely on the work required to be undertaken in the course of the audit of the financial statements and from reading the Strategic report and the Directors' report:

- we have not identified material misstatements in those reports; and
- in our opinion, those reports have been prepared in accordance with the Companies Act 2006.



**INDEPENDENT AUDITOR'S REPORT (CONTINUED)**  
**TO THE MEMBERS OF ELARA CAPITAL PLC**

**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 by the parent company, or returns adequate for our audit have not been received from branches not visited by us; or
- the parent company 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.

*Sinead O'Reilly*

**Sinead O'Reilly (Senior Statutory Auditor)**

**for and on behalf of KPMG LLP, Statutory Auditor**

Chartered Accountants

15 Canada Square

Canary Wharf

London

E14 5GL

18 Aug 2017

# ELARA CAPITAL PLC

## CONSOLIDATED PROFIT AND LOSS ACCOUNT AND OTHER COMPREHENSIVE INCOME

FOR THE YEAR ENDED 31 MARCH 2017

		1 April 2016 to 31 Mar 2017 £	*Restated 1 April 2015 to 31 Mar 2016 £
	Notes		
Turnover	2	6,721,111	7,997,441
Cost of Sales		(2,161,000)	(947,608)
<b>Gross profit</b>		<b>4,560,111</b>	<b>7,049,833</b>
Foreign exchange gain		537,781	82,945
Administrative expenses		(5,874,179)	(5,853,092)
Other operating income/(expenses)	4	5,115,508	(3,181,228)
<b>Operating profit/(loss)</b>		<b>4,339,221</b>	<b>(1,901,542)</b>
Income from fixed assets investments	7	154,966	113,421
Interest receivable and similar income	8	179,577	415,234
Interest payable and similar charges	9	(53,018)	(73,624)
Amounts written back investments	10	-	27,586
<b>Profit/(loss) on ordinary activities before taxation</b>		<b>4,620,746</b>	<b>(1,418,925)</b>
Tax on profit/(loss) on ordinary activities	11	(214,542)	(566)
<b>Profit/(loss) for the year</b>		<b>4,406,204</b>	<b>(1,419,491)</b>
<b>Other comprehensive income</b>			
Foreign exchange gain on translation of foreign operations		2,671,407	1,404,119
<b>Total comprehensive income/(loss) for the year</b>		<b>7,077,611</b>	<b>(15,372)</b>

The profit and loss account has been prepared on the basis that all operations are continuing operations.

Notes on pages 13 to 36 form part of the audited financial statements.

\*Please refer to note 27 for further information on restatement.

# ELARA CAPITAL PLC

## CONSOLIDATED BALANCE SHEET

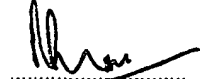
AS AT 31 MARCH 2017

		Year ended 31 Mar 2017		*Restated Year ended 31 Mar 2016	
	Notes	£	£	£	£
<b>Fixed assets</b>					
Intangible assets	12		10,019		14,698
Tangible assets	13		254,423		289,439
Investments	14		96,189		96,189
			<u>360,631</u>		<u>400,326</u>
<b>Current assets and other financial assets</b>					
Investments	15	16,233,067		13,933,845	
Debtors	16	5,694,180		5,932,858	
Loans and Advances	18	3,182,962		2,422,426	
Cash at bank and in hand		5,688,676		2,680,373	
		<u>30,798,885</u>		<u>24,969,502</u>	
<b>Creditors: amounts falling due within one year</b>	17	(2,475,895)		(3,613,818)	
<b>Net current assets</b>			<u>28,322,990</u>		<u>21,355,684</u>
<b>Total assets less current liabilities</b>			<u>28,683,621</u>		<u>21,756,010</u>
<b>Capital and reserves</b>					
Called up share capital	21		52,500		52,500
Share premium account			230,000		230,000
Profit and loss account			28,401,121		21,473,510
<b>Shareholders' funds</b>			<u>28,683,621</u>		<u>21,756,010</u>

Notes on pages 13 to 36 form part of the audited financial statements.

\*Please refer to note 27 for further information on restatement.

The financial statements on pages 7 to 36 were approved by the Board of Directors on 18 Aug 2017



R Bhatt  
Director



A Pandey  
Director

Company Registration No. 4585206

# ELARA CAPITAL PLC

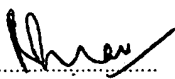
## COMPANY BALANCE SHEET

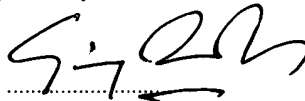
AS AT 31 MARCH 2017

	Notes	Year ended 31 Mar 2017		Year ended 31 Mar 2016	
		£	£	£	£
<b>Fixed assets</b>					
Tangible fixed assets	13		49,401		32,204
Investments	14		2,984,809		2,963,740
			<u>3,034,210</u>		<u>2,995,944</u>
<b>Current assets and other financial assets</b>					
Investments	15	9,503,493		8,121,138	
Debtors	16	704,949		841,078	
Cash at bank and in hand		317,106		242,105	
		<u>10,525,548</u>		<u>9,204,321</u>	
<b>Creditors: amounts falling due within one year</b>	17	(1,381,780)		(2,809,888)	
<b>Net current assets</b>			<u>9,143,768</u>		<u>6,394,433</u>
<b>Total assets less current liabilities</b>			<u>12,177,978</u>		<u>9,390,377</u>
<b>Creditors: amounts falling due after more than one year</b>			(1,972,424)		(1,670,761)
<b>Provisions for liabilities</b>			(8,804)		-
			<u>10,196,750</u>		<u>7,719,616</u>
<b>Capital and reserves</b>					
Called up share capital	21		52,500		52,500
Share premium account			230,000		230,000
Profit and loss account			9,914,250		7,437,116
<b>Shareholders' funds</b>			<u>10,196,750</u>		<u>7,719,616</u>

Notes on pages 13 to 36 form part of the audited financial statements.

The financial statements on pages 7 to 36 were approved by the Board of Directors on 18 Aug 2017

  
 R Bratt  
 Director

  
 A Pandey  
 Director

Company Registration No. 4585206

# ELARA CAPITAL PLC

## STATEMENT OF CHANGES IN EQUITY

### FOR THE YEAR ENDED 31 MARCH 2017

The Group	Share capital	Share premium account	Pre-acquisition reserve	Profit and loss reserves	Total
	£	£	£	£	£
<b>For the year ended 31 March 2016</b>					
Balance at 1 April 2015 (as originally stated)	52,500	230,000	14,855	19,696,239	19,993,594
Effect of restatement (see note 27)	-	-	-	1,927,788	1,927,788
Reclassified (see note 27)	-	-	(14,855)	14,855	-
Restated Balance at 1 April 2015	52,500	230,000	-	21,638,882	21,921,382
Restated loss for the year	-	-	-	(1,419,491)	(1,419,491)
Restated other comprehensive income for the year	-	-	-	1,404,119	1,404,119
Dividends	-	-	-	(150,000)	(150,000)
<b>Restated balance at 31 March 2016</b>	<b>52,500</b>	<b>230,000</b>	<b>-</b>	<b>21,473,510</b>	<b>21,756,010</b>
<b>For the year ended 31 March 2017</b>					
Profit for the year	-	-	-	4,406,204	4,406,204
Other comprehensive income for the year	-	-	-	2,671,407	2,671,407
Dividends	-	-	-	(150,000)	(150,000)
<b>Balance at 31 March 2017</b>	<b>52,500</b>	<b>230,000</b>	<b>-</b>	<b>28,401,121</b>	<b>28,683,621</b>
<b>The Company</b>	<b>Share capital</b>	<b>Share premium account</b>	<b>Profit and loss reserves</b>	<b>Total</b>	
	£	£	£	£	
<b>For the year ended 31 March 2016</b>					
Balance at 1 April 2015	52,500	230,000	7,322,652	7,605,152	
Total comprehensive income for the year	-	-	264,464	264,464	
Dividends	-	-	(150,000)	(150,000)	
<b>Balance at 31 March 2016</b>	<b>52,500</b>	<b>230,000</b>	<b>7,437,116</b>	<b>7,719,616</b>	
<b>For the year ended 31 March 2017</b>					
Total comprehensive income for the year	-	-	2,627,134	2,627,134	
Dividends	-	-	(150,000)	(150,000)	
<b>Balance at 31 March 2017</b>	<b>52,500</b>	<b>230,000</b>	<b>9,914,250</b>	<b>10,196,750</b>	

Notes on pages 13 to 36 form part of the audited financial statements.

# ELARA CAPITAL PLC

## CONSOLIDATED CASH FLOW STATEMENT

FOR THE YEAR ENDED 31 MARCH 2017

	Notes	1 April 2016 to 31 Mar 2017 £	1 April 2015 to 31 Mar 2016 £
<b>Cash flows from operating activities</b>			
Cash generated/(used) by operations	1	4,682,125	(2,306,300)
Interest paid		(53,018)	(73,624)
Income taxes paid		(147,435)	(39,911)
<b>Net cash inflow/(outflow) from operating activities</b>		<b>4,481,672</b>	<b>(2,418,835)</b>
<b>Cash flows from investing activities</b>			
Purchase of intangible fixed assets		-	(14,934)
Purchase of tangible fixed assets		(77,182)	(17,333)
Proceeds on disposal of tangible fixed assets		228	470
Proceeds from sales of investments		-	49,562
Increase in loan and advances		(760,536)	(73,227)
Interest received		179,577	415,234
Dividends received		154,966	91,445
<b>Net cash (used in)/ generated from investing activities</b>		<b>(502,947)</b>	<b>451,217</b>
<b>Cash flows from financing activities</b>			
Repayment of borrowings		(820,422)	(444,998)
Dividends paid		(150,000)	(150,000)
<b>Net cash used by financing activities</b>		<b>(970,422)</b>	<b>(594,998)</b>
<b>Net increase/(decrease) in cash and cash equivalents</b>		<b>3,008,303</b>	<b>(2,562,616)</b>
Cash and cash equivalents at beginning of year		2,680,373	5,242,989
<b>Cash and cash equivalents at end of year</b>		<b>5,688,676</b>	<b>2,680,373</b>

Notes on pages 13 to 36 form part of the audited financial statements.

# ELARA CAPITAL PLC

## NOTES TO THE CONSOLIDATED CASH FLOW STATEMENT

### FOR THE YEAR ENDED 31 MARCH 2017

		<b>*Restated</b>
<b>1</b>	<b>Cash generated from operations</b>	
	<b>1 April 2016 to 31 Mar 2017 £</b>	<b>1 April 2015 to 31 Mar 2016 £</b>
	Profit/(loss) for the year after tax	7,077,611 (15,372)
	<b>Adjustments for:</b>	
	Taxation charged	214,542 566
	Finance costs	53,018 73,624
	Investment income	(334,543) (506,679)
	Loss on disposal of tangible fixed assets	10,332 26,682
	Amortisation and impairment of intangible fixed assets	4,679 2,684
	Depreciation and impairment of tangible fixed assets	101,638 84,432
	Gain on sale of investments	- (21,976)
	Amounts written off investments	- (27,586)
	Effect of restatement on tax	- (497)
	<b>Movements in working capital:</b>	
	(Increase) in shares and securities held for trading	(2,299,222) (435,271)
	Decrease/(Increase) in debtors	265,763 (736,303)
	(Decrease) in creditors	(411,693) (750,604)
	<b>Cash generated/(used) by operations</b>	<b>4,682,125 (2,306,300)</b>

\*Please refer to note 27 for further information on restatement.

# ELARA CAPITAL PLC

## NOTES TO THE CONSOLIDATED FINANCIAL STATEMENTS FOR THE YEAR ENDED 31 MARCH 2017

### 1 Accounting Policies

#### Group information

Elara Capital PLC together with its subsidiaries listed in note 26 forms the Elara Group. The registered office is 248a Marylebone Road, London, NW1 6JZ.

#### 1.1 Accounting convention

These financial statements have been prepared in accordance with FRS 102 "The Financial Reporting Standard applicable in the UK and Republic of Ireland" ("FRS 102") as issued in August 2014 and the requirements of the Companies Act 2006. The amendments to FRS 102 issued in July 2015 and effective immediately have been applied.

The financial statements are prepared in sterling, which is the functional currency of the Group. Monetary amounts in these financial statements are rounded to the nearest £.

The accounting policies set out below have been applied consistently to all periods presented in these financial statements.

#### 1.2 Basis of consolidation

The consolidated financial statements include the financial statements of the Company and its subsidiary undertakings made up to 31 March 2017. The acquisition method of accounting has been adopted. Under this method, the results of subsidiary undertakings acquired or disposed of in the year are included in the consolidated profit and loss account from the date of acquisition or up to the date of disposal.

Under the Companies Act 2006 the Company is exempt from the requirement to present its own profit and loss account. The 2017 profit after tax charge of the Company was £2,627,134 (2016: £264,464).

#### 1.3 Measurement convention

The financial statements are prepared on the historical cost basis except for financial instruments, which are classified at fair value through the profit and loss.

#### 1.4 Going concern

The Group's activities, together with the factors likely to affect its future development, performance and position are set out in the Strategic report on page 1.

In light of the Group's financial resource, the Directors believe that the Group is well positioned to successfully manage its business risks and have a reasonable expectation that the Group has adequate resource 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.



# ELARA CAPITAL PLC

## NOTES TO THE CONSOLIDATED FINANCIAL STATEMENTS (CONTINUED) FOR THE YEAR ENDED 31 MARCH 2017

### 1 Accounting policies

#### 1.5 Turnover

Fee income represents revenue earned under a wide variety of contracts to provide professional services including the Management fee receivable by the subsidiary of the Group. Revenue is recognised as and when earned, and to the extent that, the firm obtains the right to consideration in exchange for its performance under these contracts. It is measured at the fair value of the right to consideration, which represents amounts chargeable to clients, including expenses and disbursements but excluding value added tax. Advances received on account of work to be performed are included in deferred income.

#### 1.6 Tangible fixed assets and depreciation

Tangible fixed assets are initially measured at cost and subsequently stated net of depreciation and any impairment losses.

Depreciation is recognised so as to write off the cost or valuation of assets less their residual values over their useful lives on the following bases:

Computer equipment	25% reducing balance
Fixtures, fittings & equipment	25% reducing balance
Motor Vehicles	25% reducing balance
Leasehold Improvements	Over the expected period of the life of the lease

The gain or loss arising on the disposal of an asset is determined as the difference between the sale proceeds and the carrying value of the asset, and is credited or charged to profit or loss.

#### 1.7 Intangible assets and amortisation

Intangible assets are stated at cost less amortisation. Amortisation is charged to the profit and loss account on a straight line basis over the life of the asset.

#### 1.8 Investments in subsidiary undertakings

Investments by the Company in subsidiary undertaking are included at cost and assessed for impairment if indications exist. Decrease in profitability and decrease in net asset value of the subsidiaries are the common indicators for impairment. In the opinion of the Directors, the aggregate value of the subsidiary undertakings is not less than the aggregate amount at which the assets are included in the Company's balance sheet.

# **ELARA CAPITAL PLC**

## **NOTES TO THE CONSOLIDATED FINANCIAL STATEMENTS (CONTINUED) FOR THE YEAR ENDED 31 MARCH 2017**

### **1.9 Impairment of fixed assets**

At each reporting end date, the Company reviews the carrying amounts of its tangible and intangible assets to determine whether there is any indication that those assets have suffered an impairment loss. If any such indication exists, the recoverable amount of the asset is estimated in order to determine the extent of the impairment loss (if any). Where it is not possible to estimate the recoverable amount of an individual asset, the Company estimates the recoverable amount of the cash-generating unit to which the asset belongs.

Recoverable amount is the higher of fair value less costs to sell and value in use. 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 which the estimates of future cash flows have not been adjusted.

If the recoverable amount of an asset (or cash-generating unit) is estimated to be less than its carrying amount, the carrying amount of the asset (or cash-generating unit) is reduced to its recoverable amount. An impairment loss is recognised immediately in profit or loss, unless the relevant asset is carried at a revalued amount, in which case the impairment loss is treated as a revaluation decrease.

Recognised impairment losses are reversed if, and only if, the reasons for the impairment loss have ceased to apply. Where an impairment loss subsequently reverses, the carrying amount of the asset (or cash-generating unit) is increased to the revised estimate of its recoverable amount, but so that the increased carrying amount does not exceed the carrying amount that would have been determined had no impairment loss been recognised for the asset (or cash-generating unit) in prior years. Reversal of an impairment loss is recognised in profit or loss.

### **1.10 Cash and cash equivalents**

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

# ELARA CAPITAL PLC

## NOTES TO THE CONSOLIDATED FINANCIAL STATEMENTS (CONTINUED) FOR THE YEAR ENDED 31 MARCH 2017

### 1.11 Financial instruments

The Group has elected to apply the provisions of Section 11 'Basic Financial Instruments' and Section 12 'Other Financial Instruments Issues' of FRS 102 to all of its financial instruments.

Financial instruments are recognised in the Group's statement of financial position when the company becomes party to the contractual provisions of the instrument.

Financial assets and liabilities are offset, with the net amounts presented in the financial statements, when there is a legally 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.

#### **Basic financial instruments**

Trade and other debtors are recognized on the balance sheet when the Group becomes a party to the contractual provisions of the instruments at transaction price less attributable transaction costs.

Trade and other creditors are recognised initially at transaction price plus attributable transaction costs.

Financial assets are derecognised when the rights to receive cash flows from the investments have expired or where they have been transferred and the Group has also transferred substantially all risks and rewards of ownership. Financial liabilities are derecognised when the liability is discharged.

Cash at bank comprises cash balances and call deposits.

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 with changes recognised in profit or loss (other operating income/expenses).

#### **Other financial instruments**

Derivative financial instruments and holdings in mutual funds/unit trusts are designated as at fair value through profit or loss and are measured at subsequent reporting dates at fair value. Where securities are designated at fair value through profit or loss, gains and losses arising from changes in fair value are included in profit or loss for the accounting period. The Group determines the classification of its financial instruments on initial recognition.

Derivative financial instruments are held for trading and carried at fair value as assets or liabilities. Fair value of financial instruments is based on quoted market prices. Changes in fair values are recognised in the profit or loss account.

# **ELARA CAPITAL PLC**

## **NOTES TO THE CONSOLIDATED FINANCIAL STATEMENTS (CONTINUED) FOR THE YEAR ENDED 31 MARCH 2017**

### **1.12 Taxation**

Tax on the profit and 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. Current tax assets and liabilities are offset when Companies within the Group intend to settle on a net basis and legal right to offset exist.

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. Deferred tax is not recognised on permanent differences arising because certain types of income or expenses 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 or liability is recognised in the Group and the corresponding amount that can be deducted or assessed for tax.

Deferred tax is measured at 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. Deferred tax balances are not discounted.

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.

### **1.13 Foreign currency translation for subsidiaries**

The assets and liabilities of overseas subsidiary undertakings are translated at the closing exchange rates. Profit and loss accounts of such undertakings are consolidated at the average rates of exchange during the year. Gains and losses arising on these translations are taken to other comprehensive income.

### **1.14 Foreign currencies**

Transactions in foreign currencies are recorded using the rate of exchange at the date of transaction. Monetary assets and liabilities denominated in foreign currencies are translated into sterling using the contracted rate or the rate of exchange ruling at the balance sheet date and the gains or losses on translation are included in profit and loss account.

### **1.15 Pension costs and other post-retirement benefits**

The Company operates a defined contribution pension scheme. The assets of the pension scheme are held separately from those of the Company in an independently administered fund. The amount charged to the profit and loss account represents the contributions payable to the scheme in respect of the accounting period.

### **1.16 Leases**

Operating lease rentals are charged to profit and loss account on a straight line basis over the period of the lease.

Benefit received and receivable as an incentive to sign an operating lease are recognised on a straight line basis over the period of the lease.

# ELARA CAPITAL PLC

## NOTES TO THE CONSOLIDATED FINANCIAL STATEMENTS (CONTINUED) FOR THE YEAR ENDED 31 MARCH 2017

### 2 Turnover

The total turnover is derived from the active members of the Group as follows:

#### Segmental reporting by geographical area

For the year from 1 April 2016 to 31 March 2017

	United Kingdom	Singapore	India	Mauritius	United States	Total
	£	£	£	£	£	£
Turnover	822,428	39,373	2,260,890	3,535,695	62,725	6,721,111
Other income	2,494,664	51,001	138,500	2,765,885	1	5,450,051
Expenses	(1,612,568)	(373,649)	(3,016,126)	(2,082,071)	(465,170)	(7,549,584)
Profit/(Loss) before tax	<u>1,704,524</u>	<u>(283,275)</u>	<u>(617,568)</u>	<u>4,219,509</u>	<u>(402,444)</u>	<u>4,620,746</u>
Net Assets	<u>7,230,942</u>	<u>921,975</u>	<u>2,971,963</u>	<u>16,646,082</u>	<u>912,659</u>	<u>28,683,621</u>

For the year from 1 April 2015 to 31 March 2016

	United Kingdom	Singapore	India	*Restated Mauritius	United States	*Restated Total
	£	£	£	£	£	£
Turnover	2,976,807	274,200	2,267,982	2,371,585	106,867	7,997,441
Other income/(expenses)	(1,020,979)	93,601	181,275	(1,906,472)	2	(2,652,573)
Expenses	(1,975,996)	(423,694)	(2,697,094)	(1,308,912)	(358,097)	(6,763,793)
(Loss)/profit before tax	<u>(20,168)</u>	<u>(55,893)</u>	<u>(247,837)</u>	<u>(843,799)</u>	<u>(251,228)</u>	<u>(1,418,925)</u>
Net Assets	<u>4,774,877</u>	<u>888,727</u>	<u>3,119,968</u>	<u>12,307,840</u>	<u>664,598</u>	<u>21,756,010</u>

\*Please refer to note 27 for further information on restatement.

# ELARA CAPITAL PLC

## NOTES TO THE CONSOLIDATED FINANCIAL STATEMENTS (CONTINUED) FOR THE YEAR ENDED 31 MARCH 2017

<b>3</b>	<b>Expenses and auditor's remuneration</b>	<b>1 April 2016 To 31 Mar 2017 £</b>	<b>1 April 2015 To 31 Mar 2016 £</b>
	Fees payable to the Group's auditors for audit of the Company's financial statements	31,000	35,000
	Fees payable to the Group's auditors for CASS audit	11,000	5,000
	Fees payable to the subsidiaries auditor for the audit of their financial statements	58,607	38,877
	Loss on disposal of tangible fixed assets	10,332	26,682
	Depreciation of owned tangible fixed assets	101,638	84,432
	Amortisation and impairment of intangible fixed assets	4,679	2,684
		<hr/>	<hr/>
<b>4</b>	<b>Other operating income/(expenses)</b>	<b>1 April 2016 To 31 Mar 2017 £</b>	<b>1 April 2015 To 31 Mar 2016 £</b>
	Operating profit/(loss) for the year is stated after charging/(crediting):		
	Unrealised gains/(losses) on current asset investments	3,981,284	(3,708,499)
	Net realised gains on current asset investments	1,134,224	526,553
		<hr/>	<hr/>
<b>5</b>	<b>Directors' emoluments</b>	<b>Year ended 31 Mar 2017 £</b>	<b>Year ended 31 Mar 2016 £</b>
	Aggregate emoluments	297,500	290,000
	Aggregate contributions to a money purchase pension scheme	81,000	-
	Retirement benefit is accruing to 2 (2016:2) directors under a defined contribution money purchase schemes.		
	Remuneration disclosed above include the following amounts paid to the highest paid director:		
	Emoluments	150,000	150,000
	Contributions to a money purchase pension scheme	45,000	-
		<hr/>	<hr/>

# ELARA CAPITAL PLC

## NOTES TO THE CONSOLIDATED FINANCIAL STATEMENTS (CONTINUED) FOR THE YEAR ENDED 31 MARCH 2017

### 6 Employees

#### The Group

#### Number of employees

The number of employees (including directors) at year end was:

	Year ended 31 Mar 2017 Number	Year ended 31 Mar 2016 Number
Management	16	14
Other Staff	79	76
	<hr/> 95	<hr/> 90
	<hr/> <hr/>	<hr/> <hr/>
Employment costs	Year ended 31 Mar 2017 £	Year ended 31 Mar 2016 £
Wages and salaries	3,509,677	3,164,419
Social security costs	112,907	103,296
	<hr/> 3,622,584	<hr/> 3,267,715
	<hr/> <hr/>	<hr/> <hr/>

# ELARA CAPITAL PLC

## NOTES TO THE CONSOLIDATED FINANCIAL STATEMENTS (CONTINUED) FOR THE YEAR ENDED 31 MARCH 201

<b>7</b>	<b>Income from fixed assets investment</b>	<b>1 April 2016</b>	<b>1 April 2015</b>
		<b>To</b>	<b>To</b>
		<b>31 Mar 2017</b>	<b>31 Mar 2016</b>
		<b>£</b>	<b>£</b>
	Dividends received	154,966	91,445
	Gain on disposal of fixed asset investments	-	21,976
		<hr/>	<hr/>
		154,966	113,421
		<hr/>	<hr/>
<b>8</b>	<b>Interest receivable and similar income</b>	<b>1 April 2016</b>	<b>1 April 2015</b>
		<b>To</b>	<b>To</b>
		<b>31 Mar 2017</b>	<b>31 Mar 2016</b>
		<b>£</b>	<b>£</b>
	Bank interest	144,246	183,439
	Other interest	35,331	231,795
		<hr/>	<hr/>
		179,577	415,234
		<hr/>	<hr/>
<b>9</b>	<b>Interest payable and similar charges</b>	<b>1 April 2016</b>	<b>1 April 2015</b>
		<b>To</b>	<b>To</b>
		<b>31 Mar 2017</b>	<b>31 Mar 2016</b>
		<b>£</b>	<b>£</b>
	On bank loans and overdrafts	53,018	73,624
		<hr/>	<hr/>
<b>10</b>	<b>Amounts written back investments</b>	<b>1 April 2016</b>	<b>1 April 2015</b>
		<b>To</b>	<b>To</b>
		<b>31 Mar 2017</b>	<b>31 Mar 2016</b>
		<b>£</b>	<b>£</b>
	Amounts written back investments	-	27,586
		<hr/>	<hr/>



# ELARA CAPITAL PLC

## NOTES TO THE CONSOLIDATED FINANCIAL STATEMENTS (CONTINUED) FOR THE YEAR ENDED 31 MARCH 2017

11 Taxation	1 April 2016	*Restated 1 April 2015
	To 31 Mar 2017 £	To 31 Mar 2016 £
<b>Current tax</b>		
UK corporation tax on profits for the current period	233,899	118,708
<b>Deferred tax</b>		
Origination and reversal of timing differences	(19,357)	(118,142)
<b>Total tax charge</b>	<u>214,542</u>	<u>566</u>

The charge for the year can be reconciled to the profit per the profit and loss account as follows:

	1 April 2016	*Restated 1 April 2015
	To 31 Mar 2017	To 31 Mar 2016
Profit/(loss) before taxation	<u>4,621,578</u>	<u>(1,418,925)</u>
Expected tax charge based on the standard rate of corporation tax in the UK of 20.00% (1 April 2015 to 31 March 2016: 20.00%)	924,316	(283,785)
Tax effect of expenses that are not deductible in determining taxable profit	23,334	10,152
Permanent capital allowances in excess of depreciation	(7,841)	(1,244)
Depreciation on assets not qualifying for tax allowances	1,977	5,015
Other permanent differences	2,293	(6,975)
Under provided in the year	-	53,517
Dividend income	(283,911)	(134,646)
Foreign tax adjustments	(874,710)	357,400
<b>Current tax charge for the year</b>	<u>214,542</u>	<u>566</u>

Reductions to the UK Corporation tax rates were substantively enacted as part of the Finance (No 2) Bill 2015. These reduce the main rate to 19% from 1 April 2017 and to 18% from 1 April 2020.

\*Please refer to note 27 for further information on restatement.

# ELARA CAPITAL PLC

## NOTES TO THE CONSOLIDATED FINANCIAL STATEMENTS (CONTINUED) FOR THE YEAR ENDED 31 MARCH 2017

### 12 Intangible assets

	Intangible assets
	2017 £
<b>Cost</b>	
At 1 April 2016	21,342
Additions	-
Disposals	-
At 31 March 2017	<u>21,342</u>
<b>Amortisation</b>	
At 1 April 2016	6,644
Charge for the year	4,679
Disposals	-
At 31 March 2017	<u>11,323</u>
<b>Net book value</b>	
At 31 March 2017	<u>10,019</u>
At 31 March 2016	<u><u>14,698</u></u>

All intangible assets are held by subsidiaries of the Group, and relate to licenses. Intangible assets are amortized on a straight line basis over a period of three years and recognized under admin expenses in the profit or loss account.

# ELARA CAPITAL PLC

## NOTES TO THE CONSOLIDATED FINANCIAL STATEMENTS (CONTINUED) FOR THE YEAR ENDED 31 MARCH 2017

### 13 Tangible assets

#### The Group

	Land and buildings Leasehold	Fixtures, fittings & equipment	Motor vehicles	Total
	£	£	£	£
<b>Cost</b>				
At 1 April 2016	245,504	624,991	51,075	921,570
Additions	32,792	44,389	-	77,181
Disposals	-	(66,575)	-	(66,575)
At 31 March 2017	278,296	602,805	51,075	932,176
<b>Depreciation</b>				
At 1 April 2016	123,682	472,025	36,424	632,131
Charge for the year	52,765	45,210	3,663	101,638
On disposals	-	(56,016)	-	(56,016)
At 31 March 2017	176,447	461,219	40,087	677,753
<b>Net book value</b>				
At 31 March 2017	101,849	141,586	10,988	254,423
At 31 March 2016	121,822	152,966	14,651	289,439

#### The Company

	Leasehold improve- ments	Computer equipment	Fixtures, fittings & equipment	Total
	£	£	£	£
<b>Cost</b>				
At 1 April 2016	-	59,004	65,281	124,285
Additions	26,328	11,427	2,069	39,824
Disposals	-	(12,597)	(29,259)	(41,856)
At 31 March 2017	26,328	57,834	38,091	122,253
<b>Depreciation</b>				
At 1 April 2016	-	35,095	56,986	92,081
Charge for the year	6,582	8,004	1,881	16,467
On disposals	-	(9,278)	(26,418)	(35,696)
At 31 March 2017	6,582	33,821	32,449	72,852
<b>Net book value</b>				
At 31 March 2017	19,746	24,013	5,642	49,401
At 31 March 2016	-	23,909	8,295	32,204

# ELARA CAPITAL PLC

## NOTES TO THE CONSOLIDATED FINANCIAL STATEMENTS (CONTINUED) FOR THE YEAR ENDED 31 MARCH 2017

### 14 Fixed asset investments

#### The Group

	Unlisted	Total
	£	£
<b>Cost and net book value</b>		
At 1 April 2016 and at 31 March 2017	96,189	96,189

#### The Company

	Unlisted	Shares in subsidiary undertakings	Total
	£	£	£
<b>Cost</b>			
At 1 April 2016	19,000	5,638,189	5,657,189
Additions	-	102,655	102,655
At 31 March 2017	19,000	5,740,844	5,759,844
<b>Provisions for diminution in value</b>			
At 1 April 2016	-	2,693,449	2,693,449
Charge for the year	-	81,586	81,586
At 31 March 2017	-	2,775,035	2,775,034
<b>Net book value</b>			
At 31 March 2017	19,000	2,965,809	2,984,809
At 31 March 2016	19,000	2,944,740	2,963,740

Please refer to note 26 for the complete list of subsidiaries.

# ELARA CAPITAL PLC

## NOTES TO THE CONSOLIDATED FINANCIAL STATEMENTS (CONTINUED) FOR THE YEAR ENDED 31 MARCH 2017

### 15 Current asset investments and other financial assets

	01-Apr-16 to 31-Mar-17 £	*Restated 01-Apr-15 to 31-Mar-16 £
<b>The Group</b>		
<b>Current asset investment</b>		
Financial assets designated as fair value through profit or loss	16,233,067	13,900,660
<b>Other financial assets</b>		
Derivatives	-	33,185
	<u>16,233,067</u>	<u>13,933,845</u>
Trade Debtors	2,419,752	3,040,290
Cash at bank and in hand	5,688,676	2,680,373
<b>Other financial liabilities</b>		
Trade creditors	457,340	775,891
	<u>01-Apr-16 to 31-Mar-17 £</u>	<u>01-Apr-15 to 31-Mar-16 £</u>
<b>The Company</b>		
<b>Current asset investment</b>		
Financial assets designated as fair value through profit or loss	9,503,493	8,087,953
<b>Other financial assets</b>		
Derivatives	-	33,185
	<u>9,503,493</u>	<u>8,121,138</u>
Trade Debtors	168,254	203,393
Cash at bank and in hand	317,106	242,105
<b>Other financial assets</b>		
Derivatives	-	33,185
<b>Other financial liabilities</b>		
Trade creditors	269,541	800,910

### Investments in debt, equity securities and units of collective investments scheme

The fair value of financial assets at fair value through profit or loss, is determined by reference to their quoted price at the balance sheet date.

### Derivative financial instruments

The fair value of derivative contracts is based on their listed market price.

\*Please refer to note 27 for further information on restatement.

# ELARA CAPITAL PLC

## NOTES TO THE CONSOLIDATED FINANCIAL STATEMENTS (CONTINUED) FOR THE YEAR ENDED 31 MARCH 2017

16	Debtors	Year ended 31 Mar 2017 £	*Restated Year ended 31 Mar 2016 £
	<b>The Group</b>		
	Trade debtors	2,419,752	3,040,290
	Other debtors	2,610,679	2,319,451
	Prepayments and accrued income	139,938	68,663
	Deferred tax asset (see note 19)	523,811	504,454
		<u>5,694,180</u>	<u>5,932,858</u>
		<b>Year ended 31 Mar 2017 £</b>	<b>Year ended 31 Mar 2016 £</b>
	<b>The Company</b>		
	Trade debtors	168,254	203,393
	Other debtors	472,337	465,420
	Prepayments and accrued income	64,358	12,762
	Deferred Tax Asset (see note 19)	-	159,503
		<u>704,949</u>	<u>841,078</u>
17	Creditors: amounts falling due within one year	Year ended 31 Mar 2017 £	*Restated Year ended 31 Mar 2016 £
	<b>The Group</b>		
	Trade creditors	457,340	775,891
	Corporation tax	292,530	205,555
	Other taxes and social security costs	198,957	247,506
	Other creditors	405,542	1,225,360
	Other Borrowings	3,934	-
	Accruals and deferred income	1,117,592	1,159,506
		<u>2,475,895</u>	<u>3,613,818</u>
		<b>Year ended 31 Mar 2017 £</b>	<b>Year ended 31 Mar 2016 £</b>
	<b>The Company</b>		
	Trade creditors	269,541	800,910
	Other creditors	400,961	1,780,620
	Other taxes and social security costs	185,786	163,306
	Corporation Tax	158,291	-
	Other Borrowings	3,934	-
	Accruals and deferred income	363,267	65,052
		<u>1,381,780</u>	<u>2,809,888</u>

\*Please refer to note 27 for further information on restatement.

# ELARA CAPITAL PLC

## NOTES TO THE CONSOLIDATED FINANCIAL STATEMENTS (CONTINUED) FOR THE YEAR ENDED 31 MARCH 2017

18	Loans and Advances	Year ended 31 Mar 2017	Year ended 31 Mar 2016
	<b>The Group</b>		
	Short term advances	3,182,962	2,422,426

### 19 Deferred taxation

Deferred tax assets and liabilities are offset where the Group has a legally enforceable right to do so. The following is the analysis of the deferred tax balances (after offset) for financial reporting purposes:

The deferred tax asset (included in debtors, note 16) is made up as follows:

<b>The Group</b>	Year ended 31 Mar 2017 £	Year ended 31 Mar 2016 £
Balance at 1 April 2016	(504,454)	(386,312)
Profit and loss account	(19,357)	(118,142)
Balance at 31 March 2017	(523,811)	(504,454)
<b>The Company</b>	Year ended 31 Mar 2017 £	Year ended 31 Mar 2016 £
Balance at 1 April 2016	(159,503)	(79,600)
Profit and loss account	168,307	(79,903)
Balance at 31 March 2017	8,804	(159,503)

The deferred tax asset set out above is expected to reverse within 12 months and relates to accelerated capital allowances that are expected to mature within the same period.

### 20 Employee benefits

The Company operates a defined contribution pension scheme for all qualifying employees. The assets of the scheme are held separately from those of the Company in an independently administered fund.

The charge to profit and loss in respect of defined contribution schemes was £81,000 (1 April 2015 to 31 March 2016 - Nil).

21	Share capital	Year ended 31 Mar 2017 £	Year ended 31 Mar 2016 £
	<b>Ordinary share capital</b>		
	<b>Issued and fully paid</b>		
	5,250,000 Ordinary Shares of 1p each	52,500	52,500

# ELARA CAPITAL PLC

## NOTES TO THE CONSOLIDATED FINANCIAL STATEMENTS (CONTINUED) FOR THE YEAR ENDED 31 MARCH 2017

### 22 Control

The ultimate controlling party is Mr.R Bhatt, a director who holds 57.62% (31st March 2016: 57.62%) of the issued and fully paid shares.

### 23 Capital Management Policy

Each entity within the Group has a requirement to maintain a certain level of capital adequacy. It achieves this objective by regularly monitoring the Company's management information and as per the methods prescribed by the Company's regulator in the respective jurisdiction where the entity is based and when necessary, corrective action is taken as appropriate. The Group has reviewed its Internal Capital Adequacy Assessment Process (ICAAP) document for the year ended 31 March 2017 to ensure adherence to the all regulatory requirements. This document is available for viewing at Company's registered office 248a, Marylebone Road, London, NW1 6JZ, UK.

### 24 Financial commitments

The annual commitment on the operating lease is £127,563 for the London office and £33,413 (AED 163,200) for the Dubai office. Under the terms of the lease the Company has a commitment to restore the premises to their original condition prior to leaving.

The annual commitment on the operating lease for the subsidiary companies is £314,724 (2016: £320,454), and these are charged to the profit and loss account on a straight line basis over the period of the lease.

The Group had commitments in respect of office premises under non-cancellable commitments for land and buildings operating leases set out below:

The Group	Year ended 31 Mar 2017 £	Year ended 31 Mar 2016 £
Within one year	505,939	478,228
Two to five years	76,237	330,767
After five years	-	-

Rent expense for the year ended March 31, 2017 was £504,792 (2016: £512,098).

The Company	Year ended 31 Mar 2017 £	Year ended 31 Mar 2016 £
Within one year	139,816	132,231
Two to five years	65,407	9,003
After five years	-	-

Rent expense for the year ended March 31, 2017 was £190,068 (2016: £191,644) including the rent paid for Dubai office.

Elara Capital Plc has provided a guarantee of INR 50,000,000 (approximately £617,906) to ICICI Bank Ltd, India via an arrangement letter dated 3<sup>rd</sup> January 2017 in favour of Elara Securities India Pvt Ltd for a future and option margin limit. This facility provides Elara Securities India Pvt Ltd to execute high value trades.



# ELARA CAPITAL PLC

## NOTES TO THE CONSOLIDATED FINANCIAL STATEMENTS (CONTINUED) FOR THE YEAR ENDED 31 MARCH 2017

### 25 Related party transactions

During the year following related parties provided consultancy services to Elara Capital Plc:

Name	Design	Company	2017	2016
R Puri	Director	Elara Securities (India) Pvt Ltd	Nil	£2,000
L Desai	Director	Elara Securities (India) Pvt Ltd	£10,000	£10,000
Kamal K	Director	Elara Securities (India) Pvt Ltd	£5,659 (US\$7,600))	£5,062(US\$7,950)
Joseph K	Director	Elara Capital (Singapore) Pte Ltd/	Nil	£9,605(US\$15,000)
Mammen		Elara Capital (Asia) Pte. Ltd		
A	Director	Elara Capital Plc	£20,000	£20,000
Persuad				

During the year the Company paid fee as follows:-

Company	Nature	2017	2016
Elara Securities Inc	Referral Fee	Nil	£168,825(US\$255,700)
Elara Securities Inc	Expense Share	£4,655 (US\$5,842)	Nil
Elara Securities (India) Pvt Ltd	Brokerage	Nil	£1,742 (INR171,798)
Rail and Infrastructure Consulting Services	Professional Fee	Nil	Nil
Elara Capital (Mauritius) Ltd	Interest	£67,454 (US\$86,634)	£69,894(US\$120,041)
Elara Fixed Fund Income Fund	Interest	£22,452	£71,387

The Company received fee as follows:-

Company	Nature	2017	2016
Elara Capital (Mauritius) Ltd	Brokerage	£9,187(US\$14,270)	£9,187(US\$14,270)

An amount of GBP 75,161 is payable to Elara Capital (Mauritius) Ltd toward the amount collected on its behalf.

An amount of GBP 1,972,424 (USD 2,475,392) is payable to Elara Capital (Mauritius) Ltd on account of Loan.

## ELARA CAPITAL PLC

### NOTES TO THE CONSOLIDATED FINANCIAL STATEMENTS (CONTINUED) FOR THE YEAR ENDED 31 MARCH 2017

#### 26 Related undertakings

Details of the Company's subsidiaries at 31 March 2017 are as follows:

Name of undertaking	Registered Address	Nature of business	Class of shareholding	% Held	
				Direct	Indirect
Elara Capital (India) Private Ltd	Indiabulls Finance Centre, Tower 3, 21st Floor, Senapati Bapat Marg, Elphinstone Road West, Mumbai- 400 013, India	Investment Banking	Ordinary	100	
Elara Securities (India) Private Ltd	Indiabulls Finance Centre, Tower 3, 21st Floor, Senapati Bapat Marg, Elphinstone Road West, Mumbai- 400 013, India	Broking	Ordinary		100
Elara Finance (India) Private Limited	Indiabulls Finance Centre, Tower 3, 21st Floor, Senapati Bapat Marg, Elphinstone Road West, Mumbai- 400 013, India	Non-Banking Financial Services	Ordinary	100	
Elara Capital (Mauritius) Limited	365, Royal Road, Rose Hill, Mauritius, 71366	Investment Advisory	Ordinary	100	
Elara Asset Management Limited	4th Floor, 19 Bank Street, Cybercity, Ebene 72201, Mauritius.	Investment Advisory	Ordinary	100	
Elara Capital Singapore Pte Limited	30, Raffles Place, # 20-03 Chevron House, Singapore- 048622	Broking	Ordinary	100	
Elara Capital (Asia) Pte. Ltd	30, Raffles Place, # 20-03 Chevron House, Singapore- 048622	Investment Banking	Ordinary	100	
Elara Capital Inc	950 Third Avenue, Suite 1903, New York, NY 10022, USA	Investment Advisory	Ordinary	100	
Elara Securities Inc	950 Third Avenue, Suite 1903, New York, NY 10022, USA	Broker/ Dealer	Ordinary		100
E & R Advisors Ltd	AIPL Business Centre, Suite 15, The Masterpiece, Golf Course Road. Sector – 54. Gurgaon –	Advisory	Ordinary		51(49 voting)

## ELARA CAPITAL PLC

### NOTES TO THE CONSOLIDATED FINANCIAL STATEMENTS (CONTINUED) FOR THE YEAR ENDED 31 MARCH 2017

#### 26 Related undertakings

Details of the Company's interest in other related undertakings at at 31 March 2017 are as follows:

Name of undertaking	Registered Address	Class of Holding	% Held
Oyster Bay Fund Limited	20 Reid Street, 3rd Floor, Williams House, Hamilton HM11, Bermuda Island of Bermuda	Management-Indirect	100
Amalthea Global Fund Limited	20 Reid Street, 3rd Floor, Williams House, Hamilton HM11, Bermuda Island of Bermuda	Management-Indirect	100
Elara Fixed Income Fund	20 Reid Street, 3rd Floor, Williams House, Hamilton HM11, Bermuda Island of Bermuda	Management-Indirect	100
Elara Global Funds- Elara Emerging Markets Fund	4th Floor, 19 Bank Street, Cybercity, Ebene 72201, Mauritius.	Management-Indirect	100
Elara India Opportunities Fund Limited	4th Floor, 19 Bank Street, Cybercity, Ebene 72201, Mauritius.	Management-Indirect	100
Elara Absolute Return Fund	4th Floor, 19 Bank Street, Cybercity, Ebene 72201, Mauritius.	Management-Indirect	100
Vespera Fund Limited	4th Floor, 19 Bank Street, Cybercity, Ebene 72201, Mauritius.	Management-Indirect	100
Elara Multi Strategy Fund	4th Floor, 19 Bank Street, Cybercity, Ebene 72201, Mauritius.	Management-Indirect	100
Elara Diversified Income Fund	4th Floor, 19 Bank Street, Cybercity, Ebene 72201, Mauritius.	Management-Indirect	100
Elara Global Funds (Collective Inv Undertaking)	2, boulevard de la Foire, L-1528 Luxembourg	Management-Indirect	100
Pangaea Fund Limited	Cricket Square, Hutchins Drive, PO BOX 2681, Grand Cayman, KY1-1111, Cayman Islands	Management-Indirect	100
Astraea Fund	365, Royal Road, Rose Hill, Mauritius, 71366	Management-Indirect	100

# ELARA CAPITAL PLC

## NOTES TO THE CONSOLIDATED FINANCIAL STATEMENTS (CONTINUED) FOR THE YEAR ENDED 31 MARCH 2017

### 27 Restatement of prior period financial statements

Prior period errors were identified during the year in relation to Elara Capital (Mauritius) Ltd a wholly owned subsidiary. Therefore, prior year consolidated amounts for Elara Capital plc for the year ended 31 March 2016 and its opening profit and loss reserve at 1 April 2015 have been restated as follows:

- (i) Since incorporation on 19 November 2009, Elara Capital (Mauritius) Ltd, had recognised its fund management fee and custody fee income (turnover) from the funds it manages on a cash basis instead of an accruals basis. Cash basis of accounting is not accepted under FRS 102 and therefore the financial statements have been restated to conform to FRS102. The error resulted in understatement of profit and loss reserves as at 1 April 2015 by GBP 2,157,595, understatement of trade debtors as at 31 March 2016 by GBP 1,827,572 and overstatement of management fee income (turnover) for the year ended 31 March 2016 by GBP 305,332. The overstatement of management fee income for the year ended 31 March 2016 is a result of cash relating to 2015 income being received in 2016.

The error has been corrected by restating turnover and trade debtors for the year ended 31 March 2016 and profit and loss reserve as at 1 April 2015.

- (ii) During the year, Elara Capital (Mauritius) Ltd discovered that unpaid referral expenses (included within cost of sales) were not accrued for in prior years. As a consequence, cost of sales for the year ended 31 March 2016 was understated by GBP 101,793, accruals as at 31 March 2016 were understated by GBP 321,996 and profit and loss reserve as at 1 April 2015 were overstated by GBP 208,858.

The error has been corrected by restating cost of sales and accruals for the year ended 31 March 2016 and profit and loss reserve as at 1 April 2015.

- (iii) During the year, Elara Capital (Mauritius) Ltd discovered that unpaid brokerage fee expenses (included within cost of sales) of GBP 590,793 were not accounted for in the year ended 31 March 2016. Elara Capital Mauritius Ltd settles this brokerage expense on a net basis against management fee receivable (trade debtors). Therefore, this error has been corrected by restating cost of sales and trade debtors for the year ended 31 March 2016.

- (iv) The tax impact of the above errors in (i) to (iii) was an overstatement of tax expense of GBP 24,212 for the year ended 31 March 2016, overstatement of tax liability of GBP 3,760 as at 31 March 2016 and overstatement of profit and loss reserve as at 1 April 2015 of GBP 20,949. The error has been corrected by restating tax expense, tax liability for the year ended 31 March 2016 and profit and loss reserve as at 1 April 2015.

- (v) The translation of the above errors into the Group's presentational currency (GBP) resulted in a foreign exchange loss of £35,539 for the year ended 31 March 2016.

- (vi) In addition to correcting the above errors relating to Elara Capital (Mauritius) Ltd., Elara Capital Plc reclassified the pre-acquisition reserves of £14,855 to profit and loss account as at 1 April 2015 and 31 March 2016 in its consolidated accounts.

# ELARA CAPITAL PLC

## NOTES TO THE CONSOLIDATED FINANCIAL STATEMENTS (CONTINUED) FOR THE YEAR ENDED 31 MARCH 2017

### 27 Restatement of prior period financial (continued)

	Balance as previously reported	Effect of restatement/ reclassification	Balance as restated
	£	£	£
<b>Consolidated Balance Sheet</b>			
As at 01 April 2015			
Total assets			
Debtors	553,559	2,157,595	2,711,154
Equity			
Retained earnings	19,696,239	1,942,643	21,638,882
Pre- acquisition reserve	14,855	(14,855)	-
Total liabilities			
Accruals	1,048,469	208,858	1,257,327
Corporation tax payable	105,205	20,949	126,154
	1,153,674	229,808	1,383,482
	Balance as previously reported	Effect of restatement	Balance as restated
	£	£	£
<b>Consolidated Balance Sheet</b>			
As at 31 March 2016			
Total assets			
Debtors	1,803,511	1,236,779	3,040,290
Equity			
Retained earnings	20,540,112	933,398	21,473,510
Pre- acquisition reserve	14,855	(14,855)	-
Total liabilities			
Accruals	837,510	321,996	1,159,506
Corporation tax payable	209,315	(3,760)	205,555
	1,046,825	318,237	1,365,062

# ELARA CAPITAL PLC

## NOTES TO THE CONSOLIDATED FINANCIAL STATEMENTS (CONTINUED) FOR THE YEAR ENDED 31 MARCH 2017

### 27 Restatement of prior period financial (continued)

	Balance as previously reported	Effect of restatement	Balance as restated
	£	£	£
<b>Consolidated profit and loss account and other comprehensive income</b>			
1 April 2015 to 31 March 2016			
<b>Turnover</b>	8,302,773	(305,332)	7,997,441
<b>Cost of Sales</b>	<u>(255,022)</u>	<u>(692,586)</u>	<u>(947,608)</u>
<b>Gross profit</b>	8,047,751	(997,918)	7,049,833
Foreign exchange gain	82,945	-	82,945
Administrative expenses	(5,853,092)	-	(5,853,092)
Other operating (expenses)	<u>(3,181,228)</u>	<u>-</u>	<u>(3,181,228)</u>
<b>Operating (loss)</b>	(903,624)	(997,918)	(1,901,542)
Income from investments	113,421	-	113,421
Other interest receivable and similar income	415,234	-	415,234
Interest payable and similar charges	(73,624)	-	(73,624)
Amounts written back investments	<u>27,586</u>	<u>-</u>	<u>27,586</u>
<b>(Loss) on ordinary activities before taxation</b>	(421,007)	(997,918)	(1,418,925)
Tax on (loss) on ordinary activities	<u>(24,778)</u>	<u>24,212</u>	<u>(566)</u>
<b>(Loss) for the year</b>	(445,785)	(973,706)	(1,419,491)
<b>Other comprehensive income</b>			
Foreign exchange gain on translation of foreign operations	1,439,658	(35,539)	1,404,119
<b>Total comprehensive income for the year</b>	<u>993,873</u>	<u>(1,009,245)</u>	<u>(15,372)</u>

# ELARA CAPITAL PLC

## NOTES TO THE CONSOLIDATED FINANCIAL STATEMENTS (CONTINUED) FOR THE YEAR ENDED 31 MARCH 2017

### 27 Restatement of prior period financial (continued)

Cash generated from operations 1 April 2015 to 31 March 2016	Balance as previously reported	Effect of restatement	Balance as restated
	£		£
Profit for the year after tax	993,873	(1,009,245)	(15,372)
<b>Adjustments for:</b>			
Taxation charged	24,778	(24,212)	566
Finance costs	73,624	-	73,624
Investment income	(506,679)	-	(506,679)
Profit/(loss) on disposal of tangible fixed assets	26,682	-	26,682
Amortisation and impairment of intangible fixed assets	2,684	-	2,684
Depreciation and impairment of tangible fixed assets	84,432	-	84,432
Gain on sale of investments	(21,976)	-	(21,976)
Amounts written off investments	(27,586)	-	(27,586)
Effect of restatement on tax	-	(497)	(497)
<b>Movements in working capital:</b>			
(Increase) in shares and securities held for trading	(435,271)	-	(435,271)
Decrease/(Increase) in debtors	(1,657,119)	920,816	(736,303)
(Decrease) in creditors	(863,742)	113,138	(750,604)
<b>Cash generated/(used) by operations</b>	<b>(2,306,300)</b>	<b>-</b>	<b>(2,306,300)</b>