

Registered number: 10081148

ELM CAPITAL HOLDING LIMITED
DIRECTORS' REPORT AND FINANCIAL STATEMENTS
FOR THE YEAR ENDED 31 DECEMBER 2017

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ELM CAPITAL HOLDING LIMITED

COMPANY INFORMATION

DIRECTORS

E Deshormes
B De benedetti (appointed 6 June 2017)
S Page (appointed 6 June 2017)

COMPANY SECRETARY

S Page

REGISTERED NUMBER

10081148

REGISTERED OFFICE

26 St. James's Square
London
SW1Y 4JH

INDEPENDENT AUDITORS

Sopher + Co LLP
Chartered Accountants & Statutory Auditors
5 Elstree Gate
Elstree Way
Borehamwood
Hertfordshire
WD6 1JD

ELM CAPITAL HOLDING LIMITED

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ELM CAPITAL HOLDING LIMITED

GROUP STRATEGIC REPORT
FOR THE YEAR ENDED 31 DECEMBER 2017

INTRODUCTION

The Subsidiary Companies specialise in advising private equity funds and private equity investors. Both Subsidiary Companies assist General Partners in their fundraising activities and provide advisory services for the secondary sales of private equity funds, companies, portfolios of funds and portfolios of companies.

The directors present the group strategic report for the period ended 31 December 2017.

BUSINESS REVIEW

In the current year, the group reported a profit before tax of £740,262 (2016 - £1,040,710). The Subsidiary Companies have generated Intermediation, placement and advisory fees of £4,889,148 (2016 - £4,085,424) in the year to the 31 December 2017. The results for the year and the financial position at the year-end were considered satisfactory by the directors who expect continued growth in the foreseeable future.

PRINCIPAL RISKS AND UNCERTAINTIES

The main risks facing the Subsidiary Companies and the group are market risk, operational risk and regulatory risk. Market risk remains the most important as adverse market conditions will undermine the search of investors for new funds. The directors have the ability and the knowhow to diversify the group business. The Subsidiary Companies employ adequately skilled professionals to carry out their business. The regulatory risk facing the group is minimal as both Subsidiary Companies have employed external regulatory consultants to periodically review their regulatory compliance and provide regulatory advice where necessary.

FINANCIAL KEY PERFORMANCE INDICATORS

Given the straightforward nature of the business, the company's directors are of the opinion that any further analysis using KPIs is not necessary for an understanding of the development, performance or position of the business.

This report was approved by the board on 19 April 2018 and signed on its behalf.



E Deshormes
Director

ELM CAPITAL HOLDING LIMITED

DIRECTORS' REPORT
FOR THE YEAR ENDED 31 DECEMBER 2017

The directors present their report and the financial statements for the year ended 31 December 2017.

RESULTS AND DIVIDENDS

The profit for the year, after taxation, amounted to £578,831 (2016 - £807,204).

No dividends were declared during the year (2016 - £667,143).

DIRECTORS

The directors who served during the year were:

E Deshormes (appointed 23 March 2016)
B de Benedetti (appointed 6 June 2017)
S Page (appointed 6 June 2017)

DIRECTORS' RESPONSIBILITIES STATEMENT

The directors are responsible for preparing the Group Strategic Report, the Directors' Report and the consolidated 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 applicable law and United Kingdom Accounting Standards (United Kingdom Generally Accepted Accounting Practice), including Financial Reporting Standard 102 'The Financial Reporting Standard applicable in the UK and Republic of Ireland'. Under company law the directors must not approve the financial statements unless they are satisfied that they give a true and fair view of the state of affairs of the Company and the Group and of the profit or loss of the Group for that period.

In preparing these financial statements, the directors are required to:

- select suitable accounting policies for the Group's financial statements 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 Group 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 the Group and to 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 the Group and hence for taking reasonable steps for the prevention and detection of fraud and other irregularities.

FUTURE DEVELOPMENTS

There are no plans which will significantly change the activities and risks of the company.

ELM CAPITAL HOLDING LIMITED

**DIRECTORS' REPORT (CONTINUED)
FOR THE YEAR ENDED 31 DECEMBER 2017**

DISCLOSURE OF INFORMATION TO AUDITORS

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

- so far as the director is aware, there is no relevant audit information of which the Company and the Group's auditors are unaware, and
- the 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 and the Group's auditors are aware of that information.

POST BALANCE SHEET EVENTS

There have been no significant events affecting the Group since the year end.

AUDITORS

Under section 487(2) of the Companies Act 2006, Sopher + Co LLP will be deemed to have been reappointed as auditors 28 days after these financial statements were sent to members or 28 days after the latest date prescribed for filing the accounts with the registrar, whichever is earlier.

This report was approved by the board on 19 April 2018 and signed on its behalf.



E Deshormes
Director

ELM CAPITAL HOLDING LIMITED

INDEPENDENT AUDITORS' REPORT TO THE SHAREHOLDERS OF ELM CAPITAL HOLDING LIMITED

OPINION

We have audited the financial statements of Elm Capital Holding Limited (the 'parent Company') and its subsidiaries (the 'Group') for the year ended 31 December 2017, which comprise the Group Statement of Comprehensive Income, the Group and Company Statements of Financial Position, the Group Statement of Cash Flows, the Group and Company Statement of Changes in Equity and the related notes, including a summary of significant accounting policies. The financial reporting framework that has been applied in their preparation is applicable law and United Kingdom Accounting Standards, including Financial Reporting Standard 102 'The Financial Reporting Standard applicable in the UK and Republic of Ireland' (United Kingdom Generally Accepted Accounting Practice).

In our opinion the financial statements:

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

BASIS FOR OPINION

We conducted our audit in accordance with International Standards on Auditing (UK) (ISAs (UK)) and applicable law. Our responsibilities under those standards are further described in the Auditors' responsibilities for the audit of the financial statements section of our report. We are independent of the Group in accordance with the ethical requirements that are relevant to our audit of the financial statements in the United Kingdom, including the Financial Reporting Council's Ethical Standard, and we have fulfilled our other ethical responsibilities in accordance with these requirements. We believe that the audit evidence we have obtained is sufficient and appropriate to provide a basis for our opinion.

CONCLUSIONS RELATING TO GOING CONCERN

We have nothing to report in respect of the following matters in relation to which the ISAs (UK) require us to report to you where:

- the directors' use of the going concern basis of accounting in the preparation of the financial statements is not appropriate; or
- the directors have not disclosed in the financial statements any identified material uncertainties that may cast significant doubt about the Group's or the parent Company's ability to continue to adopt the going concern basis of accounting for a period of at least twelve months from the date when the financial statements are authorised for issue.

OTHER INFORMATION

The directors are responsible for the other information. The other information comprises the information included in the Annual Report, other than the financial statements and our Auditors' Report thereon. Our opinion on the financial statements does not cover the other information and, except to the extent otherwise explicitly stated in our report, we do not express any form of assurance conclusion thereon.

In connection with our audit of the financial statements, our responsibility is to read the other information and, in doing so, consider whether the other information is materially inconsistent with the financial statements or our knowledge obtained in the audit or otherwise appears to be materially misstated. If we identify such material inconsistencies or apparent material misstatements, we are required to determine whether there is a material

ELM CAPITAL HOLDING LIMITED

**INDEPENDENT AUDITORS' REPORT TO THE SHAREHOLDERS OF ELM CAPITAL HOLDING LIMITED
(CONTINUED)**

misstatement in the financial statements or a material misstatement of the other information. If, based on the work we have performed, we conclude that there is a material misstatement of this other information, we are required to report that fact.

We have nothing to report in this regard.

OPINION ON OTHER MATTERS PRESCRIBED BY THE COMPANIES ACT 2006

In our opinion, based on the work undertaken in the course of the audit:

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

MATTERS ON WHICH WE ARE REQUIRED TO REPORT BY EXCEPTION

In the light of the knowledge and understanding of the Group and the parent Company and its environment obtained in the course of the audit, we have not identified material misstatements in the Group Strategic Report or the Directors' Report.

We have nothing to report in respect of the following matters in relation to which 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.
- the directors were not entitled to prepare the financial statements in accordance with the small companies regime and take advantage of the small companies' exemptions in preparing the Directors' Report and from the requirement to prepare a Group Group Strategic Report.

RESPONSIBILITIES OF DIRECTORS

As explained more fully in the Directors' Responsibilities Statement on page 2, the directors are responsible for the preparation of the financial statements and for being satisfied that they give a true and fair view, and for such internal control as the directors determine is necessary to enable the preparation of financial statements that are free from material misstatement, whether due to fraud or error.

In preparing the financial statements, the directors are responsible for assessing the Group's and the parent Company's ability to continue as a going concern, disclosing, as applicable, matters related to going concern and using the going concern basis of accounting unless the directors either intend to liquidate the Group or the parent Company or to cease operations, or have no realistic alternative but to do so.

ELM CAPITAL HOLDING LIMITED

**INDEPENDENT AUDITORS' REPORT TO THE SHAREHOLDERS OF ELM CAPITAL HOLDING LIMITED
(CONTINUED)**

AUDITORS' RESPONSIBILITIES FOR THE AUDIT OF THE FINANCIAL STATEMENTS

Our objectives are to obtain reasonable assurance about whether the financial statements as a whole are free from material misstatement, whether due to fraud or error, and to issue an Auditors' Report that includes our opinion. Reasonable assurance is a high level of assurance, but is not a guarantee that an audit conducted in accordance with ISAs (UK) will always detect a material misstatement when it exists. Misstatements can arise from fraud or error and are considered material if, individually or in the aggregate, they could reasonably be expected to influence the economic decisions of users taken on the basis of these financial statements.

A further description of our responsibilities for the audit of the financial statements is located on the Financial Reporting Council's website at: www.frc.org.uk/auditorsresponsibilities. This description forms part of our Auditors' Report.

USE OF OUR REPORT

This report is made solely to the Company's members, as a body, in accordance with Chapter 3 of Part 16 of the Companies Act 2006. Our audit work has been undertaken so that we might state to the Company's members those matters we are required to state to them in 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 Company and the Company's members, as a body, for our audit work, for this report, or for the opinions we have formed.



Sean Brennan FCA (Senior Statutory Auditor)

for and on behalf of
Sopher + Co LLP

Chartered Accountants
Statutory Auditors

5 Elstree Gate
Elstree Way
Borehamwood
Hertfordshire
WD6 1JD

Date: 19 April 2018

ELM CAPITAL HOLDING LIMITED

**CONSOLIDATED STATEMENT OF COMPREHENSIVE INCOME
FOR THE YEAR ENDED 31 DECEMBER 2017**

	Note	2017 £	2016 £
Turnover	4	4,899,148	4,085,424
GROSS PROFIT		4,899,148	4,085,424
Administrative expenses		(4,160,324)	(3,045,964)
OPERATING PROFIT	5	738,824	1,039,460
Interest receivable and similar income	9	1,485	1,256
Interest payable and expenses	10	(48)	(6)
PROFIT BEFORE TAXATION		740,261	1,040,710
Tax on profit	11	(161,430)	(233,506)
PROFIT FOR THE FINANCIAL YEAR		578,831	807,204
PROFIT FOR THE YEAR ATTRIBUTABLE TO:			
Owners of the parent Company		578,831	807,204

There was no other comprehensive income for 2017 (2016:£NIL).

The notes on pages 13 to 27 form part of these financial statements.

ELM CAPITAL HOLDING LIMITED
REGISTERED NUMBER:10081148
CONSOLIDATED STATEMENT OF FINANCIAL POSITION
AS AT 31 DECEMBER 2017

	Note	2017 £	2016 £
FIXED ASSETS			
Intangible assets		6,924	-
Tangible assets	13	31,796	35,370
CURRENT ASSETS			
Debtors: amounts falling due after more than one year	15	-	92,448
Debtors: amounts falling due within one year	15	1,824,833	600,827
Current asset investments	16	204,481	539,548
Cash at bank and in hand		391,004	1,403,926
CURRENT LIABILITIES		2,420,318	2,636,749
Creditors: amounts falling due within one year	17	(812,913)	(1,611,667)
NET CURRENT ASSETS		1,607,405	1,025,082
TOTAL ASSETS LESS CURRENT LIABILITIES		1,646,125	1,060,452
PROVISIONS FOR LIABILITIES			
Deferred tax	19	(5,400)	(6,251)
NET ASSETS		1,640,725	1,054,201
CAPITAL AND RESERVES			
Called up share capital	20	201,736	201,621
Share premium account	21	7,578	-
Capital redemption reserve	21	65,280	65,280
Profit and loss account	21	1,366,131	787,300
		1,640,725	1,054,201

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


E Deshormes
 Director

Date:

19 April 2018

The notes on pages 13 to 27 form part of these financial statements.

ELM CAPITAL HOLDING LIMITED
REGISTERED NUMBER:10081148
COMPANY STATEMENT OF FINANCIAL POSITION
AS AT 31 DECEMBER 2017

	Note	2017 £	2016 £
FIXED ASSETS			
Investments	14	209,314	201,621
CURRENT ASSETS			
Debtors: amounts falling due within one year	15	285,295	-
Cash at bank and in hand		1,506	-
CURRENT LIABILITIES		286,801	-
Creditors: amounts falling due within one year	17	(398,108)	-
NET CURRENT (LIABILITIES)/ASSETS		(111,307)	-
NET ASSETS		98,007	201,621
CAPITAL AND RESERVES			
Called up share capital	20	201,736	201,621
Share premium account	21	7,578	-
Profit and loss account	21	(111,307)	-
		98,007	201,621

The financial statements were approved and authorised for issue by the board and were signed on its behalf on 19 April 2018.


E Deshormes
 Director

The notes on pages 13 to 27 form part of these financial statements.

ELM CAPITAL HOLDING LIMITED

**CONSOLIDATED STATEMENT OF CHANGES IN EQUITY
FOR THE YEAR ENDED 31 DECEMBER 2017**

	Called up share capital	Share premium account	Capital redemption reserve	Profit and loss account	Total equity
	£	£	£	£	£
At 1 January 2017	201,621	-	65,280	787,300	1,054,201
Profit for the year	-	-	-	578,831	578,831
Shares issued during the year	115	7,578	-	-	7,693
AT 31 DECEMBER 2017	201,736	7,578	65,280	1,366,131	1,640,725

**CONSOLIDATED STATEMENT OF CHANGES IN EQUITY
FOR THE YEAR ENDED 31 DECEMBER 2016**

	Called up share capital	Capital redemption reserve	Profit and loss account	Equity attributable to owners of parent Company	Total equity
	£	£	£	£	£
At 1 January 2016	-	65,280	647,239	712,519	712,519
Profit for the year	-	-	807,204	807,204	807,204
Dividends: Equity capital	-	-	(667,143)	(667,143)	(667,143)
Shares issued during the year	201,621	-	-	201,621	201,621
AT 31 DECEMBER 2016	201,621	65,280	787,300	1,054,201	1,054,201

The notes on pages 13 to 27 form part of these financial statements.

ELM CAPITAL HOLDING LIMITED

**COMPANY STATEMENT OF CHANGES IN EQUITY
FOR THE YEAR ENDED 31 DECEMBER 2017**

	Called up share capital	Share premium account	Profit and loss account	Total equity
	£	£	£	£
At 1 January 2017	201,621	-	-	201,621
Loss for the year	-	-	(111,307)	(111,307)
Shares issued during the year	115	7,578	-	7,693
AT 31 DECEMBER 2017	201,736	7,578	(111,307)	98,007

**COMPANY STATEMENT OF CHANGES IN EQUITY
FOR THE YEAR ENDED 31 DECEMBER 2016**

	Called up share capital	Profit and loss account	Total equity
	£	£	£
Profit for the year	-	303,143	303,143
Dividends: Equity capital	-	(303,143)	(303,143)
Shares issued during the year	201,621	-	201,621
AT 31 DECEMBER 2016	201,621	-	201,621

The notes on pages 13 to 27 form part of these financial statements.

ELM CAPITAL HOLDING LIMITED

**CONSOLIDATED STATEMENT OF CASH FLOWS
FOR THE YEAR ENDED 31 DECEMBER 2017**

	2017 £	2016 £
CASH FLOWS FROM OPERATING ACTIVITIES		
Profit for the financial year	578,831	807,204
ADJUSTMENTS FOR:		
Amortisation of intangible assets	769	-
Depreciation of tangible assets	10,912	15,059
Interest paid	48	6
Interest received	(1,485)	(1,256)
Taxation charge	161,430	233,506
(Increase)/decrease in debtors	(1,131,556)	367,736
(Decrease)/increase in creditors	(652,992)	323,627
Corporation tax (paid)	(308,044)	(207,071)
NET CASH GENERATED FROM OPERATING ACTIVITIES	(1,342,087)	1,538,811
CASH FLOWS FROM INVESTING ACTIVITIES		
Purchase of intangible fixed assets	(7,693)	-
Purchase of tangible fixed assets	(7,338)	(8,887)
Sale of tangible fixed assets	-	(175,745)
Sale of short term unlisted investments	335,066	-
Interest received	1,485	1,256
NET CASH FROM INVESTING ACTIVITIES	321,520	(183,376)
CASH FLOWS FROM FINANCING ACTIVITIES		
Issue of ordinary shares	7,693	-
Dividends paid	-	(667,143)
Interest paid	(48)	(6)
NET CASH USED IN FINANCING ACTIVITIES	7,645	(667,149)
(DECREASE)/INCREASE IN CASH AND CASH EQUIVALENTS	(1,012,922)	688,286
Cash and cash equivalents at beginning of year	1,403,926	715,640
CASH AND CASH EQUIVALENTS AT THE END OF YEAR	391,004	1,403,926
CASH AND CASH EQUIVALENTS AT THE END OF YEAR COMPRISE:		
Cash at bank and in hand	391,004	1,403,926
	391,004	1,403,926

ELM CAPITAL HOLDING LIMITED

NOTES TO THE FINANCIAL STATEMENTS FOR THE YEAR ENDED 31 DECEMBER 2017

1. GENERAL INFORMATION

Elm Capital Holding Limited is a Limited Company incorporated and domiciled in England and Wales, with its registered office address at 26 St James's Square, London, SW1Y 4JH.

The company's principal activity is that of a holding company. It is the parent company to Elm Capital Associates Limited and Elm Capital USA Limited.

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 Financial Reporting Standard 102, the Financial Reporting Standard applicable in the UK and the Republic of Ireland and the Companies Act 2006.

The preparation of financial statements in compliance with FRS 102 requires the use of certain critical accounting estimates. It also requires Group management to exercise judgment in applying the Group's accounting policies (see note 3).

The Company has taken advantage of the exemption allowed under section 408 of the Companies Act 2006 and has not presented its own Statement of Comprehensive Income in these financial statements.

The following principal accounting policies have been applied:

2.2 Basis of consolidation

The consolidated financial statements present the results of the Company and its own subsidiaries ("the Group") as if they form a single entity. Intercompany transactions and balances between group companies are therefore eliminated in full.

2.3 Turnover

Turnover is recognised to the extent that it is probable that the economic benefits will flow to the Group and the revenue can be reliably measured. Revenue is measured as the fair value of the consideration received or receivable, excluding discounts, rebates, value added tax and other sales taxes.

Revenue is recognised as per the terms defined in the service agreements.

2.4 Intangible assets

Goodwill

Goodwill represents the difference between amounts paid on the cost of a business combination and the acquirer's interest in the fair value of the Group's share of its identifiable assets and liabilities of the acquiree at the date of acquisition. Subsequent to initial recognition, Goodwill is measured at cost less accumulated amortisation and accumulated impairment losses. Goodwill is amortised on a straight line basis to the Consolidated Statement of Comprehensive Income over its estimated useful economic life of 10 years.

ELM CAPITAL HOLDING LIMITED

**NOTES TO THE FINANCIAL STATEMENTS
FOR THE YEAR ENDED 31 DECEMBER 2017**

2. ACCOUNTING POLICIES (continued)

2.5 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.

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.

Depreciation is charged so as to allocate the cost of assets less their residual value over their estimated useful lives. 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 the profit and loss account.

Depreciation is provided on the following basis:

Short-term leasehold property	- Over the lease term
Fixtures and fittings	- 20%-33% straight line basis

2.6 Basic financial instruments

Basic financial instruments include trade & other debtors, trade & other creditors, cash at bank & in hand and investments in subsidiaries.

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

Cash and cash equivalents comprise cash balances and call deposits.

Investments in subsidiaries are measured at cost less accumulated impairment.

ELM CAPITAL HOLDING LIMITED
NOTES TO THE FINANCIAL STATEMENTS
FOR THE YEAR ENDED 31 DECEMBER 2017

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.

2.8 Finance costs

Finance costs are charged to the Consolidated Statement of Comprehensive Income over the term of the debt using the effective interest method so that the amount charged is at a constant rate on the carrying amount.

2.9 Dividends

Equity dividends are recognised when they become legally payable.

2.10 Operating leases: the Group as lessee

Rentals paid under operating leases are charged to the Consolidated Statement of Comprehensive Income 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.

2.11 Pensions

Defined contribution pension plan

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

The contributions are recognised as an expense in the Consolidated Statement of Comprehensive Income when they fall due. Amounts not paid are shown in accruals as a liability in the Statement of Financial Position. The assets of the plan are held separately from the Group in independently administered funds.

ELM CAPITAL HOLDING LIMITED

**NOTES TO THE FINANCIAL STATEMENTS
FOR THE YEAR ENDED 31 DECEMBER 2017**

2. ACCOUNTING POLICIES (continued)

2.12 Holiday pay accrual

A liability is recognised to the extent of any unused holiday pay entitlement which is accrued at the Statement of Financial Position date and carried forward to future periods. This is measured at the undiscounted salary cost of the future holiday entitlement so accrued at the Statement of Financial Position date.

2.13 Interest income

Interest income is recognised in the Consolidated Statement of Comprehensive Income using the effective interest method.

2.14 Current and deferred taxation

The tax expense for the year comprises current and deferred tax. Tax is recognised in the Consolidated Statement of Comprehensive Income, 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.

The current income tax charge is calculated on the basis of tax rates and laws that have been enacted or substantively enacted by the reporting date in the countries where the Company and the Group operate and generate income.

Deferred tax balances are recognised in respect of all timing differences that have originated but not reversed by the Statement of Financial Position 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;
- Any deferred tax balances are reversed if and when all conditions for retaining associated tax allowances have been met; and
- Where they relate to timing differences in respect of interests in subsidiaries, associates, branches and joint ventures and the Group can control the reversal of the timing differences and such reversal is not considered probable in the foreseeable future.

Deferred tax balances are not recognised in respect of permanent differences except in respect of business combinations, when deferred tax is recognised on the differences between the fair values of assets acquired and the future tax deductions available for them and the differences between the fair values of liabilities acquired and the amount that will be assessed for tax. Deferred tax is determined using tax rates and laws that have been enacted or substantively enacted by the reporting date.

ELM CAPITAL HOLDING LIMITED

**NOTES TO THE FINANCIAL STATEMENTS
FOR THE YEAR ENDED 31 DECEMBER 2017**

**3. JUDGMENTS IN APPLYING ACCOUNTING POLICIES AND KEY SOURCES OF ESTIMATION
UNCERTAINTY**

Preparation of the financial statements requires management to make significant judgements and estimates. The items in the financial statements where these judgments and estimates have been made include:

Property, plant and equipment - are depreciated over their useful life taking into account, where appropriate, residual values. Assessment of useful lives and residual values are performed annually, taking into account factors such as economic viability and expected future financial performance of the asset. In assessing the residual values, the remaining life of the asset, its projected disposal value and future market conditions are taken into account.

4. TURNOVER

An analysis of turnover by class of business is as follows:

	2017 £	2016 £
Intermediation fees	328,805	1,539,079
Placement fees	4,570,344	2,546,346
	<u>4,899,149</u>	<u>4,085,425</u>

Analysis of turnover by country of destination:

	2017 £	2016 £
United Kingdom	319,068	-
Rest of Europe	3,941,893	1,794,841
Rest of the world	638,188	2,290,583
	<u>4,899,149</u>	<u>4,085,424</u>

5. OPERATING PROFIT

The operating profit is stated after charging:

	2017 £	2016 £
Depreciation of tangible fixed assets	10,912	15,059
Amortisation of intangible assets, including goodwill	769	-
Exchange differences	(15,900)	(32,628)
Other operating lease rentals	260,117	260,385
Defined contribution pension cost	48,372	33,300
	<u></u>	<u></u>

ELM CAPITAL HOLDING LIMITED

NOTES TO THE FINANCIAL STATEMENTS
FOR THE YEAR ENDED 31 DECEMBER 2017

6. AUDITORS' REMUNERATION

	2017 £	2016 £
Fees payable to the Group's auditor for the audit of the Group's annual financial statements	24,488	11,570

7. EMPLOYEES

Staff costs, including directors' remuneration, were as follows:

	Group 2017 £	Group 2016 £
Wages and salaries	1,310,787	1,998,447
Social security costs	168,409	264,074
Cost of defined contribution scheme	48,372	33,300
	1,527,568	2,295,821

The average monthly number of employees, including the directors, during the year was as follows:

	2017 No.	2016 No.
Administration	11	9
Director	1	1
	12	10

The Company has no employees other than the directors, who did not receive any remuneration (2016 - £NIL)

8. DIRECTORS' REMUNERATION

	2017 £	2016 £
Directors' emoluments	320,238	312,059

The highest paid director received remuneration of £320,238 (2016 - £312,059).

ELM CAPITAL HOLDING LIMITED

**NOTES TO THE FINANCIAL STATEMENTS
FOR THE YEAR ENDED 31 DECEMBER 2017**

9. INTEREST RECEIVABLE

	2017	2016
	£	£
Other interest receivable	1,485	1,256

10. INTEREST PAYABLE AND SIMILAR CHARGES

	2017	2016
	£	£
Bank interest payable	48	6

11. TAXATION

	2017	2016
	£	£
CORPORATION TAX		
Current tax on profits for the year	162,281	233,996
DEFERRED TAX		
Origination and reversal of timing differences	(851)	(490)
TAXATION ON PROFIT ON ORDINARY ACTIVITIES	161,430	233,506

ELM CAPITAL HOLDING LIMITED

**NOTES TO THE FINANCIAL STATEMENTS
FOR THE YEAR ENDED 31 DECEMBER 2017**

11. TAXATION (CONTINUED)

FACTORS AFFECTING TAX CHARGE FOR THE YEAR

The tax assessed for the year is higher than (2016 - higher than) the composite (2016: standard) rate of corporation tax in the UK of 19.25% (2016 - 20%). The differences are explained below:

	2017 £	2016 £
Profit on ordinary activities before tax	740,261	1,040,710
Profit on ordinary activities multiplied by standard rate of corporation tax in the UK of 19.25% (2016 - 20%)	142,500	208,142
EFFECTS OF:		
Non-tax deductible amortisation of goodwill and impairment	148	-
Expenses not deductible for tax purposes, other than goodwill amortisation and impairment	19,088	22,195
Capital allowances for year in excess of depreciation	545	1,475
Adjustments to tax charge in respect of prior periods	-	2,184
Deferred tax movement	(851)	(490)
TOTAL TAX CHARGE FOR THE YEAR	161,430	233,506

FACTORS THAT MAY AFFECT FUTURE TAX CHARGES

There were no factors that may affect future tax charges.

ELM CAPITAL HOLDING LIMITED

**NOTES TO THE FINANCIAL STATEMENTS
FOR THE YEAR ENDED 31 DECEMBER 2017**

12. INTANGIBLE ASSETS

Group and Company

	Goodwill £
COST	
Additions	<u>7,693</u>
At 31 December 2017	<u>7,693</u>
AMORTISATION	
Charge for the year	<u>769</u>
At 31 December 2017	<u>769</u>
NET BOOK VALUE	
At 31 December 2017	<u><u>6,924</u></u>
At 31 December 2016	<u><u>-</u></u>

All of the Group's intangible fixed assets are held in the Parent Company

ELM CAPITAL HOLDING LIMITED

**NOTES TO THE FINANCIAL STATEMENTS
FOR THE YEAR ENDED 31 DECEMBER 2017**

13. TANGIBLE FIXED ASSETS

Group

	Short-term leasehold property £	Fixtures and fittings £	Total £
COST OR VALUATION			
At 1 January 2017	26,327	147,263	173,590
Additions	-	7,338	7,338
At 31 December 2017	26,327	154,601	180,928
DEPRECIATION			
At 1 January 2017	26,327	111,893	138,220
Charge for the year on owned assets	-	10,912	10,912
At 31 December 2017	26,327	122,805	149,132
NET BOOK VALUE			
At 31 December 2017	-	31,796	31,796
At 31 December 2016	-	35,370	35,370

ELM CAPITAL HOLDING LIMITED

**NOTES TO THE FINANCIAL STATEMENTS
FOR THE YEAR ENDED 31 DECEMBER 2017**

14. FIXED ASSET INVESTMENTS

SUBSIDIARY UNDERTAKINGS

The following were subsidiary undertakings of the Company:

Name	Class of shares	Holding	Principal activity
Elm Capital Associates Limited	Ordinary	100 %	Investment advisory services
Elm Capital USA Limited	Ordinary	100 %	Investment advisory services

The aggregate of the share capital and reserves as at 31 December 2017 and of the profit or loss for the year ended on that date for the subsidiary undertakings were as follows:

	Aggregate of share capital and reserves £	Profit/(loss) £
Elm Capital Associates Limited	1,261,764	520,285
Elm Capital USA Limited	498,732	296,011
	<u>1,760,496</u>	<u>816,296</u>

Company

**Investments in subsidiary companies
£**

COST OR VALUATION

At 1 January 2017	201,621
Additions	7,693
At 31 December 2017	<u>209,314</u>

NET BOOK VALUE

At 31 December 2017	<u>209,314</u>
At 31 December 2016	<u>201,621</u>

ELM CAPITAL HOLDING LIMITED

NOTES TO THE FINANCIAL STATEMENTS
FOR THE YEAR ENDED 31 DECEMBER 2017

15. DEBTORS

	Group 2017 £	Group 2016 £	Company 2017 £	Company 2016 £
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DUE AFTER MORE THAN ONE YEAR

Other debtors	-	92,448	-	-
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	Group 2017 £	Group 2016 £	Company 2017 £	Company 2016 £
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DUE WITHIN ONE YEAR

Trade debtors	1,658,094	198,927	-	-
Amounts owed by group undertakings	-	-	285,295	-
Other debtors	107,522	343,355	-	-
Prepayments and accrued income	59,217	58,545	-	-
	1,824,833	600,827	285,295	-

16. CURRENT ASSET INVESTMENTS

	Group 2017 £	Group 2016 £	Company 2017 £	Company 2016 £
Unlisted investments	204,481	539,548	-	-

17. CREDITORS: Amounts falling due within one year

	Group 2017 £	Group 2016 £	Company 2017 £	Company 2016 £
Trade creditors	16,569	29,881	-	-
Corporation tax	86,049	231,812	-	-
Other taxation and social security	222,483	651,498	-	-
Other creditors	400,873	304,204	398,108	-
Accruals and deferred income	86,939	394,272	-	-
	812,913	1,611,667	398,108	-

ELM CAPITAL HOLDING LIMITED

**NOTES TO THE FINANCIAL STATEMENTS
FOR THE YEAR ENDED 31 DECEMBER 2017**

18. FINANCIAL INSTRUMENTS

	Group 2017 £	Group 2016 £	Company 2017 £
FINANCIAL ASSETS			
Financial assets measured at fair value through profit or loss	391,004	1,403,926	1,506
Financial assets that are debt instruments measured at amortised cost	1,970,095	1,174,279	285,295
	<u>2,361,099</u>	<u>2,578,205</u>	<u>286,801</u>
FINANCIAL LIABILITIES			
Financial liabilities measured at amortised cost	(504,378)	(728,356)	(398,108)

Financial assets measured at cost comprise of trade debtors, other debtors and current investments.

Financial liabilities measured at cost comprise of trade creditors, other creditors and accruals.

ELM CAPITAL HOLDING LIMITED

**NOTES TO THE FINANCIAL STATEMENTS
FOR THE YEAR ENDED 31 DECEMBER 2017**

19. DEFERRED TAXATION

Group

	2017 £
At beginning of year	(6,251)
Charged to profit or loss	851
AT END OF YEAR	<u>(5,400)</u>

AT END OF YEAR

	Group 2017 £	Group 2016 £
Accelerated capital allowances	<u>(5,400)</u>	<u>(6,251)</u>

20. SHARE CAPITAL

	2017 £	2016 £
Allotted, called up and fully paid		
111,520 (2016 - 1,001) Ordinary shares of £0.01 (2016 - £1.00) each	1,116	1,001
1,000 Ordinary shares of £0.62 each	620	620
200,000 Preference shares of £1 each	200,000	200,000
	<u>201,736</u>	<u>201,621</u>

During the year 1,000 Ordinary shares with a nominal value of £0.01 per share were consolidated into 10 shares with a nominal value of £1 per share.

During the year the company allotted 115 Ordinary shares with a nominal value of £1 per share.

During the year 1,115 Ordinary shares with a nominal value of £1 per share were subdivided into 111,520 shares with a nominal value of £0.01 each.

ELM CAPITAL HOLDING LIMITED

NOTES TO THE FINANCIAL STATEMENTS FOR THE YEAR ENDED 31 DECEMBER 2017

21. RESERVES

Share premium account

The share premium account includes any premiums received on issue of share capital.

Capital redemption reserve

The capital redemption reserve was created when the shares in Elm Capital USA Limited were purchased.

Profit and loss account

The profit and loss reserve contains the cumulative balance of retained profit and losses since the Group started trading. It is a distributable reserve.

The operating profit before partnership share is £2,553,451.

The partnership share for the year is £1,729,074.

22. PENSION COMMITMENTS

The Group contributes into a defined contributions pension scheme. The assets of the scheme are held separately from those of the Group in an independently administered fund. The pension cost charge represents contributions payable by the Group to the fund and amounted to £48,372 (2016 - £33,300).

23. COMMITMENTS UNDER OPERATING LEASES

At 31 December 2017 the Group and the Company had future minimum lease payments under non-cancellable operating leases as follows:

	Group 2017 £	Group 2016 £
Not later than 1 year	64,200	154,080
Later than 1 year and not later than 5 years	-	64,200
	<u>64,200</u>	<u>218,280</u>

24. RELATED PARTY TRANSACTIONS

The company forms part of a wholly-owned group and accordingly has taken advantage of the exemption allowed under section 33.1A of FRS 102 not to disclose transactions with other group companies.

During the year management charges totaling £1,729,074 (2016: £nil) were invoiced to the company by Elm Capital Partners LLP. Two of the directors are partners in Elm Capital LLP. At the Statement of Financial Position date £398,108 (2016: £nil) was owed to Elm Capital LLP.

25. CONTROLLING PARTY

The controlling party is E Deshormes by virtue of his shareholding.