

Registered number: 10081148

ELM CAPITAL HOLDING LIMITED

FINANCIAL STATEMENTS

FOR THE YEAR ENDED 31 DECEMBER 2022

ELM CAPITAL HOLDING LIMITED

COMPANY INFORMATION

Directors	E Deshormes B De Benedetti S Page M Renson M Wieczorek (resigned 22 July 2022)
Registered number	10081148
Registered office	Southwest House 11a Regent Street London SW1Y 4LR
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 2022

Introduction

The Subsidiary Companies specialise in advising private equity funds and private equity investors. All the 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 2022.

Business review

In the current year, the Group reported a loss before tax of £1,197,953 (2021 - profit £710,987). The Subsidiary Companies have generated Intermediation and placement fees of £1,794,619 (2021 - £5,578,769) in the year to 31 December 2022. The market conditions have deteriorated significantly in 2022 and the market for fundraising dried up. Transactions on the secondary market took longer than normal and were more difficult to close. The results for the year and the financial position at the year-end were considered disappointing by the Directors. Nevertheless, the outlook for 2023 is brighter and the Directors expect a recovery 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 is typically minimal, however in 2021, Brexit has had an impact on the company's regulatory regime. In order to continue to operate smoothly in the European Union, the Company has taken a number of measures. The Directors believe that the measures taken have allowed the Company and its subsidiaries to address the new regulatory environment and do not expect regulatory risk to be a significant risk factor going forward.

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.

Directors' statement of compliance with duty to promote the success of the Group

The Board of Directors of Elm Capital Holding Limited consider that they have acted in the way they consider, in good faith, would be most likely to promote the success of the Group for the benefit of its members as a whole (having regard to the stakeholders and matters set out in S172(1)(a-f) of the Act) in the decisions taken during the financial year ended 31 December 2022.

Consideration of long-term consequences are an inherent part of the Group's decision-making processes. As a privately-owned Group, the board considers that the interests of the Group and its shareholder are aligned in seeking sustainable value creation over the longer term through its operations, promoting long term strategic decision-making. These factors also drive a continuing focus on the maintenance of durable relationships with stakeholders, built on the Group's reputation with clients and suppliers.

The Group operates in a sector characterised by long term relationships with stakeholders. Maintaining a reputation for high standards of business conduct is vital and the Group expects all members of the supply chain to always act with integrity, acting openly, honestly and ethically. The Group has zero tolerance to fraud and consistently maintains effective oversight and scrutiny processes, executed with independence and impartiality. Integrity is underpinned with policies in relation to bribery and corruption, data protection, equality, diversity and inclusion, modern slavery, fraud and whistleblowing, each of which is reinforced through appropriate measures.

ELM CAPITAL HOLDING LIMITED

**GROUP STRATEGIC REPORT (CONTINUED)
FOR THE YEAR ENDED 31 DECEMBER 2022**

This report was approved by the board on 20 July 2023 and signed on its behalf.

E Deshormes

Director

ELM CAPITAL HOLDING LIMITED

DIRECTORS' REPORT
FOR THE YEAR ENDED 31 DECEMBER 2022

The Directors present their report and the financial statements for the year ended 31 December 2022.

Directors

The Directors who served during the year were:

E Deshormes
B De Benedetti
S Page
M Renson
M Wiczorek (resigned 22 July 2022)

Results and dividends

The loss for the year, after taxation, amounted to £1,068,447 (2021 - profit £568,469).

The Directors do not propose any dividends for the year.

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 and the Group.

ELM CAPITAL HOLDING LIMITED

**DIRECTORS' REPORT (CONTINUED)
FOR THE YEAR ENDED 31 DECEMBER 2022**

Engagement with employees

The Group has continued throughout the year to provide employees with relevant information and to seek their views on matters of common concern. Priority is given to ensuring that employees are aware of all significant matters affecting the Group's performance and of any significant organisational changes.

Engagement with suppliers, customers and others

The Group does not confirm to any code or standard regarding payment practice. However, it is the Group's policy to settle the terms of payment with suppliers when business is agreed, to ensure that suppliers are made aware of them and to pay invoices in accordance with these terms.

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

The auditors, Sopher + Co LLP, will be proposed for reappointment in accordance with section 485 of the Companies Act 2006.

This report was approved by the board on 20 July 2023 and signed on its behalf.

E Deshormes

Director

ELM CAPITAL HOLDING LIMITED

INDEPENDENT AUDITORS' REPORT TO THE MEMBERS 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 2022, 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 2022 and of the Group's loss 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

In auditing the financial statements, we have concluded that the Directors' use of the going concern basis of accounting in the preparation of the financial statements is appropriate.

Based on the work we have performed, we have not identified any material uncertainties relating to events or conditions that, individually or collectively, may cast significant doubt on the Group's or the parent Company's ability to continue as a going concern for a period of at least twelve months from when the financial statements are authorised for issue.

Our responsibilities and the responsibilities of the Directors with respect to going concern are described in the relevant sections of this report.

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 misstatement in the financial statements or a material misstatement of the other information. If, based on the

ELM CAPITAL HOLDING LIMITED

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

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.

Responsibilities of directors

As explained more fully in the Directors' Responsibilities Statement set out on page 3, 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.

INDEPENDENT AUDITORS' REPORT TO THE MEMBERS 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 Group financial statements

Irregularities, including fraud, are instances of non-compliance with laws and regulations. We design procedures in line with our responsibilities, outlined above, to detect material misstatements in respect of irregularities, including fraud. The extent to which our procedures are capable of detecting irregularities, including fraud is detailed below:

Our approach to identifying and assessing the risks of material misstatement in respect of irregularities, including fraud and non-compliance with laws and regulations, was as follows:

- the engagement partner ensured that the engagement team collectively had the appropriate competence, capabilities and skills to identify or recognise non-compliance with applicable laws and regulations;
- we identified the laws and regulations applicable to the Group through discussions with directors and other management, and from our commercial knowledge and experience of similar businesses;
- we focused on specific laws and regulations which we considered may have a direct material effect on the financial statements or the operations of the Group, including the Companies Act 2006, taxation legislation and data protection, anti-bribery, employment, environmental and health and safety legislation;
- we assessed the extent of compliance with the laws and regulations identified above through making enquiries of management and inspecting legal correspondence; and
- identified laws and regulations were communicated within the audit team regularly and the team remained alert to instances of non-compliance throughout the audit.

We assessed the susceptibility of the Group's financial statements to material misstatement, including obtaining an understanding of how fraud might occur, by:

- making enquiries of management as to where they considered there was susceptibility to fraud, their knowledge of actual, suspected and alleged fraud;
- considering the internal controls in place to mitigate risks of fraud and non-compliance with laws and regulations; and
- understanding the design of the Group's remuneration policies.

To address the risk of fraud through management bias and override of controls, we:

- performed analytical procedures to identify any unusual or unexpected relationships;
- tested journal entries to identify unusual transactions;
- assessed whether judgements and assumptions made in determining the accounting estimates were indicative of potential bias; and
- investigated the rationale behind significant or unusual transactions.

In response to the risk of irregularities and non-compliance with laws and regulations, we designed procedures which included, but were not limited to:

- agreeing financial statement disclosures to underlying supporting documentation;
- reading the minutes of meetings of those charged with governance; and
- enquiring of management as to actual and potential litigation and claims.

ELM CAPITAL HOLDING LIMITED

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

There are inherent limitations in our audit procedures described above. The more removed that laws and regulations are from financial transactions, the less likely it is that we would become aware of non-compliance. Auditing standards also limit the audit procedures required to identify non-compliance with laws and regulations to enquiry of the directors and other management and the inspection of regulatory and legal correspondence, if any.

Material misstatements that arise due to fraud can be harder to detect than those that arise from error as they may involve deliberate concealment or collusion.

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 FCCA (Senior Statutory Auditor)

for and on behalf of

Sopher + Co LLP

Chartered Accountants

Statutory Auditors

5 Elstree Gate

Elstree Way

Borehamwood

Hertfordshire

WD6 1JD

20 July 2023

ELM CAPITAL HOLDING LIMITED

CONSOLIDATED STATEMENT OF COMPREHENSIVE INCOME
FOR THE YEAR ENDED 31 DECEMBER 2022

	Note	2022 £	2021 £
Turnover	4	1,794,619	5,578,769
Administrative expenses		(2,934,192)	(4,867,527)
Operating (loss)/profit	5	(1,139,573)	711,242
Interest received and similar income	10	1,073	10
Interest paid and similar expenses	11	(59,453)	(265)
(Loss)/profit before taxation		(1,197,953)	710,987
Tax on (loss)/profit	12	129,506	(142,518)
(Loss)/profit for the financial year		<u>(1,068,447)</u>	<u>568,469</u>
(Loss)/profit for the year attributable to:			
Owners of the parent Company		<u>(1,068,447)</u>	<u>568,469</u>

The notes on pages 15 to 28 form part of these financial statements.

ELM CAPITAL HOLDING LIMITED
REGISTERED NUMBER:10081148

CONSOLIDATED STATEMENT OF FINANCIAL POSITION
AS AT 31 DECEMBER 2022

	Note	2022 £	2021 £
Fixed assets			
Intangible assets	13	3,079	3,848
Tangible assets	14	48,675	88,597
		<u>51,754</u>	<u>92,445</u>
Current assets			
Debtors: amounts falling due after more than one year	16	94,838	-
Debtors: amounts falling due within one year	16	1,807,659	2,916,300
Cash at bank and in hand		355,853	1,023,523
		<u>2,258,350</u>	<u>3,939,823</u>
Current liabilities			
Creditors: amounts falling due within one year		(1,800,404)	(2,452,329)
		<u>457,946</u>	<u>1,487,494</u>
Total assets less current liabilities		<u>509,700</u>	<u>1,579,939</u>
Provisions for liabilities			
Deferred taxation	18	-	(1,792)
		<u>-</u>	<u>(1,792)</u>
Net assets		<u><u>509,700</u></u>	<u><u>1,578,147</u></u>
Capital and reserves			
Called up share capital	19	201,115	201,115
Share premium account	20	7,578	7,578
Capital redemption reserve	20	65,280	65,280
Profit and loss account	20	235,727	1,304,174
		<u>509,700</u>	<u>1,578,147</u>

The financial statements were approved and authorised for issue by the board and were signed on its behalf on 20 July 2023.

E Deshormes

Director

The notes on pages 15 to 28 form part of these financial statements.

ELM CAPITAL HOLDING LIMITED
REGISTERED NUMBER:10081148

COMPANY STATEMENT OF FINANCIAL POSITION
AS AT 31 DECEMBER 2022

	Note	2022 £	2021 £
Fixed assets			
Investments	15	210,204	210,204
Current assets			
Debtors: amounts falling due within one year	16	394	1,486,608
Cash at bank and in hand		1,646	2,661
		<u>2,040</u>	<u>1,489,269</u>
Current liabilities			
Creditors: amounts falling due within one year	17	(1,510)	(1,672,185)
Net current assets/(liabilities)		530	(182,916)
Net assets		<u>210,734</u>	<u>27,288</u>
Capital and reserves			
Called up share capital	19	201,115	201,115
Share premium account	20	7,578	7,578
Profit and loss account carried forward		2,041	(181,405)
		<u>210,734</u>	<u>27,288</u>

The financial statements were approved and authorised for issue by the board and were signed on its behalf on 20 July 2023.

E Deshormes

Director

The notes on pages 15 to 28 form part of these financial statements.

ELM CAPITAL HOLDING LIMITED

CONSOLIDATED STATEMENT OF CHANGES IN EQUITY
FOR THE YEAR ENDED 31 DECEMBER 2022

	Called up share capital	Share premium account	Capital redemption reserve	Profit and loss account	Total equity
	£	£	£	£	£
At 1 January 2022	201,115	7,578	65,280	1,304,174	1,578,147
Loss for the year	-	-	-	(1,068,447)	(1,068,447)
At 31 December 2022	201,115	7,578	65,280	235,727	509,700

CONSOLIDATED STATEMENT OF CHANGES IN EQUITY
FOR THE YEAR ENDED 31 DECEMBER 2021

	Called up share capital	Share premium account	Capital redemption reserve	Profit and loss account	Total equity
	£	£	£	£	£
At 1 January 2021	201,735	7,578	65,280	1,498,253	1,772,846
Profit for the year	-	-	-	568,469	568,469
Preferred Dividends: Equity capital	-	-	-	(24,000)	(24,000)
Shares cancelled during the year	(620)	-	-	-	(620)
Gift to Employee Benefit Trust	-	-	-	(738,548)	(738,548)
At 31 December 2021	201,115	7,578	65,280	1,304,174	1,578,147

The notes on pages 15 to 28 form part of these financial statements.

ELM CAPITAL HOLDING LIMITED

COMPANY STATEMENT OF CHANGES IN EQUITY
FOR THE YEAR ENDED 31 DECEMBER 2022

	Called up share capital	Share premium account	Profit and loss account	Total equity
	£	£	£	£
At 1 January 2022	201,115	7,578	(181,405)	27,288
Profit for the year	-	-	183,446	183,446
At 31 December 2022	201,115	7,578	2,041	210,734

COMPANY STATEMENT OF CHANGES IN EQUITY
FOR THE YEAR ENDED 31 DECEMBER 2021

	Called up share capital	Share premium account	Profit and loss account	Total equity
	£	£	£	£
At 1 January 2021	201,735	7,578	(6,472)	202,841
Profit for the year	-	-	587,615	587,615
Preferred Dividends: Equity capital	-	-	(24,000)	(24,000)
Shares cancelled during the year	(620)	-	-	(620)
Gift to Employee Benefit Trust	-	-	(738,548)	(738,548)
At 31 December 2021	201,115	7,578	(181,405)	27,288

The notes on pages 15 to 28 form part of these financial statements.

ELM CAPITAL HOLDING LIMITED

CONSOLIDATED STATEMENT OF CASH FLOWS
FOR THE YEAR ENDED 31 DECEMBER 2022

	2022 £	2021 £
Cash flows from operating activities		
(Loss)/profit for the financial year	(1,068,447)	568,469
Adjustments for:		
Amortisation of intangible assets	769	769
Depreciation of tangible assets	47,562	49,985
Loss on disposal of tangible assets	240	-
Interest paid	59,453	265
Interest received	(1,073)	(10)
Taxation charge	(129,506)	142,518
Decrease in debtors	1,016,889	256,132
(Decrease)/increase in creditors	(581,511)	294,337
Corporation tax received/(paid)	54,214	(216,509)
Net cash generated from operating activities	(601,410)	1,095,956
Cash flows from investing activities		
Purchase of tangible fixed assets	(7,880)	(5,682)
Interest received	1,073	10
Net cash from investing activities	(6,807)	(5,672)
Cash flows from financing activities		
Dividends paid	-	(24,000)
Interest paid	(59,453)	(265)
Gift to Employee Benefit Trust	-	(738,548)
Share capital movement	-	(620)
Net cash used in financing activities	(59,453)	(763,433)
Net (decrease)/increase in cash and cash equivalents	(667,670)	326,851
Cash and cash equivalents at beginning of year	1,023,523	696,672
Cash and cash equivalents at the end of year	355,853	1,023,523
Cash and cash equivalents at the end of year comprise:		
Cash at bank and in hand	355,853	1,023,523

The notes on pages 15 to 28 form part of these financial statements.

ELM CAPITAL HOLDING LIMITED

NOTES TO THE FINANCIAL STATEMENTS FOR THE YEAR ENDED 31 DECEMBER 2022

1. General information

Elm Capital Holding Limited is a Limited Company incorporated and domiciled in England and Wales, with its registered office address at 7th Floor, Southwest House, 11A Regent Street, London, SW1Y 4LR.

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

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 Foreign currency translation

Functional and presentation currency

The Company's functional and presentational currency is GBP.

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.

NOTES TO THE FINANCIAL STATEMENTS
FOR THE YEAR ENDED 31 DECEMBER 2022

2. Accounting policies (continued)

2.4 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.

2.5 Operating leases: the Group as lessee

Rentals paid under operating leases are charged to profit or loss on a straight-line basis over the lease term.

Benefits received and receivable as an incentive to sign an operating lease are recognised on a straight-line basis over the lease term, unless another systematic basis is representative of the time pattern of the lessee's benefit from the use of the leased asset.

2.6 Interest income

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

2.7 Finance costs

Finance costs are charged to profit or loss 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. Issue costs are initially recognised as a reduction in the proceeds of the associated capital instrument.

2.8 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 profit or loss 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.

NOTES TO THE FINANCIAL STATEMENTS
FOR THE YEAR ENDED 31 DECEMBER 2022

2. Accounting policies (continued)

2.9 Current and deferred taxation

The tax expense for the year comprises current and deferred tax. Tax is recognised in profit or loss 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 reporting 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.

2.10 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 useful economic life.

Other intangible assets

Intangible assets are initially recognised at cost. After recognition, under the cost model, intangible assets are measured at cost less any accumulated amortisation and any accumulated impairment losses.

All intangible assets are considered to have a finite useful life. If a reliable estimate of the useful life cannot be made, the useful life shall not exceed ten years.

NOTES TO THE FINANCIAL STATEMENTS
FOR THE YEAR ENDED 31 DECEMBER 2022

2. Accounting policies (continued)

2.11 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 provided on the following basis:

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

2.12 Valuation of investments

Investments in subsidiaries are measured at cost less accumulated impairment.

2.13 Provisions for liabilities

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

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

When payments are eventually made, they are charged to the provision carried in the Statement of Financial Position.

2.14 Basic financial instruments

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

Trade debtors, other debtors and loans to related parties are recognised initially at the transaction price less attributable transaction costs. Trade creditors, other creditors and loans from related parties are recognised initially at transaction price plus attributable transaction costs. Subsequently they are measured at amortised cost using the effective interest method, less any impairment losses in the case of trade and other debtors, and loans to related parties.

Interest bearing borrowings, such bank loans, classified as basic financial instruments are recognised initially at the present value of future payments discounted at a market rate of interest. Thereafter they are stated at amortised cost using the effective interest method.

Cash and cash equivalents comprise cash balances and call deposits.

ELM CAPITAL HOLDING LIMITED

NOTES TO THE FINANCIAL STATEMENTS
FOR THE YEAR ENDED 31 DECEMBER 2022

2. Accounting policies (continued)

2.15 Dividends

Equity dividends are recognised when they become legally payable. Interim equity dividends are recognised when paid. Final equity dividends are recognised when approved by the shareholders at an annual general meeting.

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:

	2022 £	2021 £
Placement fees	810,402	4,602,949
Intermediation fees	934,217	975,820
Advisory fees	50,000	-
	<u>1,794,619</u>	<u>5,578,769</u>

Analysis of turnover by country of destination:

	2022 £	2021 £
United Kingdom	162,500	856,255
Rest of Europe	1,503,647	3,218,576
Rest of the world	128,472	1,503,939
	<u>1,794,619</u>	<u>5,578,770</u>

ELM CAPITAL HOLDING LIMITED

**NOTES TO THE FINANCIAL STATEMENTS
FOR THE YEAR ENDED 31 DECEMBER 2022**

5. Operating (loss)/profit

The operating (loss)/profit is stated after charging:

	2022	2021
	£	£
Defined pension contributions	76,606	83,464
Exchange differences	(36,664)	85,581
Other operating lease rentals	254,198	250,774
Depreciation of tangible fixed assets	47,562	49,985

6. Auditors' remuneration

During the year, the Group obtained the following services from the Company's auditors and their associates:

	2022	2021
	£	£
Fees payable to the Company's auditors and their associates for the audit of the consolidated and parent Company's financial statements	32,161	28,559

7. Employees

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

	Group	Group
	2022	2021
	£	£
Wages and salaries	1,594,405	1,792,830
Social security costs	226,232	236,573
Cost of defined contribution scheme	76,606	83,464
	1,897,243	2,112,867

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

8. Directors' remuneration

The highest paid Director received remuneration of £209,589 (2021 - £211,952).

ELM CAPITAL HOLDING LIMITED

NOTES TO THE FINANCIAL STATEMENTS
FOR THE YEAR ENDED 31 DECEMBER 2022

9. Key management compensation

Key management is made up solely of the Directors and compensation paid to them during the year totaled £436,836 (2021 – £500,473).

10. Interest received

	2022 £	2021 £
Other interest received	<u>1,073</u>	<u>10</u>

11. Interest paid and similar expenses

	2022 £	2021 £
Other loan interest paid	59,453	-
Other interest paid	-	265
	<u>59,453</u>	<u>265</u>

ELM CAPITAL HOLDING LIMITED

NOTES TO THE FINANCIAL STATEMENTS
FOR THE YEAR ENDED 31 DECEMBER 2022

12. Taxation

	2022 £	2021 £
Corporation tax		
Current tax on profits for the year	(115,061)	144,266
Adjustments in respect of previous periods	(13,371)	3,368
Foreign tax on income for the year	2,018	-
Foreign tax in respect of prior periods	1,785	-
	<u>3,803</u>	<u>-</u>
Deferred tax		
Origination and reversal of timing differences	(4,877)	(5,116)
	<u>(4,877)</u>	<u>(5,116)</u>
Taxation on (loss)/profit on ordinary activities	<u>(129,506)</u>	<u>142,518</u>

Factors affecting tax charge for the year

The tax assessed for the year is higher than (2021 - higher than) the standard rate of corporation tax in the UK of 19% (2021 - 19%). The differences are explained below:

	2022 £	2021 £
(Loss)/profit on ordinary activities before tax	<u>(1,197,953)</u>	<u>710,987</u>
(Loss)/profit on ordinary activities multiplied by standard rate of corporation tax in the UK of 19% (2021 - 19%)	(227,611)	135,088
Effects of:		
Non-tax deductible amortisation of goodwill and impairment	146	146
Expenses not deductible for tax purposes, other than goodwill amortisation and impairment	9,342	6,292
Capital allowances for year in excess of depreciation	4,383	4,858
Non-taxable profits of foreign subsidiaries	1,736	(2,118)
Adjustments to tax charge in respect of prior periods	(13,371)	3,368
Short term timing difference leading to an increase (decrease) in taxation	13,225	-
Book profit on chargeable assets	46	-
Unrelieved tax losses carried forward	87,475	-
Deferred tax movement	(4,877)	(5,116)
	<u>(129,506)</u>	<u>142,518</u>
Total tax charge for the year	<u>(129,506)</u>	<u>142,518</u>

ELM CAPITAL HOLDING LIMITED

NOTES TO THE FINANCIAL STATEMENTS
FOR THE YEAR ENDED 31 DECEMBER 2022

12. Taxation (continued)

Factors that may affect future tax charges

There were no factors that may affect future tax charges of the Company.

At the balance sheet date the Group has estimated tax losses of £402,108 available to carry forward against future taxable profits.

13. Intangible assets

Group and Company

	Goodwill
	£
Cost	
At 1 January 2022	7,693
	<hr/>
At 31 December 2022	7,693
	<hr/>
Amortisation	
At 1 January 2022	3,845
Charge for the year on owned assets	769
	<hr/>
At 31 December 2022	4,614
	<hr/>
Net book value	
At 31 December 2022	3,079
	<hr/> <hr/>
At 31 December 2021	3,848
	<hr/> <hr/>

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 2022

14. Tangible fixed assets

Group

	Short-term leasehold property £	Fixtures and fittings £	Total £
Cost or valuation			
At 1 January 2022	170,735	136,756	307,491
Additions	-	7,880	7,880
Disposals	-	(16,269)	(16,269)
At 31 December 2022	170,735	128,367	299,102
Depreciation			
At 1 January 2022	118,194	100,700	218,894
Charge for the year on owned assets	34,147	13,415	47,562
Disposals	-	(16,029)	(16,029)
At 31 December 2022	152,341	98,086	250,427
Net book value			
At 31 December 2022	18,394	30,281	48,675
At 31 December 2021	52,541	36,056	88,597

ELM CAPITAL HOLDING LIMITED**NOTES TO THE FINANCIAL STATEMENTS
FOR THE YEAR ENDED 31 DECEMBER 2022**

15. Fixed asset investments**Company**

	Investments in subsidiary companies £
Cost or valuation	
At 1 January 2022	210,204
	<hr/>
At 31 December 2022	<u>210,204</u>

Subsidiary undertakings

The following were subsidiary undertakings of the Company:

Name	Registered office	Class of shares	Holding
Elm Capital Associates Limited	Southwest House, 11a Regent Street, London, England, SW1Y 4LR	Ordinary	100 %
Elm Capital USA Limited	Southwest House, 11a Regent Street, London, England, SW1Y 4LR	Ordinary	100 %
Elm Capital Eu Unipessoal Lda	Rua Tierno Galvan, N° 10, Tower 3, Amoreiras, Floor 6, Room 602 1070-274 Lisbon	Ordinary	100 %

ELM CAPITAL HOLDING LIMITED

NOTES TO THE FINANCIAL STATEMENTS
FOR THE YEAR ENDED 31 DECEMBER 2022

16. Debtors

	Group 2022 £	Group 2021 £	Company 2022 £	Company 2021 £
Due after more than one year				
Trade debtors	<u>94,838</u>	<u>-</u>	<u>-</u>	<u>-</u>
	Group 2022 £	Group 2021 £	Company 2022 £	Company 2021 £
Due within one year				
Trade debtors	1,210,207	2,534,439	-	-
Amounts owed by group undertakings	-	-	379	1,462,608
Other debtors	467,964	256,705	15	-
Prepayments and accrued income	126,403	125,156	-	24,000
Deferred taxation	3,085	-	-	-
	<u>1,807,659</u>	<u>2,916,300</u>	<u>394</u>	<u>1,486,608</u>

17. Creditors: Amounts falling due within one year

	Group 2022 £	Group 2021 £	Company 2022 £	Company 2021 £
Trade creditors	33,856	29,025	-	-
Amounts owed to group undertakings	-	-	890	890
Corporation tax	13,852	84,267	-	-
Other taxation and social security	192,762	345,250	-	-
Other creditors	1,397,993	1,679,717	620	1,671,295
Accruals and deferred income	161,941	314,070	-	-
	<u>1,800,404</u>	<u>2,452,329</u>	<u>1,510</u>	<u>1,672,185</u>

ELM CAPITAL HOLDING LIMITED

NOTES TO THE FINANCIAL STATEMENTS
FOR THE YEAR ENDED 31 DECEMBER 2022

18. Deferred taxation

Group

	2022 £
At beginning of year	(1,792)
Charged to profit or loss	4,877
At end of year	3,085
	Group 2022 £
	Group 2021 £
Accelerated capital allowances	3,085 (1,792)

19. Share capital

	2022 £	2021 £
Allotted, called up and fully paid		
111,500 (2021 - 111,500) Ordinary shares of £0.01 each	1,115	1,115
200,000 (2021 - 200,000) Preference shares of £1.00 each	200,000	200,000
	201,115	201,115

20. Reserves

Share premium account

The share premium account includes any premiums received on issue of share capital. It is a non-distributable reserve.

Capital redemption reserve

The capital redemption reserve was created when the shares in Elm Capital USA Limited were purchased. It is a non-distributable reserve.

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.

ELM CAPITAL HOLDING LIMITED

**NOTES TO THE FINANCIAL STATEMENTS
FOR THE YEAR ENDED 31 DECEMBER 2022**

21. Pension commitments

The Group operates 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 £76,606 (2021 - £83,464).

22. Commitments under operating leases

At 31 December 2022 the Group and the Company had future minimum lease payments due under non-cancellable operating leases for each of the following periods:

	Group 2022 £	Group 2021 £
Not later than 1 year	284,472	284,472
Later than 1 year and not later than 5 years	1,137,888	1,137,888
Later than 5 years	156,001	440,473
	<u>1,578,361</u>	<u>1,862,833</u>

23. 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.

24. Controlling party

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

This document was delivered using electronic communications and authenticated in accordance with the registrar's rules relating to electronic form, authentication and manner of delivery under section 1072 of the Companies Act 2006.