

ELM CAPITAL HOLDING LIMITED

FINANCIAL STATEMENTS

FOR THE YEAR ENDED 31 DECEMBER 2020

ELM CAPITAL HOLDING LIMITED

COMPANY INFORMATION

Directors	E Deshormes B De Benedetti S Page M Renson M Wieczorek
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 2020

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 2020.

Business review

In the current year, the group reported a profit before tax of £999,883 (2019 - £624,999). The Subsidiary Companies have generated Intermediation and placement fees of £6,605,898 (2019 - £5,259,542) in the year to 31 December 2020. 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 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 which are detailed below. 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 an important risk factor going forward.

The Coronavirus COVID 19 pandemic is a stark reminder of how complex and interdependent the world's economy has become. The group is well structured and resilient. "Management decision-making and control mechanisms" are robust and continued to function without interruption. The group has considered the inherent risks and evaluated the potential impact. It is confident that thanks to its reoccurring income and their financial resources, any impact from the Coronavirus will be manageable. However the group cannot predict future events or conditions which may result in outcomes that are inconsistent with judgments made in this report.

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.

ELM CAPITAL HOLDING LIMITED

**GROUP STRATEGIC REPORT (CONTINUED)
FOR THE YEAR ENDED 31 DECEMBER 2020**

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 2020.

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.

This report was approved by the board on 15 April 2021 and signed on its behalf.

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E Deshormes
Director

ELM CAPITAL HOLDING LIMITED

DIRECTORS' REPORT
FOR THE YEAR ENDED 31 DECEMBER 2020

The directors present their report and the financial statements for the year ended 31 December 2020.

Directors

The directors who served during the year were:

E Deshormes
B De Benedetti
S Page
M Renson (appointed 6 May 2020)
M Wiczorek (appointed 6 May 2020)

Results and dividends

The profit for the year, after taxation, amounted to £796,109 (2019 - £496,024).

Dividends amounting to £24,000 (2019 - £48,000) were issued during 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.

ELM CAPITAL HOLDING LIMITED

DIRECTORS' REPORT (CONTINUED) FOR THE YEAR ENDED 31 DECEMBER 2020

Future developments

The Group intends to expand its operations in 2021 by establishing companies in Portugal and Belgium in order to ensure continuity of a regulatory passport throughout the EU, in a post-Brexit world. The entity in Portugal will be a tied agent of a regulated investment adviser and will not require a physical presence (office nor personnel) in the country. It is not expected that the establishment of such company will have a significant impact on the overall financial situation of the business.

As the directors prefer the Group to be independent from third party firms and to act under its own license, the Group will also establish a company in Belgium and apply for a full regulatory license in that country. The directors expect that the new entity will be able to passport its activities into other EU jurisdictions. The Group's proposed entity in Belgium will involve a physical presence in the country and the Group therefore expects to incur staffing and office costs, in relation to this addition. However, the Group generally projects year-on-year growth and expects that these additional costs will be more than covered by additional revenues.

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.

In 2021, the Company made a further donation to the Elm Capital Employee Trust allowing it to acquire more shares from the main shareholder. As a result, the Trust currently owns 20.8% of the Company and having reached the threshold of 15% ownership, it is entitled to appoint a director to the Company's Board.

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.

Greenhouse gas emissions, energy consumption and energy efficiency action

The Group has not disclosed information in respect of greenhouse gas emissions, energy consumption and energy efficiency action as its energy consumption in the United Kingdom for the year is 40,000kWh or lower.

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

Elm Capital EU Unipessoal LDA, a company 100% owned by the Company was established in Portugal on 21st January 2021 and was approved by the The Portuguese Securities Market Commission "CMVM" to operate as a tied agent of Carne Global Financial Services (Europe) Unipessoal, Lda. on 4th March 2021.

ELM CAPITAL HOLDING LIMITED

**DIRECTORS' REPORT (CONTINUED)
FOR THE YEAR ENDED 31 DECEMBER 2020**

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 15 April 2021 and signed on its behalf.

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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 2020, 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 2020 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

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.

ELM CAPITAL HOLDING LIMITED

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

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 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.

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

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.

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 company through discussions with directors and other management, and from our commercial knowledge and experience of the Financial Services sector;
- 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 company, including the Companies Act 2006, taxation legislation and data protection, anti-bribery, employment 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 company'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 Company'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;

ELM CAPITAL HOLDING LIMITED

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

- assessed whether judgements and assumptions made in determining the accounting estimates set out in note 3 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.

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.

Sopher + Co LLP

Chartered Accountants
Statutory Auditors

5 Elstree Gate
Elstree Way
Borehamwood
Hertfordshire
WD6 1JD

15 April 2021

ELM CAPITAL HOLDING LIMITED

CONSOLIDATED STATEMENT OF COMPREHENSIVE INCOME
FOR THE YEAR ENDED 31 DECEMBER 2020

	Note	2020 £	2019 £
Turnover	4	6,605,898	5,259,542
Administrative expenses		(5,606,050)	(4,643,677)
Operating profit	5	999,848	615,865
Interest receivable and similar income	9	35	9,134
Profit before taxation		999,883	624,999
Tax on profit	10	(203,774)	(128,975)
Profit for the financial year		796,109	496,024
Profit for the year attributable to:			
Owners of the parent Company		796,109	496,024
		796,109	496,024

The notes on pages 16 to 28 form part of these financial statements.

ELM CAPITAL HOLDING LIMITED
REGISTERED NUMBER:10081148

CONSOLIDATED STATEMENT OF FINANCIAL POSITION
AS AT 31 DECEMBER 2020

	Note	2020 £	2019 £
Fixed assets			
Intangible assets	11	4,617	5,386
Tangible assets	12	132,900	170,859
		<u>137,517</u>	<u>176,245</u>
Current assets			
Debtors: amounts falling due within one year	14	3,172,434	2,103,837
Cash at bank and in hand		696,672	485,657
		<u>3,869,106</u>	<u>2,589,494</u>
Current liabilities			
Creditors: amounts falling due within one year	15	(2,226,869)	(1,071,621)
Net current assets		<u>1,642,237</u>	<u>1,517,873</u>
Total assets less current liabilities		<u>1,779,754</u>	<u>1,694,118</u>
Provisions for liabilities			
Deferred taxation	16	(6,908)	(9,375)
Net assets		<u><u>1,772,846</u></u>	<u><u>1,684,743</u></u>
Capital and reserves			
Called up share capital	17	201,735	201,735
Share premium account	18	7,578	7,578
Capital redemption reserve	18	65,280	65,280
Profit and loss account	18	1,498,253	1,410,150
		<u><u>1,772,846</u></u>	<u><u>1,684,743</u></u>

The financial statements were approved and authorised for issue by the board and were signed on its behalf on 15 April 2021.

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E Deshormes
Director

The notes on pages 16 to 28 form part of these financial statements.

ELM CAPITAL HOLDING LIMITED
REGISTERED NUMBER:10081148

COMPANY STATEMENT OF FINANCIAL POSITION
AS AT 31 DECEMBER 2020

	Note	2020 £	2019 £
Fixed assets			
Investments	13	209,314	209,314
Current assets			
Debtors: amounts falling due within one year	14	1,111,053	97,215
Cash at bank and in hand		134,595	1,308
		<u>1,245,648</u>	<u>98,523</u>
Current liabilities			
Creditors: amounts falling due within one year	15	(1,252,122)	(362,244)
Net current liabilities		<u>(6,474)</u>	<u>(263,721)</u>
Total assets less current liabilities		<u>202,840</u>	<u>(54,407)</u>
Net assets/(liabilities)		<u><u>202,840</u></u>	<u><u>(54,407)</u></u>
Capital and reserves			
Called up share capital	17	201,735	201,735
Share premium account	18	7,578	7,578
Profit and loss account carried forward		(6,473)	(263,720)
		<u><u>202,840</u></u>	<u><u>(54,407)</u></u>

The financial statements were approved and authorised for issue by the board and were signed on its behalf on 15 April 2021.

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E Deshormes

Director

The notes on pages 16 to 28 form part of these financial statements.

ELM CAPITAL HOLDING LIMITED

CONSOLIDATED STATEMENT OF CHANGES IN EQUITY
FOR THE YEAR ENDED 31 DECEMBER 2020

	Called up share capital	Share premium account	Capital redemption reserve	Profit and loss account	Total equity
	£	£	£	£	£
At 1 January 2020	201,735	7,578	65,280	1,410,150	1,684,743
Profit for the year	-	-	-	796,109	796,109
Preferred Dividends: Equity capital	-	-	-	(24,000)	(24,000)
Gift to Employee Benefit Trust	-	-	-	(684,006)	(684,006)
At 31 December 2020	201,735	7,578	65,280	1,498,253	1,772,846

CONSOLIDATED STATEMENT OF CHANGES IN EQUITY
FOR THE YEAR ENDED 31 DECEMBER 2019

	Called up share capital	Share premium account	Capital redemption reserve	Profit and loss account	Total equity
	£	£	£	£	£
At 1 January 2019	201,735	7,578	65,280	1,047,181	1,321,774
Profit for the year	-	-	-	496,024	496,024
Preferred Dividends: Equity capital	-	-	-	(48,000)	(48,000)
Gift to Employee Benefit Trust	-	-	-	(85,055)	(85,055)
At 31 December 2019	201,735	7,578	65,280	1,410,150	1,684,743

The notes on pages 16 to 28 form part of these financial statements.

ELM CAPITAL HOLDING LIMITED

COMPANY STATEMENT OF CHANGES IN EQUITY
FOR THE YEAR ENDED 31 DECEMBER 2020

	Called up share capital	Share premium account	Profit and loss account	Total equity
	£	£	£	£
At 1 January 2020	201,735	7,578	(263,720)	(54,407)
Profit for the year	-	-	965,254	965,254
Preferred Dividends: Equity capital	-	-	(24,000)	(24,000)
Gift to Employee Benefit Trust	-	-	(684,006)	(684,006)
At 31 December 2020	201,735	7,578	(6,472)	202,841

COMPANY STATEMENT OF CHANGES IN EQUITY
FOR THE YEAR ENDED 31 DECEMBER 2019

	Called up share capital	Share premium account	Profit and loss account	Total equity
	£	£	£	£
At 1 January 2019	201,735	7,578	(94,732)	114,581
Loss for the year	-	-	(35,933)	(35,933)
Preferred Dividends: Equity capital	-	-	(48,000)	(48,000)
Gift to Employee Benefit Trust	-	-	(85,055)	(85,055)
At 31 December 2019	201,735	7,578	(263,720)	(54,407)

The notes on pages 16 to 28 form part of these financial statements.

ELM CAPITAL HOLDING LIMITED

CONSOLIDATED STATEMENT OF CASH FLOWS
FOR THE YEAR ENDED 31 DECEMBER 2020

	2020 £	2019 £
Cash flows from operating activities		
Profit for the financial year	796,109	496,024
Adjustments for:		
Amortisation of intangible assets	769	769
Depreciation of tangible assets	51,919	49,587
Profit on disposal of tangible assets	(153)	-
Interest received	(35)	(9,134)
Taxation charge	203,774	128,975
(Increase)/decrease in debtors	(1,068,594)	1,307,863
Increase/(decrease) in creditors	1,046,920	(1,596,864)
Corporation tax (paid)	(97,917)	(95,069)
Net cash generated from operating activities	932,792	282,151
Cash flows from investing activities		
Purchase of tangible fixed assets	(13,806)	(14,933)
Interest received	35	9,134
Net cash from investing activities	(13,771)	(5,799)
Cash flows from financing activities		
Dividends paid	(24,000)	(48,000)
Gift to Employee Benefit Trust	(684,006)	(85,055)
Net cash used in financing activities	(708,006)	(133,055)
Net increase in cash and cash equivalents	211,015	143,297
Cash and cash equivalents at beginning of year	485,657	342,360
Cash and cash equivalents at the end of year	696,672	485,657
Cash and cash equivalents at the end of year comprise:		
Cash at bank and in hand	696,672	485,657
	696,672	485,657

The notes on pages 16 to 28 form part of these financial statements.

ELM CAPITAL HOLDING LIMITED

NOTES TO THE FINANCIAL STATEMENTS FOR THE YEAR ENDED 31 DECEMBER 2020

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 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 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 2020

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 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 2020

2. Accounting policies (continued)

2.8 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 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.

2.9 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 2020

2. Accounting policies (continued)

2.10 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

2.11 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 Statement of Financial Position 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.

2.12 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.

2.13 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.

ELM CAPITAL HOLDING LIMITED

NOTES TO THE FINANCIAL STATEMENTS
FOR THE YEAR ENDED 31 DECEMBER 2020

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:

	2020 £	2019 £
Intermediation fees	2,252,401	1,833,042
Placement fees	4,353,497	3,426,500
	<u>6,605,898</u>	<u>5,259,542</u>

Analysis of turnover by country of destination:

	2020 £	2019 £
United Kingdom	1,159,041	152,893
Rest of Europe	5,265,664	3,662,380
Rest of the world	181,193	1,444,269
	<u>6,605,898</u>	<u>5,259,542</u>

5. Operating profit

The operating profit is stated after charging:

	2020 £	2019 £
Depreciation of tangible fixed assets	51,919	49,588
Exchange differences	1,066	112,128
Other operating lease rentals	427,999	408,768
Defined contribution pension cost	<u>64,006</u>	<u>59,823</u>

ELM CAPITAL HOLDING LIMITED

NOTES TO THE FINANCIAL STATEMENTS
FOR THE YEAR ENDED 31 DECEMBER 2020

6. Auditors' remuneration

	2020 £	2019 £
Fees payable to the Group's auditor and its associates for the audit of the Group's annual financial statements	<u>21,950</u>	<u>20,000</u>

7. Employees

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

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

	Group 2020 No.	Group 2019 No.	Company 2020 No.	Company 2019 No.
Administration	11	12	-	-
Directors	5	3	5	3
	<u>16</u>	<u>15</u>	<u>5</u>	<u>3</u>

8. Directors' remuneration

	2020 £	2019 £
Directors' emoluments	347,114	341,293
Company contributions to defined contribution pension schemes	<u>6,733</u>	<u>6,000</u>
	<u>353,847</u>	<u>347,293</u>

The highest paid director received remuneration of £212,372 (2019 - £208,877).

9. Interest receivable

	2020 £	2019 £
Other interest receivable	<u>35</u>	<u>9,134</u>

ELM CAPITAL HOLDING LIMITED

NOTES TO THE FINANCIAL STATEMENTS
FOR THE YEAR ENDED 31 DECEMBER 2020

10. Taxation

	2020 £	2019 £
Corporation tax		
Current tax on profits for the year	206,241	133,154
Adjustments in respect of previous periods	-	(1,318)
Deferred tax		
Origination and reversal of timing differences	(2,467)	(2,861)
Taxation on profit on ordinary activities	203,774	128,975

Factors affecting tax charge for the year

The tax assessed for the year is higher than (2019 - higher than) the standard rate of corporation tax in the UK of 19% (2019 - 19%). The differences are explained below:

	2020 £	2019 £
Profit on ordinary activities before tax	999,883	624,999
Profit on ordinary activities multiplied by standard rate of corporation tax in the UK of 19% (2019 - 19%)	189,978	118,750
Effects of:		
Non-tax deductible amortisation of goodwill and impairment	146	146
Expenses not deductible for tax purposes, other than goodwill amortisation and impairment	12,548	12,500
Capital allowances for year in excess of depreciation	3,598	1,758
Adjustments to tax charge in respect of prior periods	-	(1,318)
Book profit on chargeable assets	(29)	-
Deferred tax movement	(2,467)	(2,861)
Total tax charge for the year	203,774	128,975

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 2020

11. Intangible assets

Group and Company

	Goodwill £
Cost	
At 1 January 2020	7,693
At 31 December 2020	<u>7,693</u>
Amortisation	
At 1 January 2020	2,307
Charge for the year on owned assets	<u>769</u>
At 31 December 2020	<u>3,076</u>
Net book value	
At 31 December 2020	<u><u>4,617</u></u>
At 31 December 2019	<u><u>5,386</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 2020

12. Tangible fixed assets

Group

	Short-term leasehold property £	Fixtures and fittings £	Total £
Cost or valuation			
At 1 January 2020	168,717	145,980	314,697
Additions	2,018	11,789	13,807
Disposals	-	(26,695)	(26,695)
At 31 December 2020	170,735	131,074	301,809
Depreciation			
At 1 January 2020	50,169	93,669	143,838
Charge for the year on owned assets	34,012	17,907	51,919
Disposals	-	(26,848)	(26,848)
At 31 December 2020	84,181	84,728	168,909
Net book value			
At 31 December 2020	86,554	46,346	132,900
At 31 December 2019	118,548	52,311	170,859

ELM CAPITAL HOLDING LIMITED

NOTES TO THE FINANCIAL STATEMENTS
FOR THE YEAR ENDED 31 DECEMBER 2020

13. Fixed asset investments

Company

	Investments in subsidiary companies £
Cost or valuation	
At 1 January 2020	209,314
At 31 December 2020	<u>209,314</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 %

14. Debtors

	Group 2020 £	Group 2019 £	Company 2020 £	Company 2019 £
Trade debtors	2,778,172	1,733,631	-	-
Amounts owed by group undertakings	-	-	1,095,864	97,215
Other debtors	272,912	274,608	-	-
Prepayments and accrued income	121,350	95,598	15,189	-
	<u>3,172,434</u>	<u>2,103,837</u>	<u>1,111,053</u>	<u>97,215</u>

ELM CAPITAL HOLDING LIMITED

NOTES TO THE FINANCIAL STATEMENTS
FOR THE YEAR ENDED 31 DECEMBER 2020

15. Creditors: Amounts falling due within one year

	Group 2020 £	Group 2019 £	Company 2020 £	Company 2019 £
Trade creditors	72,765	16,895	-	-
Corporation tax	153,141	44,817	-	-
Other taxation and social security	400,654	289,024	-	-
Other creditors	1,257,652	369,279	1,252,122	362,244
Accruals and deferred income	342,657	351,606	-	-
	<u>2,226,869</u>	<u>1,071,621</u>	<u>1,252,122</u>	<u>362,244</u>

16. Deferred taxation

Group

	2020 £
At beginning of year	(9,375)
Charged to profit or loss	<u>2,467</u>
At end of year	<u>(6,908)</u>
	Group 2020 £
Accelerated capital allowances	<u>(6,908)</u>
	Group 2019 £
	<u>(9,375)</u>

17. Share capital

	2020 £	2019 £
Allotted, called up and fully paid		
111,500 (2019 - 111,500) Ordinary shares of £0.01 each	1,115	1,115
1,000 (2019 - 1,000) Ordinary shares of £0.62 each	620	620
200,000 (2019 - 200,000) Preference shares of £1.00 each	200,000	200,000
	<u>201,735</u>	<u>201,735</u>

ELM CAPITAL HOLDING LIMITED

**NOTES TO THE FINANCIAL STATEMENTS
FOR THE YEAR ENDED 31 DECEMBER 2020**

18. 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 management fee and tax is £3,332,864. It is made up as follows:

Turnover £6,605,898

Administrative Expenses £5,606,050

Operating Profit £3,332,829

Interest £35

Profit before management fee and tax £3,332,864

The management fee for the year payable to Elm Capital LLP is £2,332,981.

19. 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 £64,006 (2019 - £59,823).

20. Commitments under operating leases

At 31 December 2020 the Group and the Company had future minimum lease payments due under non-cancellable operating leases for each of the following periods:

	Group 2020 £	Group 2019 £
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	724,945	1,009,417
	<u>2,147,305</u>	<u>2,431,777</u>

ELM CAPITAL HOLDING LIMITED

**NOTES TO THE FINANCIAL STATEMENTS
FOR THE YEAR ENDED 31 DECEMBER 2020**

21. 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 £2,332,981 (2019: £1,454,237) were invoiced to the company by Elm Capital Partners LLP. Three of the directors are partners in Elm Capital LLP. At the Statement of Financial Position date £1,228,118 (2019: £362,244) was owed to Elm Capital LLP.

22. Controlling party

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

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