

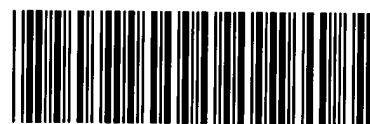
Registered number: 01345933

MICHAEL ELSE AND COMPANY LIMITED

DIRECTORS' REPORT AND FINANCIAL STATEMENTS

FOR THE YEAR ENDED 31 MARCH 2018

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MICHAEL ELSE AND COMPANY LIMITED

COMPANY INFORMATION

Directors	M Else C J Else R Bokszzanin G Ritchie L K Wilson
Company secretary	L K Wilson
Registered number	01345933
Registered office	65 Leadenhall Street London EC3A 2AD
Independent auditors	Moore Stephens LLP 150 Aldersgate Street London EC1A 4AB

MICHAEL ELSE AND COMPANY LIMITED

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MICHAEL ELSE AND COMPANY LIMITED

DIRECTORS' REPORT FOR THE YEAR ENDED 31 MARCH 2018

The directors present their report and the financial statements for the year ended 31 March 2018.

Principal activity

The principal activity is that of a managing general agent (MGA) in the provision of specialised marine insurance products.

Business review

Michael Else and Company Ltd owns the brand and the intellectual property associated with the products that it manages. The brands include:

- The Charterers P&I Club;
- Transmarine;
- CPIC Commodities and Logistics;
- True North

In December 2018 the company signed an agreement, subject to regulatory approval, to purchase Carina which specialises in P&I cover to the owners of smaller ships.

Directors

The directors who served during the year were:

M Else
C J Else
R Bokszczanin
G Ritchie
L K Wilson

Charitable contributions

The company made total charitable donations of £1,167 (2017 - £22,710) during the period.

Directors indemnity insurance

Appropriate directors' and officers' liability insurance cover is in place in respect of all the Company's directors.

MICHAEL ELSE AND COMPANY LIMITED

**DIRECTORS' REPORT (CONTINUED)
FOR THE YEAR ENDED 31 MARCH 2018**

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'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's auditors are aware of that information.

Small companies note

In preparing this report, the directors have taken advantage of the small companies exemptions provided by section 415A of the Companies Act 2006.

The Company is exempt from the requirement to prepare group accounts for the financial year under the Companies Act 399(2A)(a)(i) as the group headed by the company qualifies as small.

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



L K Wilson
Director

Date: 21.2.2018

MICHAEL ELSE AND COMPANY LIMITED

**DIRECTORS' RESPONSIBILITIES STATEMENT
FOR THE YEAR ENDED 31 MARCH 2018**

The directors are responsible for preparing the Directors' report and the financial statements in accordance with applicable law and regulations.

Company law requires the directors to prepare financial statements for each financial year. Under that law the directors have elected to prepare the financial statements in accordance with 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 of the profit or loss of the Company for that period.

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

- select suitable accounting policies for the Company's financial statements and then apply them consistently;
- make judgments and accounting estimates that are reasonable and prudent;
- prepare the financial statements on the going concern basis unless it is inappropriate to presume that the Company will continue in business.

The directors are responsible for keeping adequate accounting records that are sufficient to show and explain the Company's transactions and disclose with reasonable accuracy at any time the financial position of the Company 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 hence for taking reasonable steps for the prevention and detection of fraud and other irregularities.

MICHAEL ELSE AND COMPANY LIMITED

INDEPENDENT AUDITORS' REPORT TO THE SHAREHOLDERS OF MICHAEL ELSE AND COMPANY LIMITED

Opinion

We have audited the financial statements of Michael Else and Company Limited (the 'Company') for the year ended 31 March 2018, which comprise the Statement of Comprehensive Income, the Statement of Financial Position, the 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 Company's affairs as at 31 March 2018 and of its 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 Company 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 ethical responsibilities in accordance with these requirements. We believe that the audit evidence we have obtained is sufficient and appropriate to provide a basis for our opinion

Conclusions relating to going concern

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

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

Other information

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

MICHAEL ELSE AND COMPANY LIMITED

INDEPENDENT AUDITORS' REPORT TO THE SHAREHOLDERS OF MICHAEL ELSE AND COMPANY LIMITED (CONTINUED)

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 Directors' Report for the financial year for which the financial statements are prepared is consistent with the financial statements; and
- the Directors' Report has 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 Company and its environment obtained in the course of the audit, we have not identified material misstatements in 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, or returns adequate for our audit have not been received from branches not visited by us; or
- the 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; or
- the directors were not entitled to prepare the financial statements in accordance with the small companies regime and take advantage of the small companies' exemptions in preparing the Directors' report and from the requirement to prepare a Strategic report.

Responsibilities of directors

As explained more fully in the Directors' responsibilities statement 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 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 Company or to cease operations, or have no realistic alternative but to do so.

MICHAEL ELSE AND COMPANY LIMITED

INDEPENDENT AUDITORS' REPORT TO THE SHAREHOLDERS OF MICHAEL ELSE AND COMPANY LIMITED (CONTINUED)

Auditors' responsibilities for the audit of the financial statements

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

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

Use of our report

This report is made solely to the Company's members, as a body, in accordance with Chapter 3 of Part 16 of the Companies Act 2006. Our audit work has been undertaken so that we might state to the Company's members those matters we are required to state to them in an Auditors' report and for no other purpose. To the fullest extent permitted by law, we do not accept or assume responsibility to anyone other than the Company and the Company's members, as a body, for our audit work, for this report, or for the opinions we have formed.



Rupert Livingstone (Senior Statutory Auditor)

for and on behalf of
Moore Stephens LLP, Statutory Auditor

150 Aldersgate Street
London
EC1A 4AB

Date: 21 December 2018

MICHAEL ELSE AND COMPANY LIMITED

STATEMENT OF COMPREHENSIVE INCOME
FOR THE YEAR ENDED 31 MARCH 2018

	Note	2018 £	2017 £
Turnover	4	5,890,306	5,901,307
Gross profit		5,890,306	5,901,307
Administrative expenses		(5,717,389)	(5,755,446)
Other operating income	5	12,684	86,764
Operating profit	6	185,601	232,625
Interest receivable and similar income		4,379	305
Profit before tax		189,980	232,930
Tax on profit	8	(85,831)	(63,498)
Profit for the financial year		104,149	169,432
Cash flow hedge movement		866,004	(870,518)
Other comprehensive income for the year		866,004	(870,518)
Total comprehensive income for the year		970,153	(701,086)

The notes on pages 10 to 20 form part of these financial statements.

MICHAEL ELSE AND COMPANY LIMITED
REGISTERED NUMBER: 01345933

STATEMENT OF FINANCIAL POSITION
AS AT 31 MARCH 2018

	Note	2018 £	2017 £
Fixed assets			
Tangible assets	9	6,021	13,389
Investments	10	627	627
		<u>6,648</u>	<u>14,016</u>
Current assets			
Debtors: amounts falling due within one year	11	7,880,740	7,245,149
Cash at bank and in hand	12	663,823	1,248,922
		<u>8,544,563</u>	<u>8,494,071</u>
Creditors: amounts falling due within one year	13	(5,824,491)	(6,751,520)
Net current assets		<u>2,720,072</u>	<u>1,742,551</u>
Total assets less current liabilities		<u>2,726,720</u>	<u>1,756,567</u>
Net assets		<u><u>2,726,720</u></u>	<u><u>1,756,567</u></u>
Capital and reserves			
Called up share capital	16	42,060	42,060
Foreign exchange reserve		(4,514)	(870,518)
Profit and loss account		2,689,174	2,585,025
		<u>2,726,720</u>	<u>1,756,567</u>

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

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


L K Wilson
 Director

Date: 21/12/2018

The notes on pages 10 to 20 form part of these financial statements.

MICHAEL ELSE AND COMPANY LIMITED

**STATEMENT OF CHANGES IN EQUITY
FOR THE YEAR ENDED 31 MARCH 2018**

	Called up share capital £	Hedge reserve £	Profit and loss account £	Total equity £
At 1 April 2016	42,060	-	2,415,593	2,457,653
Profit for the year	-	-	169,432	169,432
Cash flow hedge	-	(870,518)	-	(870,518)
Total comprehensive income for the year	-	(870,518)	169,432	(701,086)
At 1 April 2017	42,060	(870,518)	2,585,025	1,756,567
Profit for the year	-	-	104,149	104,149
Cash flow hedge	-	866,004	-	866,004
Total comprehensive income for the year	-	866,004	104,149	970,153
At 31 March 2018	42,060	(4,514)	2,689,174	2,726,720

The notes on pages 10 to 20 form part of these financial statements.

MICHAEL ELSE AND COMPANY LIMITED

**NOTES TO THE FINANCIAL STATEMENTS
FOR THE YEAR ENDED 31 MARCH 2018**

1. General information

The financial statements are presented in Pounds Sterling (GBP), the company's functional currency. They comprise the financial statements of the company for the year ended 31 March 2018 and are presented to the nearest pound.

The company's principal activity is that of a managing general agent (MGA) in the provision of specialised marine insurance products.

The Company is a United Kingdom private limited company limited by shares and is incorporated in England and Wales. It's registered number is 01345933. The address of its registered office is 65 Leadenhall Street, London, EC3A 2AD.

2. Accounting policies

2.1 Basis of preparation of financial statements

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

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

The following principal accounting policies have been applied:

2.2 Turnover

Turnover represents commission receivable on a time on risk basis and management fees from insurance operations for which the company has managerial responsibility. Commissions are recognised over the period of the underlying policies and claims. Profit commission is calculated based on available data at each year end.

2.3 Tangible fixed assets

Tangible fixed assets 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.

MICHAEL ELSE AND COMPANY LIMITED

**NOTES TO THE FINANCIAL STATEMENTS
FOR THE YEAR ENDED 31 MARCH 2018**

2. Accounting policies (continued)

2.3 Tangible fixed assets (continued)

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

Depreciation is provided on the following basis:

Fixtures & Fittings	- 20% straight line
Computer Equipment	- 25-33% straight line/reducing balance

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

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

2.4 Financial instruments

Financial instruments are recognised in the Statement of Financial Position when the company becomes party to the contractual provisions of the instrument. Financial instruments are initially measured at transaction price unless the arrangement constitutes a financing transaction which includes transaction costs for financial instruments not subsequently measured at fair value. Subsequent to initial recognition, they are measured as set out below. A financing transaction is measured at the present value of the future payments discounted at a market rate of interest for a similar debt instrument.

Classification

Financial instruments are classified as either 'basic' or 'other' in accordance with Chapter 11 of FRS 102.

Subsequent measurement

Loans and receivables are measured at amortised cost, using the effective interest method. Trade debtors and trade payables are recognised at the undiscounted amount owed by the customer or to the supplier, which is normally the invoice amount because these are expected to be settled within 12 months and the discounting is not material.

2.5 Investments

Investments in subsidiaries are measured at cost less accumulated impairment.

Investments in unlisted company shares, whose market value can be reliably determined, are remeasured to market value at each reporting date. Gains and losses on remeasurement are recognised in the Statement of Comprehensive Income for the period. Where market value cannot be reliably determined, such investments are stated at historic cost less impairment.

2.6 Debtors

Short term debtors are measured at transaction price, less any impairment. Loans receivable are measured initially at cost, including transaction costs, and are measured subsequently at amortised cost using the effective interest method, less any impairment.

MICHAEL ELSE AND COMPANY LIMITED

**NOTES TO THE FINANCIAL STATEMENTS
FOR THE YEAR ENDED 31 MARCH 2018**

2. Accounting policies (continued)

2.7 Cash and cash equivalents

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

2.8 Creditors

Short term creditors are measured at the transaction price. Other financial liabilities, including bank loans, are measured initially at cost, including transaction costs, and are measured subsequently at amortised cost using the effective interest method.

2.9 Hedge accounting

The Company's activities expose it to the financial risks of changes in foreign exchange rates.

The use of financial derivatives is governed by the Company's policies approved by the Directors, which provide principles on the use of financial derivatives consistent with the company's risk management strategy.

Derivative financial instruments are initially measured at fair value on the contract date and are subsequently re-measured to fair value at each reporting date. The Company designates certain derivatives as hedges of the variability in cash flows that is attributable to highly probable forecast transactions ("cash flow hedges"). Hedge accounting is discontinued when the hedging instrument expires or is sold, terminated or exercised, or no longer qualifies for hedge accounting.

At each reporting date to the extent the cash flow hedge is effective, movements in fair value are recognised in other comprehensive income and presented in a separate cash flow hedge reserve.

Any ineffective portions of those movements are recognised in profit or loss for the year.

2.10 Foreign currencies

Monetary assets and liabilities denominated in foreign currencies are translated into sterling at rates of exchange ruling at the reporting date.

Transactions in foreign currencies are translated into sterling at the rate ruling on the date of the transaction.

Exchange gains and losses are recognised in the profit or loss.

2.11 Operating leases

Rentals paid under operating leases are charged to the 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.

MICHAEL ELSE AND COMPANY LIMITED

**NOTES TO THE FINANCIAL STATEMENTS
FOR THE YEAR ENDED 31 MARCH 2018**

2. Accounting policies (continued)

2.12 Pensions

The company operates a defined contribution pension scheme and the pension charge represents the amounts payable by the company to the funds in respect of the year.

2.13 Interest income

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

2.14 Deferred taxation

Full provision is made for deferred tax assets and liabilities arising from all timing differences between the recognition of gains and losses in the financial statements and recognition in the tax computation.

A net deferred tax asset is recognised only if it can be regarded as more likely than not that there will be suitable taxable profits from which the future reversal of the underlying timing differences can be deducted.

Deferred tax assets and liabilities are calculated at the tax rates expected to be effective at the time the timing differences are expected to reverse.

Deferred tax assets and liabilities are not discounted.

3. Judgements in applying accounting policies and key sources of estimation uncertainty

In preparing the financial statements, management is required to make estimates and assumptions which affect reported income, expenses, assets, liabilities and disclosure of contingent assets and liabilities. Use of available information and application of judgement are inherent in the formation of estimates, together with past experience and expectations of future events that are believed to be reasonable under the circumstances. Actual results in the future could differ from such estimates.

4. Turnover

All turnover arose within the United Kingdom.

5. Other operating income

	2018	2017
	£	£
Sundry income	12,684	23,007
Profit on disposal of fixed asset investments	-	63,757
	12,684	86,764

MICHAEL ELSE AND COMPANY LIMITED

**NOTES TO THE FINANCIAL STATEMENTS
FOR THE YEAR ENDED 31 MARCH 2018**

6. Operating profit

The operating profit is stated after charging:

	2018	2017
	£	£
Depreciation of tangible fixed assets	7,368	7,593
Fees payable to the Company's auditor and its associates for the audit of the Company's annual financial statements	36,725	39,377
Exchange differences	530,663	203,447
Other operating lease rentals	151,517	139,306
Defined contribution pension cost	121,131	155,889

7. Employees

The average monthly number of employees, including directors, during the year was 28 (2017 - 28).

8. Taxation

	2018	2017
	£	£
Corporation tax		
Current tax on profits for the year	47,333	63,498
Under provision in previous year	38,498	-
	85,831	63,498
Total current tax	85,831	63,498

Factors affecting tax charge for the year

During the year the tax charge was impacted by an under provision in previous years. Current tax reflect UK standard rate of 19% (2017 - 20%).

Factors that may affect future tax charges

There were no factors that may affect future tax charges.

MICHAEL ELSE AND COMPANY LIMITED

NOTES TO THE FINANCIAL STATEMENTS
FOR THE YEAR ENDED 31 MARCH 2018

9. Tangible fixed assets

	Other Fixed Assets £
Cost or valuation	
At 1 April 2017	374,706
At 31 March 2018	374,706
Depreciation	
At 1 April 2017	361,317
Charge for the year on owned assets	7,368
At 31 March 2018	368,685
Net book value	
At 31 March 2018	6,021
At 31 March 2017	13,389

10. Fixed asset investments

	Unlisted Investments £
Cost or valuation	
At 1 April 2017	627
At 31 March 2018	627
Net book value	
At 31 March 2018	627
At 31 March 2017	627

MICHAEL ELSE AND COMPANY LIMITED

**NOTES TO THE FINANCIAL STATEMENTS
FOR THE YEAR ENDED 31 MARCH 2018**

10. Fixed asset investments (continued)

Subsidiary undertakings

The following were subsidiary undertakings of the Company:

Name	Country of incorporation	Class of shares	Holding
Michael Else & Company (HK) Limited	Hong Kong	Ordinary	100 %

11. Debtors

	2018 £	2017 £
Trade debtors	1,506,648	1,263,244
Amounts owed by group undertakings	5,917,764	5,439,213
Other debtors	434,001	340,568
Prepayments and accrued income	-	179,797
Deferred taxation	22,327	22,327
	<u>7,880,740</u>	<u>7,245,149</u>

12. Cash and cash equivalents

	2018 £	2017 £
Cash at bank and in hand	663,823	1,248,922
	<u>663,823</u>	<u>1,248,922</u>

MICHAEL ELSE AND COMPANY LIMITED

**NOTES TO THE FINANCIAL STATEMENTS
FOR THE YEAR ENDED 31 MARCH 2018**

13. Creditors: Amounts falling due within one year

	2018 £	2017 £
Trade creditors	50,543	3,241
Amounts owed to group undertakings	3,552,027	3,107,246
Corporation tax	40,324	-
Other taxation and social security	68,952	63,339
Accruals and deferred income	2,108,131	2,707,176
Hedging instruments	4,514	870,518
	<u>5,824,491</u>	<u>6,751,520</u>

14. Financial instruments

	2018 £	2017 £
Financial assets		
Financial assets measured at fair value through profit or loss	<u>664,450</u>	<u>1,249,549</u>

Financial assets measured at fair value through profit or loss comprise of cash at bank and in hand.

15. Deferred taxation

	2018 £	2017 £
At beginning of year	22,327	22,327
At end of year	<u>22,327</u>	<u>22,327</u>

The deferred tax asset is made up as follows:

	2018 £	2017 £
Accelerated capital allowances	22,327	22,327
	<u>22,327</u>	<u>22,327</u>

MICHAEL ELSE AND COMPANY LIMITED

**NOTES TO THE FINANCIAL STATEMENTS
FOR THE YEAR ENDED 31 MARCH 2018**

16. Share capital

	2018	2017
	£	£
Authorised, allotted, called up and fully paid		
42,060 (2017 - 42,060) Ordinary shares of £1.00 each	42,060	42,060

17. Pension commitments

The company makes contributions to various defined contributions pension schemes. The assets of the schemes are held separately from those of the company in independently administered funds. The pension cost charge represents contributions payable by the company to the funds and amounted to £121,131 (2017 - £155,889). There were no contributions (2017 - £nil) prepaid to the funds at year end. At year end the amount due to the fund was £11,800 (2017 - £67,022).

18. Commitments under operating leases

At 31 March 2018 the Company had future minimum lease payments under non-cancellable operating leases as follows:

	2018	2017
	£	£
Less than 1 year	176,510	34,420
Between 2 and 5 years	625,807	-
	802,317	34,420

MICHAEL ELSE AND COMPANY LIMITED

NOTES TO THE FINANCIAL STATEMENTS FOR THE YEAR ENDED 31 MARCH 2018

19. Related party transactions

During the year, the Company incurred a management fee from its wholly owned subsidiary Michael Else & Company (HK) Limited of £500,000 (2017 - £600,000) for claims services carried out on behalf of the Company. Staff costs and other office expenses of £483,384 (2017 - £553,734) were incurred by the Company on behalf of its subsidiary. At the year end a balance of £3,552,026 (2017 - £3,058,902) was due to Michael Else & Company (HK) Limited.

A further management fee of £50,000 (2017 - £300,000) was paid to the Company's ultimate parent, The MECO Group Ltd (formerly Sextant Marine Risk Management Limited). During the year, the Company paid professional fees and the Corporation Tax Liability on behalf of its parent totalling £12,505 (2017 - £16,385). At the year end a balance of £3,185,756 (2017 - £3,223,252) was due from The MECO Group Ltd.

A further management fee of £1,280,000 (2017 - £1,150,000) was paid to The MECO Group DMCC (formerly Sextant Marine Risk Management DMCC) a company under common control. Staff costs and other office expenses of £1,192,120 (2017 - £1,123,515) were incurred by the Company on behalf of Sextant Marine Risk Management Limited DMCC. At the year end a balance of £39,540 (2017 - £48,344) was owed to Sextant Marine Risk Management Limited DMCC.

At the year end, an amount of £128,256 (2017 - £128,656) is due from the Company's Immediate parent Michael Else and Company (Holdings) Limited.

At the year end, an amount of £2,564,214 (2017 - £2,087,705) is due from the Michael Else & Co Shanghai Representative office.

An amount of £250,000 (2017 - £250,000) is due from Christopher Else, a director. The loan amount is repayable on demand and the loan accrues interest of 4% per annum. Interest income of £10,000 (2017 - £10,000) is included within other operating income.

20. Debenture facility

The company entered into a debenture agreement on 02 February 2016 which provides a guarantee to Lloyds Bank Plc in respect of any future loans or liabilities arising from forward contracts entered into. The debenture provides a floating charge over all group assets on all their assets. At 31 March 2018 there was no amount payable on this agreement.

21. Ultimate parent undertaking and controlling party

The ultimate parent undertaking and controlling party at the year end was The MECO Group Limited, the parent of both the smallest and largest group of which the company was a member. Copies of the financial statements of The MECO Group Limited can be obtained from the registered office of the company.

The controlling party of the group was C Else Esq.

MICHAEL ELSE AND COMPANY LIMITED

**NOTES TO THE FINANCIAL STATEMENTS
FOR THE YEAR ENDED 31 MARCH 2018**

22. Subsidiary undertaking

The following was a subsidiary undertaking of the Company:

Name	Country of incorporation	Class of shares	Holding
Michael Else & Company (HK) Limited	Hong Kong	Ordinary	100 %

23. Post balance sheet events

On 6 December 2018 the company signed an agreement, subject to regulatory approval, to purchase Carina which specialises in P&I cover to the owners of smaller ships.