

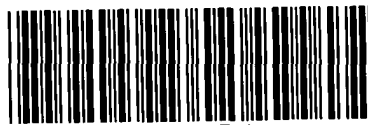
Elatel Holdings Limited

**Directors' report and financial
statements**

Registered number 3467925

31 March 2016

TUESDAY



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Directors' report

The directors present their directors' report and audited financial statements for the year ended 31 March 2016.

Principal activity

The principal activity of the company during the year was to act as a holding company.

Dividends

The directors do not recommend the payment of a final dividend in respect of the company's ordinary shares (2015: *Nil*).

Directors

The directors who held office during the year and up to the date of approval of these financial statements were as follows:

A de Watteville (Resigned 25 November 2016)

P Blackburn

P Galligan (Appointed 30 November 2016)

Political donations

Neither the Company nor any of its subsidiaries made any political donations or incurred any political expenditure during the year.

Disclosure of information to the auditor

The directors who held office at the date of approval of this directors' report confirm that, so far as they are each aware, there is no relevant audit information of which the Company's auditor is unaware; and each director has taken all the steps that he ought to have taken as a director to make himself aware of any relevant audit information and to establish that the Company's auditor is aware of that information.

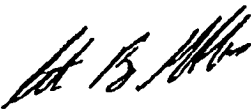
Auditor

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

Small company provisions

This report has been prepared in accordance with the provisions applicable to companies subject to the small companies' regime.

By order of the board



P Galligan
Director

Elatel House
Crosby Way
Farnham
Surrey
GU9 7XX

Statement of directors' responsibilities in respect of the Directors' Report and the financial statements

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 they have elected to prepare the financial statements in accordance with applicable law and the Financial Reporting Standard for Smaller Entities (Effective January 20015) (UK Generally Accepted Accounting Practice applicable to Smaller Entities).

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 and then apply them consistently;
- make judgements and estimates that are reasonable and prudent; and
- 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 enable them to ensure that the financial statements comply with the Companies Act 2006. They have general responsibility for taking such steps as are reasonably open to them to safeguard the assets of the company and to prevent and detect fraud and other irregularities.



KPMG LLP

Arlington Business Park
Theale
Reading
RG7 4SD
United Kingdom

Independent auditor's report to the members of Elateral Holdings Limited

We have audited the financial statements of Elateral Holdings Limited for the year ended 31 March 2016 set out on pages 5 to 12. The financial reporting framework that has been applied in their preparation is applicable law and the Financial Reporting Standard for Smaller Entities (Effective January 2015) (UK Generally Accepted Accounting Practice applicable to Smaller Entities).

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 auditor's 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.

Respective responsibilities of directors and auditor

As explained more fully in the Directors' Responsibilities Statement set out on page 2, the directors are responsible for the preparation of the financial statements and for being satisfied that they give a true and fair view. Our responsibility is to audit, and express an opinion on, the financial statements in accordance with applicable law and International Standards on Auditing (UK and Ireland). Those standards require us to comply with the Auditing Practices Board's Ethical Standards for Auditors.

Scope of the audit of the financial statements

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

Opinion on financial statements

In our opinion the financial statements:

- give a true and fair view of the state of the company's affairs as at 31 March 2016 and of its loss for the year then ended;
- have been properly prepared in accordance with UK Generally Accepted Accounting Practice applicable to Smaller Entities; and
- have been prepared in accordance with the requirements of the Companies Act 2006.

Opinion on other matter prescribed by the Companies Act 2006

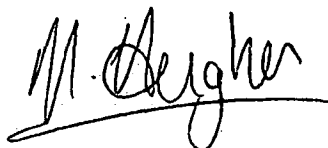
In our opinion the information given in the Directors' Report for the financial year for which the financial statements are prepared is consistent with the financial statements.

Independent auditor's report to the members of Elateral Holdings Limited
(continued)

Matters on which we are required to report by exception

We have nothing to report in respect of the following matters where the Companies Act 2006 requires us to report to you if, in our opinion:

- adequate accounting records have not been kept, 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 and the directors' report in accordance with the small companies regime and take advantage of the small companies exemption from the requirement to prepare a strategic report.



Neil Hughes (Senior Statutory Auditor)
for and on behalf of KPMG LLP, Statutory Auditor
Chartered Accountants
Reading

3 March 2017

Profit and Loss Account
for the year ended 31 March 2016

	<i>Note</i>	2016 £'000	2015 £'000
Administrative expenses		(104)	(90)
Loss on ordinary activities before taxation		(104)	(90)
Tax on loss on ordinary activities	<i>4</i>	-	-
Loss for the financial year	<i>10</i>	(104)	(90)

The results for the current and preceding year all relate to continuing activities.

There have been no recognised gains and losses for the current financial year or the prior financial period other than as stated in the profit and loss account and, accordingly, no separate statement of total recognised gains and losses is presented.

The notes on pages 7 to 12 form part of these financial statements.

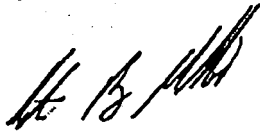
Balance Sheet
At 31 March 2016

	<i>Note</i>	2016		2015	
		£'000	£'000	£'000	£'000
Fixed assets					
Investments	5		6,241		6,241
Current assets					
Debtors	6	15		45	
Creditors: amounts falling due within one year	7	(376)		(302)	
Net current liabilities			(361)		(257)
Net assets			5,880		5,984
Capital and reserves					
Called up share capital	8		6,895		6,895
Share premium account	9		14,964		14,964
Profit and loss account	9		(15,979)		(15,875)
Shareholders' funds	10		5,880		5,984

The notes on pages 7 to 12 form part of these financial statements.

These financial statements have been prepared in accordance with the provisions applicable to companies subject to the small companies' regime and with the Financial Reporting Standard for Smaller Entities (Effective January 2015).

These financial statements were approved by the board of directors on 2 march 2017 and were signed on its behalf by:



P. Galligan
 Director

Registered number 3467925

Notes (forming part of the financial statements)

1 Accounting policies

The following accounting policies have been applied consistently in dealing with items which are considered material in relation to the financial statements, except as noted below.

Basis of preparation

The financial statements have been prepared in accordance with the Financial Reporting Standard for Smaller Entities (Effective January 2015) and under the historical cost accounting rules.

The Company is exempt by virtue of s400 of the Companies Act 2006 from the requirement to prepare group financial statements. These financial statements present information about the Company as an individual undertaking and not about its group. The consolidated financial statements of Elateral Group Ltd are available to the public and may be obtained from Unit 4 Millennium Centre, Crosby Way, Farnham, Surrey, GU9 7XX.

Going concern

The company is an intermediate holding company and has net assets and very limited ongoing commitments. Therefore, at the date of approval of the financial statements, the directors have no reason to believe that the company will not be able to continue in operational existence for the foreseeable future and hence the financial statements are prepared on a going concern basis. The financial statements do not include any adjustments that would result from the basis of preparation being inappropriate.

Taxation

The charge for taxation is based on the profit or loss for the year and takes into account taxation deferred because of timing differences between the treatment of certain items for taxation and accounting purposes.

Deferred tax is recognised, without discounting, in respect of all timing differences between the treatment of certain items for taxation and accounting purposes which have arisen but not reversed by the balance sheet date.

Foreign currencies

Transactions in foreign currencies are translated into sterling at the rate of exchange ruling at the date of the transaction. Monetary assets and liabilities in foreign currencies are translated into sterling at the rates of exchange ruling at the balance sheet date. Exchange differences are included in the profit and loss account.

Permanent loans advanced by the parent company to a subsidiary undertaking which are denominated in a foreign currency are maintained at their historic rate and not retranslated.

Investments

Investments in subsidiary undertakings are stated at cost, less amounts written off, if any.

Financial instruments

Financial instruments are classified and accounted for, according to the substance of the contractual arrangement, as either financial assets, financial liabilities or equity instruments. An equity instrument is any contract that evidences a residual interest in the assets of the company after deducting all of its liabilities.

Notes (continued)

2 Notes to the profit and loss account

Loss on ordinary activities before taxation is stated after charging:

Auditor's remuneration:

	2016 £'000	2015 £'000
Audit of these financial statements	2	2
	2	2

3 Directors' remuneration

The directors' aggregate remuneration in respect of qualifying services was:

	2016 £'000	2015 £'000
Directors' emoluments	177	308
Company contributions to money purchase pension schemes	33	77
	210	385
	210	385

Remuneration of highest paid director:

	2016 £'000	2015 £'000
Total emoluments (excluding pension contributions)	154	170
Company contributions to money purchase schemes	31	32
	185	202
	185	202

The number of directors to whom retirement benefits are accruing under the money purchase scheme during the year ended 31 March 2016 was 2 (2015:2).

The directors of the company are also directors of other group companies. The directors' services to the company do not occupy a significant amount of their time. As such the directors do not consider that they received any remuneration for their incidental services to the company for the years ended 31 March 2016 and 31 March 2015. The amounts included above represent amounts paid to the directors by the company's subsidiary in respect of services rendered to the subsidiary.

Notes (continued)

4 Taxation on loss on ordinary activities

There was no current or deferred tax for the year or the prior year.

Factors affecting the tax charge for the current period

The current tax credit for the period is lower (2015: lower) than the standard rate of corporation tax in the UK of 20% (2015: 21%). The differences are explained below.

	2016	2015
	£'000	£'000
<i>Current tax reconciliation</i>		
Loss on ordinary activities before tax	(104)	(90)
	<hr/>	<hr/>
Current tax at 20% (2015: 21%)	(22)	(19)
<i>Effects of:</i>		
Losses carried forward	22	19
	<hr/>	<hr/>
Total current tax (see above)	-	-
	<hr/>	<hr/>

The unrecognised deferred tax asset in respect of UK trading losses and capital allowances versus depreciation was £152,000 (2015: £149,000). No deferred tax asset is recognised in respect of these losses as there is insufficient evidence that they will be recovered.

Reductions in the UK corporation tax rate from 23% to 21% (effective from 1 April 2014) and 20% (effective from 1 April 2015) were substantively enacted on 2 July 2013. Further reductions to 19% (effective from 1 April 2017) and to 18% (effective 1 April 2020) were substantively enacted on 26 October 2015, and an additional reduction to 17% (effective from 1 April 2020) was substantively enacted on 6 September 2016. These reductions will reduce the company's unrecognised deferred tax asset accordingly.

Notes (continued)

5 Investments

	Shares in group companies £'000	Loan to group company £'000	Other £'000	Total £'000
<i>Cost</i>				
At 1 April 2015 and 31 March 2016	1,201	5,000	40	6,241
<i>Amounts written off</i>				
At 1 April 2015 and 31 March 2016	-	-	-	-
<i>Net book value</i>				
At 31 March 2016	1,201	5,000	40	6,241
At 31 March 2015	1,201	5,000	40	6,241

Subsidiary undertaking	Country of incorporation	Holding	Proportion of voting rights	Nature of business
Elateral Trustees Limited	England	Ordinary shares	100%	Employee share ownership Trust
Elateral Inc	USA	Ordinary shares	100%	Sales of marketing solutions
Elateral GmbH	Germany	Ordinary shares	100%	Sales of marketing solutions
Elateral Limited	England	Ordinary shares	100%	Software development and sales

All subsidiaries are directly owned by Elateral Holdings Limited.

The loan to group company is a permanent loan considered to be part of the original funding of the subsidiary.

The other investment represents a loan to Elateral Trustees Limited.

6 Debtors

	2016 £'000	2015 £'000
Other debtors and prepayments	15	45
	15	45

Notes (continued)

7 Creditors: amounts falling due within one year

	2016 £'000	2015 £'000
Trade creditors	136	111
Accruals and deferred income	106	44
Amount owed to group undertakings	134	147
	376	302
	376	302

8 Share capital

Allotted, called up and fully paid

	2016 £'000	2015 £'000
6,895,052,866 Ordinary shares of £0.001 each (2015: 6,895,052,866)	6,895	6,895
	6,895	6,895
	6,895	6,895

9 Reserves

	Share premium account £'000	Profit and loss account £'000
At beginning of year	14,965	(15,875)
Loss for the year	-	(104)
	14,965	(15,979)
At end of year	14,965	(15,979)

Notes (continued)

10 Reconciliation of movements in shareholders' funds

	2016 £'000	2015 £'000
Loss for the year	(104)	(90)
Net reduction to shareholders' funds	(104)	(90)
Opening shareholders' funds	5,984	6,074
Closing shareholders' funds	5,880	5,984

11 Related party transactions

Included in consultancy fees is £30,000 (2015: £30,000) payable to Albion Ventures LLP and LMS Capital Plc who manage the institutional investor shareholdings in Elateral Group Limited.

12 Ultimate controlling party

The immediate and ultimate parent company and ultimate controlling party is Elateral Group Limited, a company registered in England and Wales. Copies of the directors' report and financial statements of Elateral Group Limited can be obtained from the company secretary at the registered office address.