

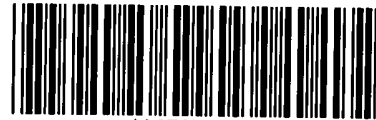
Elateral Holdings Limited

Annual report and financial statements

Registered number 3467925

31 March 2017

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Strategic report

Overview

The Directors present the Strategic report, Directors' report and the financial statements of Elateral Holdings Limited (the 'Company') for the year ended 31 March 2017.

The principal activity of the Company during the year was to act as an intermediate holding company. The Company has minimal activities and its financial position is therefore dependent on the financial position of the rest of the Elateral group (the 'Group').

Business review and results

The following table summarises key performance indicator used by the Directors to assess the performance of the Company as of the dates indicated.

	2017 £000	2016 £000
Net assets	5,752	5,880
Operating loss	128	104

Principal risks and uncertainties

The Company is exposed through the operations of the Group to the following risks:

- Technology risk
- Foreign exchange risk
- Going concern and liquidity risk

The Company and Group are exposed to risks facing software businesses. This section describes the Company's objectives and policies and procedures for managing those risks.

There have been no substantive changes in the Company's exposure to these risks or methods to measure them from the prior period, unless otherwise stated in this section.

Technology risk

Client requirements and the technological environment in which we operate is constantly changing. The Group is continuing to invest heavily in technology and innovations in order to drive client satisfaction and win new business.

Foreign exchange risk

A significant percentage of the Group's revenue is derived in US Dollars, whilst most of its cost base, is in Pound Sterling. Hence there is a risk that the relative strength of the two currencies could impact revenues and profitability of the Group. Accordingly, the Directors closely monitor fluctuations in the exchange rate.

Strategic report (continued)

Going concern risk

The Company's financial position is dependent on the financial condition of the rest of the group.

The Group has remained compliant during the year to 31 March 2017 with all covenants contained in all funding documents. Furthermore, the Board has reviewed the Group's latest forecasts and the Directors have reasonable expectation that the Company and the Group have adequate resources to continue in operational existence for the foreseeable future. Accordingly, we continue to adopt the going concern basis in preparing the annual report and financial statements.

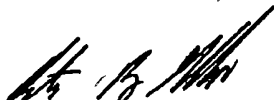
Financial position

The balance sheet continues to show investments in the group companies. The Directors consider the value of the Group's intellectual property to exceed the carrying value of investments, therefore do not deem any impairment necessary.

Financial outlook

The ongoing group strategy remains to drive shareholder value by extending technology leadership through innovative platform capabilities and delivery of high value services. We intend to continue to expand via existing sales pipeline and forging new strategic partnerships in business development and solution delivery.

By order of the board



P Galligan
Director

14 September 2017

Directors' report

The Directors present their directors' report and audited financial statements for the year ended 31 March 2017.

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)

Proposed dividend

The Directors do not recommend the payment of a dividend (2016: *£nil*).

Employment policies

It is Company policy, where possible, to provide employment opportunities for disabled people. Staff who become disabled are supported in continuing employment through identification of suitable jobs and the provision of necessary retraining.

Political donations

The company did not make any political donations or incurred any political expenditure during this or the previous financial year.

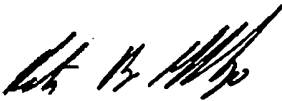
Disclosure of information to the auditor

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.

By order of the board



P Galligan
Director

Elatel House
Crosby Way
Farnham
Surrey
GU9 7XX

Statement of Directors' responsibilities in respect of the Strategic report, the Directors' report and the financial statements

The directors are responsible for preparing the Strategic Report, 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 UK Accounting Standards and applicable law (UK Generally Accepted Accounting Practice)[, including FRS 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 and then apply them consistently;
- make judgements and 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; 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.

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 2017 set out on pages 7 to 14. The financial reporting framework that has been applied in their preparation is applicable law and UK Accounting Standards (UK Generally Accepted Accounting Practice), including FRS 102 *The Financial Reporting Standard applicable in the UK and Republic of Ireland*.

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 4, 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 2017 and of its loss for the year then ended;
- have been properly prepared in accordance with UK Generally Accepted Accounting Practice; and
- have been prepared in accordance with the requirements of the Companies Act 2006.

Opinion on other matters prescribed by the Companies Act 2006

In our opinion the information given in the Strategic Report and the Directors' Report for the financial year is consistent with the financial statements.

Based solely on the work required to be undertaken in the course of the audit of the financial statements and from reading the Strategic report and the Directors' report:

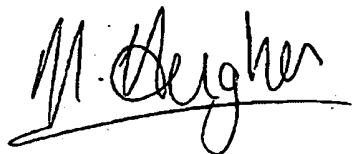
- we have not identified material misstatements in those reports and
- in our opinion, those reports have been prepared in accordance with the Companies Act 2006.

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.



Neil Hughes (Senior Statutory Auditor)
for and on behalf of KPMG LLP, Statutory Auditor
Chartered Accountants
Arlington Business Park
Theale
Reading RG7 4SD
14 September 2017

Profit and loss account and other comprehensive income
for the year ended 31 March 2017

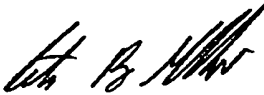
	<i>Note</i>	2017 £'000	2016 £'000
Turnover		-	-
Cost of sales		-	-
		<hr/>	<hr/>
Gross profit		-	-
Administrative expenses		(128)	(104)
		<hr/>	<hr/>
Operating loss		(128)	(104)
Interest payable and similar expenses		-	-
		<hr/>	<hr/>
Operating loss before taxation	2	(128)	(104)
Tax on loss	4	-	-
		<hr/>	<hr/>
Loss for the financial year		(128)	(104)
		<hr/>	<hr/>
Other comprehensive income		-	-
		<hr/>	<hr/>
Total comprehensive loss for the year		(128)	(104)
		<hr/>	<hr/>

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

Balance sheet
At 31 March 2017

	<i>Note</i>	2017		2016	
		£'000	£'000	£'000	£'000
Fixed assets					
Investments	5		6,241		6,241
Current assets					
Debtors	6	25		15	
Creditors: amounts falling due within one year	7	(514)		(376)	
Net current liabilities			<u>(489)</u>		<u>(361)</u>
Net assets			<u>5,752</u>		<u>5,880</u>
Capital and reserves					
Called up share capital	8		6,895		6,895
Share premium account			14,964		14,964
Profit and loss account			<u>(16,107)</u>		<u>(15,979)</u>
Shareholders' funds			<u>5,752</u>		<u>5,880</u>

These financial statements were approved by the board of Directors on 14 September 2017 and were signed on its behalf by:


P Galligan
Director

Registered number 3467925

Statement of changes in equity

	Called up share capital £'000	Share premium account £'000	Profit & loss account £'000	Total equity £'000
Balance at 1 April 2015	6,895	14,964	(15,875)	5,984
Loss for the financial year	-	-	(104)	(104)
Total comprehensive expense for the year	<u>-</u>	<u>-</u>	<u>(104)</u>	<u>(104)</u>
Total contributions by and distributions to owners	<u>-</u>	<u>-</u>	<u>-</u>	<u>-</u>
Balance at 31 March 2016	6,895	14,964	(15,979)	5,880
Loss for the financial year	-	-	(128)	(128)
Total comprehensive expense for the year	<u>-</u>	<u>-</u>	<u>(128)</u>	<u>(128)</u>
Total contributions by and distributions to owners	<u>-</u>	<u>-</u>	<u>-</u>	<u>-</u>
Balance at 31 March 2017	<u><u>6,895</u></u>	<u><u>14,964</u></u>	<u><u>(16,107)</u></u>	<u><u>5,752</u></u>

Notes to the financial statements for the year ended 31 March 2017

1 Accounting policies

Elateral Holdings Limited is a private company incorporated, domiciled and registered in England in the UK. The registered number is 3467925 and the registered address is Elateral House, Crosby Way, Farnham, Surrey GU9 7XX.

Elateral Holdings Limited 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.

These financial statements were prepared in accordance with the Financial Reporting Standard 102 applicable in the UK and Republic of Ireland ("FRS102") as issued in August 2014. The amendments to FRS 102 issued in July 2015 have been applied. The presentation currency of these financial statements is sterling. All amounts in the financial statements have been rounded to the nearest £1,000.

In the transition to FRS 102 from the Financial Reporting Standard for Smaller Legal Entities (effective January 2015), the Company has made no measurement and recognition adjustments.

The Company's ultimate parent undertaking, Elateral Group Limited includes the Company in its consolidated financial statements. The consolidated financial statements of Elateral Group Limited are available to the public and may be obtained from Elateral House, Crosby Way, Farnham, Surrey, GU9 7XX. In these financial statements, the company is considered to be a qualifying entity (for the purposes of this FRS) and has applied the exemptions available under FRS 102 in respect of Cash Flow Statement and related notes.

As the consolidated financial statements of Elateral Group Limited include the disclosures equivalent to those required by FRS 102, the Company has also taken the exemptions available in respect of certain disclosures required by FRS 102.11 Basic Financial Instruments and FRS 102.12 Other Financial Instrument Issues in respect of financial instruments not falling within the fair value accounting rules of Paragraph 36(4) of Schedule 1.

The financial statements have been prepared under historical cost accounting rules.

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.

Notes to the financial statements for the year ended 31 March 2017 (continued)

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.

Trade and other debtors / creditors

Trade and other debtors are recognised initially at 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 debtors.

Interest-bearing borrowings classified as basic financial instruments

Interest-bearing borrowings are recognised initially at the present value of future payments discounted at a market rate of interest. Subsequent to initial recognition, interest-bearing borrowings are stated at amortised cost using the effective interest method, less any impairment losses.

Accounting estimates and judgements

The preparation of the accounts required management to make certain estimates and judgements. The Directors do not note any estimation uncertainty at the balance sheet date that may cause material adjustment to the carrying amounts of assets or liabilities within the next financial year. The Directors do not consider that there are any critical accounting judgements in applying the Company's accounting policies.

2 Auditor's remuneration

	2017 £'000	2016 £'000
Audit of these financial statements	2	2

3 Directors' remuneration

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

	2017 £'000	2016 £'000
Directors' emoluments	542	177
Company contributions to money purchase pension schemes	13	33
	<u>555</u>	<u>210</u>

Notes to the financial statements for the year ended 31 March 2017 (continued)

Directors' remuneration (continued)

Remuneration of highest paid director:

	2017 £'000	2016 £'000
Total emoluments (excluding pension contributions)	216	154
Company contributions to money purchase schemes	6	31
	222	185

The number of directors to whom retirement benefits are accruing under the money purchase scheme during the year ended 31 March 2017 was 2 (2016:2).

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 2017 and 31 March 2016. The amounts included above represent amounts paid to the directors by the company's subsidiary in respect of services rendered to the subsidiary.

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 (2016: lower) than the standard rate of corporation tax in the UK of 20% (2016: 20%). The differences are explained below.

	2017 £'000	2016 £'000
<i>Current tax reconciliation</i>		
Loss on ordinary activities before tax	(128)	(104)
Current tax at 20% (2016: 21%)	(26)	(22)
<i>Effects of:</i>		
Losses carried forward	26	22
Total current tax (see above)	-	-

The unrecognised deferred tax asset in respect of UK trading losses and capital allowances versus depreciation was £177,000 (2016: £152,000). No deferred tax asset is recognised in respect of these losses as there is insufficient evidence that they will be recovered.

A reduction in the UK corporation tax rate from 21% to 20% (effective from 1 April 2015) was 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 will reduce the company's future current tax charge and any deferred tax asset accordingly.

Notes to the financial statements for the year ended 31 March 2017 (continued)

5 Investments

	Shares in group companies £'000	Loan to group company £'000	Other £'000	Total £'000
<i>Cost</i>				
At 1 April 2016 and 31 March 2017	1,201	5,000	40	6,241
<i>Net book value</i>				
At 31 March 2017	1,201	5,000	40	6,241
At 31 March 2016	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 is a loan to Elateral Trustees Limited.

* Registered address: Elateral House, Crosby Way, Farnham, Surrey, GU9 7XX

** Registered address: Suite 300, 1 Westbrook Corporate Center, Westchester, IL 60154

6 Debtors

	2017 £'000	2016 £'000
Other debtors and prepayments	25	15
	25	15

Notes to the financial statements for the year ended 31 March 2017 (continued)

7 Creditors: amounts falling due within one year

	2017 £'000	2016 £'000
Trade creditors	183	136
Accruals and deferred income	100	106
Amount owed to group undertakings	231	134
	514	376
	514	376

8 Share capital

Allotted, called up and fully paid

	2017 £'000	2016 £'000
6,895,052,866 ordinary shares of £0.001 each (2016: 6,895,052,866)	6,895	6,895
	6,895	6,895
	6,895	6,895

9 Related party transactions

Included in consultancy fees is £30,000 (2016: £30,000) payable to Albion Ventures LLP, LMS Capital Plc and Gresham House Asset Management Limited who manage the institutional investor shareholdings in Elateral Group Limited. Unpaid fees (net of VAT) of £52,500, £56,250 and £3,750 is owing to each party respectively.

10 Ultimate parent company and controlling parties

The 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.