

Company Registration No. 09417831 (England and Wales)

**ELAINE SECURITIES PLC**

**ANNUAL REPORT AND FINANCIAL STATEMENTS  
FOR THE YEAR ENDED 28 FEBRUARY 2023**

# ELAINE SECURITIES PLC

## COMPANY INFORMATION

<b>Directors</b>	J Alcraft S Sacerdoti
<b>Secretary</b>	MSP Secretaries Limited
<b>Company number</b>	09417831
<b>Registered office</b>	3 West Street Leighton Buzzard LU7 1DA
<b>Auditors</b>	Alexander Myerson & Co Limited Alexander House 61 Rodney Street Liverpool L1 9ER
<b>Bankers</b>	Barclays Bank PLC 1 Churchill Place Leicester LE87 2BB

# ELAINE SECURITIES PLC

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# ELAINE SECURITIES PLC

## EXECUTIVE DIRECTOR'S STATEMENT FOR THE YEAR ENDED 28 FEBRUARY 2023

I am pleased to present the results of Elaine Securities Plc ("Company") for the year ended 28 February 2023.

To date the Company has successfully issued £3,943,051 of fixed term bonds which are listed on the Emerging Companies Market of the Cyprus Stock Exchange.

We continued to make investments in line with the target strategy of making medium-term asset-backed loans. We expect to find further suitable investments in the next twelve months as the cash position of the Company increases from the repayment of existing loans, so that the business can continue to develop and move quickly when the right opportunities arise.

*Simon Sacerdoti*

**S Sacerdoti**  
Executive Director

Date 29/08/2023

# ELAINE SECURITIES PLC

## STRATEGIC REPORT FOR THE YEAR ENDED 28 FEBRUARY 2023

The directors present their strategic report for the year ended 28 February 2023. The directors, in preparing this strategic report, have complied with s414C of the Companies Act 2006.

### Principal activities and fair review of the business

The principal activity of the Company is to invest in medium-term, asset-backed loans to bodies corporate that meet certain eligibility criteria. Most of the Company's funds were raised during 2016 and the business has been able to deploy the funds raised to date with appropriate businesses. Although the average investment length may vary, it remains the Directors intention to target investments of a maximum 3-year duration.

The Company has made a loss of £104,267 for the year. A reduction in planned revenue during the year arose following the early repayment of loans made to businesses before maturity and loan impairments. These funds have since been deployed into new investments following the year end. The Company has completed 1 new investment during the year.

### Results and dividends

The loss for the year after taxation amounted to £104,267 (2022: Loss £135,402). The directors do not recommend the payment of a dividend (2022: £nil).

### Key performance indicators (KPI's)

The company has financial KPIs which it monitors on a regular basis which relate to revenue, cash and investments/loans made. Salient points are:

	2023	2022
(Loss)/profit for the year	(£104,267)	(£135,402)
Cash and cash equivalents	£3,413	£54,563
Investments	£3,845,424	£3,866,248
Bonds outstanding (principal)	£3,943,051	£3,943,051

Due to the nature of the Company, the Board considers there to be no main non-financial key performance indicators.

### Principal risks and uncertainties

The ability of the Company to continue to generate the returns will depend heavily on the continued ability to source and execute suitable investments. An investment in the Company's bonds is intended to be long term in nature, which reflects the fixed term of the bonds.

Further discussion on risk and sensitivity analysis is discussed within note 4.

#### *Liquidity risk*

Liquidity risk may arise due to overspending by the company. The company regularly forecasts cash flow to ensure that sufficient cash is available from trading for future expenses and capital expenditure.

#### *Brexit risk*

The business has assessed the impact of Brexit and has determined that there has been no significant impact to any area of the business due to the non-trading nature of the Company.

### Dependence on key personnel

Whilst the Company has entered into contractual arrangements with the aim of securing the services of its Directors, the retention of their services cannot be guaranteed.

# ELAINE SECURITIES PLC

## STRATEGIC REPORT (CONTINUED) FOR THE YEAR ENDED 28 FEBRUARY 2023

### Going Concern

The Directors' have assessed the Company as a going concern. In arriving at this view, the Directors have reviewed the detailed forecasts for the Company through to redemption in light of the bonds issued to date and their relevant coupon and principal repayment dates. The Directors' assessment is that the Company remains a going concern for at least the next 12 months from the date of the approval of these financial statements.

### Future developments

The Company continues to investigate opportunities in its core market of medium-term, asset-backed loans. The business has been able to source opportunities and make loans to appropriate businesses. We shall continue to keep the bondholders aware of the developments in the business on the Company website and through regular market announcements.

### Section 172 Statement

The Directors are well aware of their duty under Section 172 of the Companies Act 2006 to act in the way which they consider, in good faith, would be most likely to promote the success of the Company for the benefit of its members as a whole and, in doing so, to have regard (amongst other matters) to:

- The likely consequences of any decision in the long term;
- The need to foster the Company's business relationships with suppliers, customers and others;
- The impact of the Company's operations on the community and the environment;
- The desirability of the company maintaining a reputation for high standards of business conduct; and
- The need to act fairly between members of the Company.

The Board recognises that the long-term success of Elaine Securities PLC requires positive interaction with its stakeholders, including customers, suppliers, government and regulatory authorities. The Directors seek to actively identify and positively engage with key stakeholders in an open and constructive manner.

Regular board meetings are held throughout the year between the board and its financial advisors to discuss the continuing business plan of the company and any on-going and potential investment opportunities. Investors are able to keep up with updates on the company via periodic announcements made on the Cyprus Stock Exchange.

The Board believes that this strategy enables its stakeholders to better understand and address relevant stakeholder views which will assist the Board in its decision making and to discharge its duties under Section 172 of the Companies Act 2006.

On behalf of the board

*Simon Sacerdoti*

**S Sacerdoti**  
Executive Director

29/08/2023

Date \_\_\_\_\_

# ELAINE SECURITIES PLC

## **DIRECTORS' REPORT FOR THE YEAR ENDED 28 FEBRUARY 2023**

The Directors present their report and financial statements for the year ended 28 February 2023.

### **Principal activities**

The principal activity of the Company is to invest in medium-term, asset-backed loans, please refer to the Strategic Report for further details.

### **Results and dividends**

The results for the period are set out on page 10.  
The directors do not recommend payment of a dividend.

### **Future developments**

These are detailed in the Strategic Report above.

### **Directors**

The following Directors have held office during the year:

J Alcraft  
S Sacerdoti

### **Financial risk and management of capital**

The major balances and financial risks to which the Company is exposed to and the controls in place to minimise those risks are disclosed in Note 4. The principal current assets of the business are investments and cash. Therefore, the principal financial instruments employed by the Company are cash or cash equivalents and the Directors ensure that the business maintains surplus cash reserves to minimise liquidity risk.

A description of how the Company manages its capital is also disclosed in Note 4.

The Board considers and reviews these risks on a strategic basis in order to minimise any potential exposure.

### **Financial instruments**

To date, the Company issued £3,943,051 of fixed term bonds with a maturity date of 31 December 2025. The bonds have a coupon rate of 5% per annum, with coupons calculated annually at 31 December.

### **Auditors**

Alexander Myerson & Co Limited has confirmed that it is willing to continue in office in accordance with section 489 of the Companies Act 2006, a resolution proposing that they be re-appointed will be put to a General Meeting.

# ELAINE SECURITIES PLC

## DIRECTORS' REPORT (CONTINUED) FOR THE YEAR ENDED 28 FEBRUARY 2023

### Statement of Directors' responsibilities

The Directors are responsible for preparing the Directors' Report and the Company's financial statements in accordance with applicable law and regulations.

Company law requires the Directors to prepare the Company's financial statements for each financial year. Under that law the Directors have elected to prepare the financial statements in accordance with International Financial Reporting Standards (IFRS) as adopted for use in the European Union. 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 accounting estimates that are reasonable and prudent;
- state whether they have been prepared in accordance with IFRS as adopted by the European Union; 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. They are also responsible for safeguarding the assets of the Company hence for taking reasonable steps for the prevention and detection of fraud and other irregularities.

### Statement of disclosure to auditors

Each person who is a Director at the date of approval of this Annual Report confirms that:

- So far as the Directors are aware, there is no relevant audit information of which the Company's auditors are unaware; and
- each Director has taken all the steps that he ought to have taken as Director in order to make himself aware of any relevant audit information and to establish that the Company's auditors are aware of that information.

On behalf of the board

*Simon Sacerdoti*

**S Sacerdoti**  
Executive Director

29/08/2023  
Date \_\_\_\_\_



# ELAINE SECURITIES PLC

## **CORPORATE GOVERNANCE STATEMENT FOR THE YEAR ENDED 28 FEBRUARY 2023**

The Board has sought to comply with a number of the provisions of the QCA Corporate Governance Code issued April 2018 ("the Code") in so far as it considers them to be appropriate to a Company of its size and nature. They make no statement of compliance with the Code overall and do not 'explain' in detail any aspect of the Code with which they do not comply.

### **Internal controls**

The Board is responsible for maintaining a sound system of internal controls to safeguard shareholders and bondholders' investment and the Company's assets. The Directors monitor the operation of internal controls. The objective of the system is to safeguard the Company's assets, ensure proper accounting records are maintained and that the financial information used within the business and for publication is reliable. Any such system of internal control can only provide reasonable, but not absolute assurance against material misstatement or loss.

Internal financial control procedures undertaken by the board include:

- Review of bi-annual financial reports and monitoring performance; and
- Prior approval of all significant expenditure/loans including all major investment decisions.

The Board has reviewed the operation and effectiveness of the Company's system of internal control for the financial period and the period up to the date of approval of the financial statements.

# ELAINE SECURITIES PLC

## INDEPENDENT AUDITOR'S REPORT TO THE MEMBERS OF ELAINE SECURITIES PLC

### Disclaimer of Opinion

We do not express an opinion on the accompanying financial statements of Elaine Securities PLC (the 'Company') for the year ended 28 February 2023. Because of the significance of the matters described in the Basis for Disclaimer of Opinion section of our report, we have not been able to obtain sufficient appropriate audit evidence to provide a basis for an audit opinion on these financial statements.

We were engaged to audit the financial statements of the Company, which comprise the statement of financial position as of 28 February 2023, and the statement of comprehensive income, statement of changes in equity and statement of cash flows and notes to the financial statements, including a summary of significant accounting policies. The financial reporting framework that has been applied in their preparation is applicable law and UK adopted international accounting standards.

### Compliance with IFRS Framework as issued by the IAASB

We do not express an opinion on the accompanying financial statements of Elaine Securities PLC (the 'Company') for the year ended 28 February 2023. Because of the significance of the matters described in the Basis for Disclaimer of Opinion section of our report, we have not been able to obtain sufficient appropriate audit evidence to provide a basis for an audit opinion on these financial statements.

### Basis for Disclaimer of Opinion

In respect of the Company's investments totalling £3,845,424, we were unable to obtain audit evidence to support management's assertion that the loans are recoverable at the full amount. The directors have relied on explanations and assurances from the counterparty however we have not been able to obtain evidence to support this and therefore we are unable to assess whether a provision for impairment of these loans might be necessary. In addition, were any adjustments to the investment balance to be required, the strategic report would also need to be amended.

Because of the significance of the matter described above, we have not been able to obtain audit evidence in relation to going concern.

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 Auditor's 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 UK, including the FRC's Ethical Standard, and we have fulfilled our other ethical responsibilities in accordance with these requirements.

### Opinion on other matters prescribed by the Companies Act 2006

Because of the significance of the matter described in the basis for disclaimer of opinion section of our report, we have been unable to form an opinion, whether based on the work undertaken in the course of the audit:

- the information given in the strategic report and directors' report for the financial year for which the financial statements are prepared is consistent with the financial statements  
and
- the strategic report and directors' report have been prepared in accordance with applicable legal requirements.

# ELAINE SECURITIES PLC

## INDEPENDENT AUDITOR'S REPORT TO THE MEMBERS OF ELAINE SECURITIES PLC (CONTINUED)

### Matters on which we are required to report by exception

Notwithstanding our disclaimer of an opinion on the financial statements, in the light of the knowledge and understanding of the company and its environment obtained in the course of the audit performed subject to the pervasive limitation described above, we have not identified material misstatements in the [strategic report or the] directors' report.

Arising from the limitation of our work referred to above:

- we have not obtained all the information and explanations that we considered necessary for the purpose of our audit;  
and
- we were unable to determine whether adequate accounting records have been kept.

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:

- 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
- 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 set out on page 5, 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 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.

### Auditor's responsibilities for the audit of the financial statements

Our responsibility is to conduct an audit of the company's financial statements in accordance with International Standards on Auditing (UK) and to issue an auditor's report.

However, because of the matter described in the basis for disclaimer of opinion section of our report, we were not able to obtain sufficient appropriate audit evidence to provide a basis for an audit opinion on these financial statements.

We are independent of the company in accordance with the ethical requirements that are relevant to our audit of the financial statements in the UK, including the FRC's Ethical Standard and we have fulfilled our other ethical responsibilities in accordance with these requirements.

# ELAINE SECURITIES PLC

## INDEPENDENT AUDITOR'S REPORT TO THE MEMBERS OF ELAINE SECURITIES PLC

### The extent to which the audit was considered capable of detecting irregularities including fraud

Irregularities, including fraud, are instances of non-compliance with laws and regulations. We design procedures in line with our responsibilities to detect material misstatements in respect of irregularities, including fraud. Due to the issues referred to in the Basis for Disclaimer Opinion and us being unable to obtain audit evidence in relation to all planned procedures we were not able to conclude on the extent to which the audit was considered capable of detecting irregularities.

### Use of this 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 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.

Paul Burns (Senior statutory auditor)

For and on behalf of Alexander Myerson & Co Limited Chartered Accountants, Statutory Auditor

Alexander House  
61 Rodney Street  
Liverpool  
L1 9ER



Date 30/8/27

# ELAINE SECURITIES PLC

## STATEMENT OF COMPREHENSIVE INCOME FOR THE YEAR ENDED 28 FEBRUARY 2023

		Year Ended 28 February 2023	Year Ended 28 February 2022
	Notes	£	£
Revenue		218,563	249,355
Administrative expenses		(125,677)	(187,604)
<b>Operating profit</b>	<b>5</b>	<u>92,886</u>	<u>61,751</u>
Finance costs	<b>8</b>	(197,153)	(197,153)
(Loss)/profit before taxation		<u>(104,267)</u>	<u>(135,402)</u>
Income tax expense	<b>9</b>	-	-
<b>(Loss)/profit for the year</b>		<u><u>(104,267)</u></u>	<u><u>(135,402)</u></u>
(Loss)/profit per share (expressed in pence per share)	<b>10</b>	(208.53)p	(270.80)p

There is no other comprehensive income for the current and the prior year, and as such no statement of other comprehensive income has been presented.

All losses are derived from continuing activities for both 2022 and 2023.

The notes on pages 14 to 23 form part of these financial statements.

# ELAINE SECURITIES PLC

## STATEMENT OF FINANCIAL POSITION AS AT 28 FEBRUARY 2023

		As at 28 February 2023	As at 28 February 2022
	Notes	£	£
<b>Assets</b>			
<b>Non current assets</b>			
Investments	14	986,092	2,310,501
<b>Current assets</b>			
Investments	14	2,859,332	1,555,747
Other receivables	12	-	1,200
Cash and cash equivalents	13	3,413	54,563
<b>Total assets</b>		<u>3,848,837</u>	<u>3,922,011</u>
<b>Equity and liabilities</b>			
<b>Equity attributable to owners of the Company</b>			
Ordinary shares	15	50,000	50,000
Accumulated losses		<u>(503,397)</u>	<u>(339,130)</u>
<b>Total equity</b>		<u>(453,397)</u>	<u>(349,130)</u>
<b>Liabilities</b>			
<b>Non-current liabilities</b>			
Borrowings	17	3,876,710	3,853,296
<b>Current liabilities</b>			
Trade and other payables	16	<u>425,524</u>	<u>417,845</u>
<b>Total liabilities</b>		<u>4,302,234</u>	<u>4,271,141</u>
<b>Total equity and liabilities</b>		<u>3,848,837</u>	<u>3,922,011</u>

The notes on pages 14 to 23 form part of these financial statements.

Approved by the Board and authorised for issue on 29/08/2023

*Simon Sacerdoti*

**S Sacerdoti**  
Executive Director

Company Registration No. 09417831

# ELAINE SECURITIES PLC

## STATEMENT OF CASH FLOWS FOR THE YEAR ENDED 28 FEBRUARY 2023

		Year Ended 28 February 2023	Year Ended 28 February 2022
	Notes	£	£
<b>Cash flows from operating activities</b>			
Cash generated from operations	18	(290,538)	(123,122)
<b>Net cash utilised in operating activities</b>		(290,538)	(123,122)
<b>Cash flows from investing activities</b>			
Loans repaid		277,388	160,874
Loans advanced		(38,000)	(87,335)
<b>Net cash generated from investing activities</b>		239,388	73,539
<b>Cash flows from financing activities</b>			
Net proceeds from issue of debenture loans		-	-
<b>Net cash generated from financing activities</b>		-	-
<b>Net increase/ (decrease) in cash and cash equivalents</b>		(51,150)	(49,583)
Cash and cash equivalents at the beginning of the year		54,563	104,146
<b>Cash and cash equivalents at the end of year</b>		3,413	54,563

The notes on pages 14 to 23 form part of these financial statements.

# ELAINE SECURITIES PLC

## STATEMENT OF CHANGES IN EQUITY FOR THE YEAR ENDED 28 FEBRUARY 2023

	Ordinary shares £	Accumulated losses £	Total £
At 29 February 2021	50,000	(263,728)	(213,728)
Loss for the year	-	(135,402)	(135,402)
<b>At 28 February 2022</b>	<b>50,000</b>	<b>(399,130)</b>	<b>(349,130)</b>
Loss for the year	-	(104,267)	(104,267)
<b>At 28 February 2023</b>	<b>50,000</b>	<b>(503,397)</b>	<b>(453,397)</b>

Share capital is the amount subscribed for shares at nominal value.

Accumulated losses represent the cumulative loss of the Company attributable to equity shareholders.

The notes on pages 14 to 23 form part of these financial statements.



# ELAINE SECURITIES PLC

## NOTES TO THE FINANCIAL STATEMENTS FOR THE YEAR ENDED 28 FEBRUARY 2023

### 1 General information

The Company was incorporated on 2 February 2015 as HJ Securities PLC to initially identify opportunities within Investment Management. The company changed its name to Elaine Securities PLC on 20 October 2015. Since early 2016, the company's strategy has been to focus predominantly on medium-term, asset-backed loans to bodies corporate that meet certain eligibility criteria. Although the average investment length may vary it remains the Directors' intention to target investments of a 3-year duration that will be funded by way of the issuance of a 10-year 5.0% bond. The Company is both based in and has been incorporated in the United Kingdom. The address of the registered office is disclosed on the Company information page at the front of the Annual Report.

The Company is a public limited company and its bonds are listed on the Emerging Companies Market of the Cyprus Stock Exchange.

### 2 Summary of significant accounting policies

The principal accounting policies applied in the preparation of these financial statements are set out below. These policies have been consistently applied throughout the year unless otherwise stated.

#### 2.1 Basis of preparation

The financial statements of the Company have been prepared in accordance with International Financial Reporting Standards (IFRS) and IFRS Interpretations Committee (IFRS IC) applicable to companies reporting under IFRS as adopted by the European Union (EU-adopted IFRS). The financial statements have been prepared under the historical cost convention.

#### Going Concern

The financial statements have been prepared on a going concern basis, the validity of which is dependent upon funds held and the repayment of investment loans on anticipated dates to provide sufficient working capital to meet liabilities as and when they fall due. The date of settlement of loans which are secured on projects undertaken by the underlying borrower, is dependent on completion of these projects and there is uncertainty relating to the completion dates. The Directors of Reditum Capital Holdings Ltd as an introducer of loans have agreed to provide support on the realisation of the value of investments as needed for liquidity purposes. For this reason, the Directors believe the going concern basis is appropriate.

#### Preparation of financial statements

The preparation of financial statements in conformity with EU-adopted IFRS requires the use of certain critical accounting estimates. It also requires management to exercise its judgment in the process of applying the Company's accounting policies. The areas involving a higher degree of judgment or complexity, or areas where assumptions and estimates are significant to the financial statements are disclosed in Note 3.

# ELAINE SECURITIES PLC

## NOTES TO THE FINANCIAL STATEMENTS (CONTINUED) FOR THE YEAR ENDED 28 FEBRUARY 2023

### 2.1 Basis of preparation (Continued)

#### **Standards, interpretations and amendments to published standards that are not yet effective**

There are no new standards, amendments to standards and interpretations that have been issued, but are not effective for the financial period beginning 1 March 2022 and have not been early adopted..

### 2.2 Financial assets and liabilities

The Company classifies its financial assets at fair value through profit and loss or as loans and receivables and classifies its financial liabilities as other financial liabilities. Management determines the classification of its investments at initial recognition. A financial asset or financial liability is measured initially at fair value. At inception transaction costs that are directly attributable to its acquisition or issue, for an item not at fair value through profit or loss, is added to the fair value of the financial asset and deducted from the fair value of the financial liability.

#### (a) Loans and receivables

Loans and receivables are non-derivative financial assets with fixed or determinable payments that are not quoted in an active market. They arise when the Company provides money, goods or services directly to a debtor with no intention of trading the receivable. Loans are recognised when the funds are advanced to customers. Loans and receivables are carried at amortised cost using the effective interest method (see below).

#### (b) Other financial liabilities

Other financial liabilities are non-derivative financial liabilities with fixed or determinable payments. Other financial liabilities are recognised when cash is received from the depositors. Other financial liabilities are carried at amortised cost using the effective interest method. The fair value of other liabilities repayable on demand is assumed to be the amount payable on demand at the Statement of Financial Position date.

#### *Derecognition*

Financial assets are derecognised when the rights to receive cash flows from the financial assets have expired or where the Company has transferred substantially all of the risks and rewards of ownership. In transactions in which the Company's neither retains nor transfers substantially all the risks and rewards of ownership of a financial asset and it retains control over the asset, the Company's continues to recognise the asset to the extent of its continuing involvement, determined by the extent to which it is exposed to changes in the value of the transferred asset. There have not been any instances where assets have only been partly derecognised. The Company derecognises a financial liability when its contractual obligations are discharged, cancelled or expired.

# ELAINE SECURITIES PLC

## NOTES TO THE FINANCIAL STATEMENTS (CONTINUED) FOR THE YEAR ENDED 28 FEBRUARY 2023

### 2.2 Financial assets and liabilities (continued)

#### *Amortised cost measurement*

The amortised cost of a financial asset or financial liability is the amount at which the financial asset or liability is measured at initial recognition, minus principal payments, plus or minus the cumulative amortisation using the effective interest method of any difference between the initial amount recognised and maturity amount, minus any reduction for impairment.

#### *Fair value measurement*

Fair value is the amount for which an asset could be exchanged, or a liability settled, between knowledgeable, willing parties in an arm's length transaction on the measurement date. The fair value of assets and liabilities in active markets are based on current bid and offer prices respectively. If the market is not active the Company establishes fair value by using appropriate valuation techniques. These include the use of recent arm's length transactions, reference to other instruments that are substantially the same for which market observable prices exist, net present value and discounted cash flow analysis.

### 2.3 Revenue

Revenue will comprise interest income using the effective interest method. The effective interest method calculates the amortised cost of a financial asset and allocated the interest income over the relevant period. The effective interest rate is the rate that discounts estimated future cash payments or receipts through the expected life of the financial instrument or, when appropriate, a shorter period to the net carrying amount of the financial asset. When calculating the effective interest rate, the Company takes into account all contractual terms of the financial instrument but does not consider future credit losses.

### 2.4 Cash and cash equivalents

In the statement of cash flows, cash and cash equivalents includes cash in hand, deposits held at call with banks, other short-term highly liquid investments with original maturities of three months or less.

### 2.5 Investments

Investments represent loans made in accordance with the investment mandate of the Company. They are valued at the relevant cost and are held as assets.

### 2.6 Share capital

Ordinary shares are classified as equity.

Incremental costs directly attributable to the issue of new ordinary shares or options are shown in equity as a deduction, net of tax, from the proceeds.

### 2.7 Trade payables

Trade payables are obligations to pay for goods or services that have been acquired in the ordinary course of business from suppliers. Accounts payable are classified as current liabilities if payment is due within one year or less.

# ELAINE SECURITIES PLC

## NOTES TO THE FINANCIAL STATEMENTS (CONTINUED) FOR THE YEAR ENDED 28 FEBRUARY 2023

### 2.8 Borrowings

Borrowings are recognised initially at fair value, net of transaction costs incurred. Borrowings are subsequently carried at amortised cost; any difference between the proceeds (net of transaction costs) and the redemption value is recognised in the income statement over the period of the borrowings using the effective interest method. Fees paid on the establishment of loan facilities are recognised as transaction costs of the loan to the extent that it is probable that some or all of the facility will be drawn down. In this case, the fee is deferred until the draw down occurs. To the extent there is no evidence that it is probable that some or all of the facility will be drawn down, the fee is capitalised as a pre-payment for liquidity services and amortised over the period of the facility to which it relates.

### 2.9 Borrowing costs

General and specific borrowing costs directly attributable to the acquisition, construction or production of qualifying assets, which are assets that necessarily take a substantial period of time to get ready for their intended use or sale, are added to the cost of those assets, until such time as the assets are substantially ready for their intended use or sale.

Investment income earned on the temporary investment of specific borrowings pending their expenditure on qualifying assets is deducted from the borrowing costs eligible for capitalisation.

All other borrowing costs are recognised in profit or loss in the period in which they are incurred.

### 2.10 Income tax expense

Current income tax which is payable on taxable profits is recognised as an expense in the period in which the profits arise.

Deferred income tax is recognised on temporary differences arising between the tax bases of assets and liabilities and their carrying amounts in the financial statements. However, deferred tax liabilities are not recognised if they arise from the initial recognition of goodwill; deferred income tax is not accounted for if it arises from initial recognition of an asset or liability in a transaction other than a business combination that at the time of the transaction affects neither accounting nor taxable profit or loss. Deferred income tax is determined using tax rates (and laws) that have been enacted or substantively enacted by the balance sheet date and are expected to apply when the related deferred income tax asset is realised or the deferred income tax liability is settled.

Deferred income tax assets are recognised only to the extent that it is probable that future taxable profit will be available against which the temporary differences can be utilised.

## 3 Critical accounting estimates and judgments

The preparation of financial statements requires management to make judgements, estimates and assumptions that affect the application of policies and reported amount of assets and liabilities, income and expenses. The estimates and associated assumptions are based on historical experience and various other factors that are believed to be reasonable under the circumstances, the results of which form a basis for making the judgements about the carrying value of assets and liabilities that are not readily apparent from other sources.

The directors have reviewed the estimates and assumptions used in the preparation of the financial statements. The directors do not believe that there is a significant risk which would lead to material adjustments to the carrying value of any assets and liabilities in the next financial year due to the changes on the estimates or assumptions.

The Company assets include loans made to related and third-party companies.

# ELAINE SECURITIES PLC

## NOTES TO THE FINANCIAL STATEMENTS (CONTINUED) FOR THE YEAR ENDED 28 FEBRUARY 2023

### 4 Financial risk management

The Company's activities expose it to a variety of financial risks: credit risk, cash flow interest rate risk, liquidity risk, capital risk, market risk and price risk. The overall risk management programme focuses on the unpredictability of financial markets and seeks to minimise potential adverse effects on the Company's financial performance.

#### 4.1 Financial risk factors

a) Credit risk

The Company's take on exposure to credit risk, which is the risk that the counterparty will be unable to pay amounts in full when due. Exposure to credit risk is managed through regular analysis of the ability of borrowers and potential borrowers to meet interest and capital repayment obligations and by changing these lending limits when appropriate. Exposure to credit risk is also maintained by obtaining collateral on the loans to customers including debentures and personal guarantees and the Directors therefore believe there is a low risk of customer default.

The maximum exposure to credit risk for the Company's was as follows:

Credit risk exposure relating to on-balance sheet assets are as follows:	2023 £
Other receivables	-
Investments	3,845,424
<b>At 28 February 2023</b>	<b>3,845,424</b>

b) Cash flow and Interest rate risk

The Company's borrowings are at a fixed rate of interest exposing the Company to fair value interest rate risk. The Company does not manage any cash flow interest rate risk.

c) Liquidity risk

The Company is careful to ensure that its loans and investments can be realised prior to the due date for the repayment of the debentures. This applies equally to the underlying investments of the companies or projects in which the Company invests which are generally made on a syndicated loan basis allowing for parts of the loans to be transferred prior to repayment of the underlying loan.

d) Capital risk

The Company takes great care to protect its capital investments. Significant due diligence is undertaken prior to making any investment. The investments are closely monitored.

e) Market risk

A general economic downturn at a global level, or in one of the world's leading economies, could impact on the Company. In addition, terrorism and other hostilities, as well as disturbances in worldwide financial markets, could have a negative effect on the Company. Regulatory requirements, taxes, tariffs and other trade barriers, price or exchange controls or other governmental policies could also limit the Company's operations. These risks are also applicable to most companies and the risk that the Company will be more affected than the majority of companies is assessed as small.

f) Price risk

The Company's principal activity is medium-term business loans. The Company does not have a diversified portfolio of assets and is therefore at risk.

# ELAINE SECURITIES PLC

## NOTES TO THE FINANCIAL STATEMENTS (CONTINUED) FOR THE YEAR ENDED 28 FEBRUARY 2023

### 4.2 Capital risk management

The Company's objectives when managing capital are to safeguard its ability to continue as a going concern in order to provide returns for bondholders and benefits for other stakeholders and to maintain an optimal capital structure appropriate for its growth plans.

In order to maintain or adjust the capital structure the Company may issue new shares or alter debt levels.

### 5 Operating profit/(loss)

	2023	2022
	£	£
Operating profit is stated after charging:		
Directors' remuneration	24,950	29,167
Directors' social security costs	2,310	2,230
Directors' fees paid to third party	<u>33,120</u>	<u>33,120</u>

### 6 Auditor's remuneration

Fees payable to Alexander Myerson & Co Limited for the audit of the company's annual accounts were £12,000 (2022: £12,000).

### 7 Staff costs

There were no staff costs during the year other than directors' fees as the administration of the business is outsourced to an external service provider.

The average monthly number of employees (including directors) during the period was:

	2023	2022
Directors	2	2

### 8 Finance costs

	2023	2022
	£	£
Finance cost in relation to bonds	<u>197,153</u>	<u>197,153</u>

# ELAINE SECURITIES PLC

## NOTES TO THE FINANCIAL STATEMENTS (CONTINUED) FOR THE YEAR ENDED 28 FEBRUARY 2023

### 9 Taxation

The charge for the year in the income statement:

	2023 £	2022 £
<b>Total current tax</b>	<u>-</u>	<u>-</u>
<b>Factors affecting the tax charge for the period</b>		
Profit/(loss) on ordinary activities before taxation	<u>(104,267)</u>	<u>(135,402)</u>
Profit on ordinary activities before taxation multiplied By standard rate of UK corporation tax 25% (19%)	(26,067)	(33,850)
Effects of:		
Tax losses brought forward	(83,959)	(50,109)
Tax losses carried forward	<u>(110,026)</u>	<u>(83,959)</u>
<b>Current tax charge for the period</b>	<u>-</u>	<u>-</u>

The Company has estimated tax losses of £503,397 available for carry forward against future trading profits. The deferred tax asset at the year-end of £110,026 has not been recognised in the financial statements due to the uncertainty of the recoverability of the amount.

### 10 Earnings per share

Basic earnings per share is calculated by dividing the profit attributable to equity shareholders by the weighted average number of ordinary shares in issue during the period:

	2023 £	2022 £
(Loss)/profit after tax attributable to equity holders of the Company	(104,267)	(135,402)
Weighted average number of ordinary shares	50,000	50,000
Basic and diluted earnings per share	<u>(208.53)p</u>	<u>(270.80)p</u>

# ELAINE SECURITIES PLC

## NOTES TO THE FINANCIAL STATEMENTS (CONTINUED) FOR THE YEAR ENDED 28 FEBRUARY 2023

### 11 Dividends

No dividends were paid or proposed for the year ended 28 February 2023.

### 12 Other receivables

	2023 £	2022 £
Other receivables	-	1,200
	<u>-</u>	<u>1,200</u>

Other receivables include non-interest bearing prepayments.

### 13 Cash and cash equivalents

For the purposes of the Statement of Cash Flows, cash and cash equivalents include cash at banks and on hand and deposits with banks. Cash and cash equivalents at the end of the reporting period as shown in the Statement of Cash Flows can be reconciled to the related items in the Statement of Financial Position as follows:

	2023 £	2022 £
Cash and cash equivalents	3,413	54,563
	<u>3,413</u>	<u>54,563</u>

The carrying amount of cash and cash equivalents approximates to its fair value.

### 14 Investments

	2023 £	2022 £
Loans due within one year	2,859,332	1,555,747
Loans due in more than one year	986,092	2,310,501
	<u>3,845,424</u>	<u>3,866,248</u>

	2023 £	2022 £
Loans secured against residential and development properties	2,320,212	2,498,073
Unsecured loans to SMEs	1,525,212	1,368,175
	<u>3,845,424</u>	<u>3,866,248</u>

Secured loans comprise 18 loans (2022 – 18 loans) with accrued interest to 28 February 2023. The effective rate of interest on these loans is between 7% - 12% per annum. Unsecured loans comprise 4 loans (2022 – 4 loans) with accrued interest to 28 February 2023. The effective rate of interest on these loans is 8% per annum.



# ELAINE SECURITIES PLC

## NOTES TO THE FINANCIAL STATEMENTS (CONTINUED) FOR THE YEAR ENDED 28 FEBRUARY 2023

### 15 Share capital

	2023 £	2022 £
<b>Allotted and partly paid</b>		
50,000 Ordinary shares of £1 each	<u>50,000</u>	<u>50,000</u>

The ordinary shares have attached to them full voting, dividend and capital distribution (including on winding up) rights; they do not confer any rights of redemption.

### 16 Trade and other payables

	2023 £	2022 £
Trade payables	40,389	68,510
Other payables	<u>385,135</u>	<u>349,335</u>
	<u>425,524</u>	<u>417,845</u>

Other payables principally comprise amounts accrued for on-going expenses of the company and interest on issued debentures. The carrying amount of other payables approximates to its fair value.

### 17 Borrowings

	2023 £	2022 £
<b>Non-current</b>		
Bonds	3,943,051	3,943,051
Unamortised finance costs	<u>(66,341)</u>	<u>(89,755)</u>
	<u>3,876,710</u>	<u>3,853,296</u>

All non-current borrowings are wholly repayable after three years. The bonds are secured by a first floating charge over all of the assets of the Company and bear interest of 5% per annum paid in yearly instalments. The bonds expire on 31 December 2025 and are due for repayment on this date. The introduction to finance costs were incurred upon the placing of the bonds and were paid to a related party. These amounts are being amortised on a straight-line basis over the 10-year life of the bonds, the above balance represents the remaining unamortised amount.

# ELAINE SECURITIES PLC

## NOTES TO THE FINANCIAL STATEMENTS (CONTINUED) FOR THE YEAR ENDED 28 FEBRUARY 2023

### 18 Cash utilised in operations

	2023	2022
	£	£
<b>Reconciliation to cash utilised in operations</b>		
(Loss)/profit before tax	(104,267)	(135,402)
Adjustments for:		
Interest movement on investments	(195,150)	(138,982)
Changes in working capital:		
- (Increase) / decrease in receivables	1,200	5,370
- Increase / (decrease) in payables	7,679	189,996
- Impairment of investments	-	(44,104)
	<u>(290,538)</u>	<u>(123,122)</u>

### 19 Related party transactions

During the year, there were related party transactions with director-related companies as detailed below:

Sacerdoti Consulting Limited, a company controlled by Simon Sacerdoti, was paid consultancy fees of £33,120 (2022: £33,120) during the year. At the year end the balance owed was £2,760 (2022: £2,760).

### 20 Ultimate controlling party

The ultimate controlling party at the date of this report is Simon Sacerdoti, the 100% owner of the ordinary share capital.