

LINCOLN INTERNATIONAL HOLDINGS LIMITED

ANNUAL REPORT AND FINANCIAL STATEMENTS

FOR THE YEAR ENDED 31 DECEMBER 2018



LINCOLN INTERNATIONAL HOLDINGS LIMITED

COMPANY INFORMATION

Directors	R B Barr L J Lawson P J McCreanor H P Matharu
Company secretary	J P Tunncliffe
Registered number	06406893
Registered office	10 Queen Street Place London EC4R 1AG
Auditors	Haysmacintyre LLP 10 Queen Street Place London EC4R 1AG

LINCOLN INTERNATIONAL HOLDINGS LIMITED

CONTENTS

	Page
Group Strategic Report	1 - 2
Directors' Report	3 - 4
Independent Auditors' Report	5 - 7
Consolidated Statement of Comprehensive Income	8
Consolidated Statement of Financial Position	9
Company Statement of Financial Position	10
Consolidated Statement of Changes in Equity	11
Company Statement of Changes in Equity	11
Consolidated Statement of Cash Flows	12
Notes to the Financial Statements	13 - 28

LINCOLN INTERNATIONAL HOLDINGS LIMITED

GROUP STRATEGIC REPORT FOR THE YEAR ENDED 31 DECEMBER 2018

Introduction

The directors present their Group Strategic Report for the year ended 31 December 2018.

Business review

Lincoln International Holdings Limited ("LIHL" or "the Group") is a designated member of Lincoln International LLP. The principal activity of Lincoln International LLP is the provision of corporate finance advice, particularly in the areas of mergers and acquisitions.

As shown in the consolidated statement of comprehensive income, turnover for the year ended 31 December 2018 was £18,234,368 (2017: £8,324,600). The operating profit was £6,324,642 (2017: £2,431,213 loss).

The statement of financial position shows the Group's financial position at the year end, with net assets of £5,850,722 (2017: £976,574 net liabilities). The Group has no external debt financing and has available financial support from its ultimate parent company, Lincoln International, LP.

Principal risks and uncertainties

The Group operates in competitive markets in its principal area of activity. The success of the Group would suffer if there was any damage to its reputation. The Group mitigates these risks by being selective in the recruitment of its staff, focusing on client service and being differentiated by the support of the wider Lincoln International team.

The Group's credit risk is primarily related to its trade debtors. This risk is reduced by working with reputable clients. The amounts presented in the balance sheet are net of allowances for doubtful trade debtors.

The Group has no third-party debt. It therefore has little interest rate exposure. The majority of revenue during the year was denominated in Pound Sterling and Euro. To minimise exchange rate exposure, receipts in Euro and US Dollar are deposited in bank accounts denominated in the related currency.

Financial key performance indicators

As with most firms operating in this sector, the Group continues to monitor overheads and resources on a regular basis. The net assets of the Group at the end of the year amount to £5,850,722 (2017: £976,574 net liabilities).

The Group monitors certain key performance indicators as follows:

	2018	2017
	£	£
Turnover	18,234,368	8,324,600
Profit on ordinary activities before taxation	6,324,642	(2,431,213)
Cash at bank and in hand	14,528,164	8,183,015

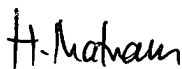
LINCOLN INTERNATIONAL HOLDINGS LIMITED

**GROUP STRATEGIC REPORT (CONTINUED)
FOR THE YEAR ENDED 31 DECEMBER 2018**

Future developments

The Group continues to focus on its core M&A activities while exploring other opportunities with our international affiliates.

This report was approved by the board on **3 JUNE 2019** and signed on its behalf.



H P Matharu
Director

LINCOLN INTERNATIONAL HOLDINGS LIMITED

DIRECTORS' REPORT FOR THE YEAR ENDED 31 DECEMBER 2018

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

Principal activity

The principal activity of the company is acting as a holding company for Lincoln International LLP.

Results and dividends

The profit for the year, after taxation, amounted to £6,293,800 (2017: £2,192,933 loss).

Directors

The directors who served during the year were:

R B Barr
L J Lawson
H P Matharu (appointed 22 March 2018)
P J McCreanor

Directors' responsibilities statement

The directors are responsible for preparing the Group Strategic Report, the Directors' Report and the consolidated financial statements in accordance with applicable law and regulations.

Company law requires the directors to prepare financial statements for each financial year. Under that law the directors have elected to prepare the financial statements in accordance with applicable law and United Kingdom Accounting Standards (United Kingdom Generally Accepted Accounting Practice), including Financial Reporting Standard 102 'The Financial Reporting Standard applicable in the UK and Republic of Ireland'. Under company law the directors must not approve the financial statements unless they are satisfied that they give a true and fair view of the state of affairs of the Company and the Group and of the profit or loss of the Group for that period.

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

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

The directors are responsible for keeping adequate accounting records that are sufficient to show and explain the Company's transactions and disclose with reasonable accuracy at any time the financial position of the Company and the Group and enable them to ensure that the financial statements comply with the Companies Act 2006. They are also responsible for safeguarding the assets of the Company and the Group and hence for taking reasonable steps for the prevention and detection of fraud and other irregularities.

Disclosure of information to auditors

Each of the persons who are directors at the time when this Directors' Report is approved has confirmed that:

- so far as the director is aware, there is no relevant audit information of which the Company and the Group's auditors are unaware, and
- the director has taken all the steps that ought to have been taken as a director in order to be aware of any relevant audit information and to establish that the Company and the Group's auditors are aware of that information.

LINCOLN INTERNATIONAL HOLDINGS LIMITED

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

Post balance sheet events

There have been no significant events affecting the Group since the year end.

Auditors

The auditors, Haysmacintyre LLP, will be proposed for reappointment in accordance with section 485 of the Companies Act 2006.

This report was approved by the board on **2 JUNE 2019** and signed on its behalf.



H P Matharu
Director

LINCOLN INTERNATIONAL HOLDINGS LIMITED

INDEPENDENT AUDITORS' REPORT TO THE SHAREHOLDERS OF LINCOLN INTERNATIONAL HOLDINGS LIMITED

Opinion

We have audited the financial statements of Lincoln International Holdings Limited ("the parent Company") and its subsidiaries ("the Group") for the year ended 31 December 2018, which comprise the Group Statement of Comprehensive Income, the Group and Company Statements of Financial Position, the Group Statement of Cash Flows, the Group and Company Statement of Changes in Equity and the related notes, including a summary of significant accounting policies. The financial reporting framework that has been applied in their preparation is applicable law and United Kingdom Accounting Standards, including Financial Reporting Standard 102 'The Financial Reporting Standard applicable in the UK and Republic of Ireland' (United Kingdom Generally Accepted Accounting Practice).

In our opinion the financial statements:

- give a true and fair view of the state of the Group's and of the parent Company's affairs as at 31 December 2018 and of the Group's profit for the year then ended;
- have been properly prepared in accordance with United Kingdom Generally Accepted Accounting Practice; and
- have been prepared in accordance with the requirements of the Companies Act 2006.

Basis for opinion

We conducted our audit in accordance with International Standards on Auditing (UK) (ISAs (UK)) and applicable law. Our responsibilities under those standards are further described in the Auditors' responsibilities for the audit of the financial statements section of our report. We are independent of the Group in accordance with the ethical requirements that are relevant to our audit of the financial statements in the United Kingdom, including the Financial Reporting Council's Ethical Standard, and we have fulfilled our other ethical responsibilities in accordance with these requirements. We believe that the audit evidence we have obtained is sufficient and appropriate to provide a basis for our opinion.

Conclusions relating to going concern

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 Group's or the parent 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.

LINCOLN INTERNATIONAL HOLDINGS LIMITED

INDEPENDENT AUDITORS' REPORT TO THE SHAREHOLDERS OF LINCOLN INTERNATIONAL HOLDINGS 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 Group Strategic Report and the Directors' Report for the financial year for which the financial statements are prepared is consistent with the financial statements; and
- the Group Strategic Report and the Directors' Report have been prepared in accordance with applicable legal requirements.

Matters on which we are required to report by exception

In the light of the knowledge and understanding of the Group and the parent Company and its environment obtained in the course of the audit, we have not identified material misstatements in the Group Strategic Report or the Directors' Report.

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

- adequate accounting records have not been kept by the parent Company, or returns adequate for our audit have not been received from branches not visited by us; or
- the parent Company financial statements are not in agreement with the accounting records and returns; or
- certain disclosures of directors' remuneration specified by law are not made; or
- we have not received all the information and explanations we require for our audit.

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 Group's and the parent Company's ability to continue as a going concern, disclosing, as applicable, matters related to going concern and using the going concern basis of accounting unless the directors either intend to liquidate the Group or the parent Company or to cease operations, or have no realistic alternative but to do so.

LINCOLN INTERNATIONAL HOLDINGS LIMITED

INDEPENDENT AUDITORS' REPORT TO THE SHAREHOLDERS OF LINCOLN INTERNATIONAL HOLDINGS 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.



Bernadette King (Senior Statutory Auditor)
for and on behalf of
Haysmacintyre LLP
10 Queen Street Place
London
EC4R 1AG

Date: 3 June 2019.

LINCOLN INTERNATIONAL HOLDINGS LIMITED

**CONSOLIDATED STATEMENT OF COMPREHENSIVE INCOME
FOR THE YEAR ENDED 31 DECEMBER 2018**

	Note	2018 £	2017 £
Turnover	4	18,234,368	8,324,600
Administrative expenses		(11,909,726)	(10,755,813)
Operating profit/(loss)	5	6,324,642	(2,431,213)
Interest receivable and similar income	9	9,973	3,650
Interest payable and similar charges	10	(40,815)	(35,370)
Profit/(loss) before taxation		6,293,800	(2,462,933)
Tax credit on profit/(loss)	11	-	270,000
Profit/(loss) for the financial year		<u>6,293,800</u>	<u>(2,192,933)</u>

There were no recognised gains and losses for 2018 or 2017 other than those included in the consolidated statement of comprehensive income.

There was no other comprehensive income for 2018 (2017: £nil).

The notes on pages 13 to 28 form part of these financial statements.

LINCOLN INTERNATIONAL HOLDINGS LIMITED
REGISTERED NUMBER: 06406893

CONSOLIDATED STATEMENT OF FINANCIAL POSITION
AS AT 31 DECEMBER 2018

	Note	2018 £	2017 £
Fixed assets			
Tangible assets	13	513,437	577,323
Investments	14	10	10
		<u>513,447</u>	<u>577,333</u>
Current assets			
Debtors: amounts falling due after more than one year	15	467,520	467,520
Debtors: amounts falling due within one year	15	1,709,984	1,783,046
Cash at bank and in hand	16	14,528,164	8,183,015
		<u>16,705,668</u>	<u>10,433,581</u>
Creditors: amounts falling due within one year	17	(9,750,881)	(10,748,659)
Net current assets/(liabilities)		<u>6,954,787</u>	<u>(315,078)</u>
Total assets less current liabilities		<u>7,468,234</u>	<u>262,255</u>
Creditors: amounts falling due after more than one year	18	(2,121,008)	(1,238,829)
Provisions for liabilities			
Net assets/(liabilities)		<u>5,347,226</u>	<u>(976,574)</u>
Capital and reserves			
Called up share capital	20	497,500	497,500
Share premium account	21	78,000	78,000
Profit and loss account	21	4,740,726	(1,553,074)
Equity attributable to owners of the parent Company		<u>5,316,226</u>	<u>(977,574)</u>
Non-controlling interests		31,000	1,000
		<u>5,347,226</u>	<u>(976,574)</u>

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

3 June 2019


P J McCreanor
 Director

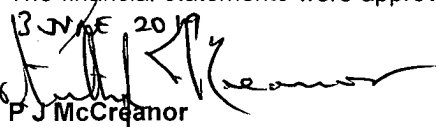
The notes on pages 13 to 28 form part of these financial statements.

LINCOLN INTERNATIONAL HOLDINGS LIMITED
REGISTERED NUMBER: 06406893

COMPANY STATEMENT OF FINANCIAL POSITION
AS AT 31 DECEMBER 2018

	Note	2018 £	2017 £
Fixed assets			
Tangible assets	13	83,658	91,635
Investments	14	3,190,945	3,190,945
		<u>3,274,603</u>	<u>3,282,580</u>
Current assets			
Debtors: amounts falling due after more than one year	15	467,520	467,520
Debtors: amounts falling due within one year	15	148,410	129,175
Cash at bank and in hand	16	6,716,160	6,029,565
		<u>7,332,090</u>	<u>6,626,260</u>
Creditors: amounts falling due within one year	17	(8,981,907)	(11,197,681)
Net current liabilities		<u>(1,649,817)</u>	<u>(4,571,421)</u>
Total assets less current liabilities		<u>1,624,786</u>	<u>(1,288,841)</u>
Creditors: amounts falling due after more than one year	18	(1,698,696)	(245,448)
Net liabilities		<u>(73,910)</u>	<u>(1,534,289)</u>
Capital and reserves			
Called up share capital	20	497,500	497,500
Share premium account	21	78,000	78,000
Profit and loss account	21	(649,410)	(2,109,789)
		<u>(73,910)</u>	<u>(1,534,289)</u>

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

13 JUNE 2019

P J McCreanor
 Director

The notes on pages 13 to 28 form part of these financial statements.

The Company has taken advantage of the exemption allowed under section 408 of the Companies Act 2006 and has not presented its own Statement of Comprehensive Income in these financial statements. The profit after tax of the parent Company for the year was £1,963,875 (2017: £371,985 loss).

LINCOLN INTERNATIONAL HOLDINGS LIMITED

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

	Called up share capital £	Share premium account £	Profit and loss account £	Equity attributable to owners of parent Company £	Non- controlling interests £	Total equity £
At 1 January 2017	497,500	78,000	639,859	1,215,359	1,000	1,216,359
Loss for the year	-	-	(2,192,933)	(2,192,933)	-	(2,192,933)
At 1 January 2018	497,500	78,000	(1,553,074)	(977,574)	1,000	(976,574)
Profit for the year	-	-	6,293,800	6,293,800	-	6,293,800
Introduction of members' capital in the year	-	-	-	-	30,000	30,000
At 31 December 2018	497,500	78,000	4,740,726	5,316,226	31,000	5,347,226

The notes on pages 13 to 28 form part of these financial statements.

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

	Called up share capital £	Share premium account £	Profit and loss account £	Total equity £
At 1 January 2017	497,500	78,000	(1,737,804)	(1,162,304)
Loss for the year	-	-	(371,985)	(371,985)
At 1 January 2018	497,500	78,000	(2,109,789)	(1,534,289)
Profit for the year	-	-	1,460,379	1,460,379
At 31 December 2018	497,500	78,000	(649,410)	(73,910)

The notes on pages 13 to 28 form part of these financial statements.

LINCOLN INTERNATIONAL HOLDINGS LIMITED

**CONSOLIDATED STATEMENT OF CASH FLOWS
FOR THE YEAR ENDED 31 DECEMBER 2018**

	2018 £	2017 £
Cash flows from operating activities		
Profit/(loss) for the financial year	6,293,800	(2,192,933)
Adjustments for:		
Depreciation of tangible assets	113,484	93,265
Loss on disposal of tangible assets	916	2,266
Interest paid	40,815	35,370
Interest received	(9,973)	(3,650)
Taxation credit	-	(270,000)
(Increase)/decrease in debtors	(370,100)	5,368,451
Decrease/(increase) in amounts owed by group undertakings	443,162	(515,028)
Decrease/(increase) in creditors	988,171	(4,403,009)
Decrease in amounts owed to group undertakings	(1,103,770)	(1,298,433)
Corporation tax paid	-	270,000
Net cash generated from/(used in) operating activities	<u>6,396,505</u>	<u>(2,913,701)</u>
Cash flows from investing activities		
Purchase of tangible fixed assets	(50,514)	(178,060)
Interest received	9,973	3,650
Net cash used in investing activities	<u>(40,541)</u>	<u>(174,410)</u>
Cash flows from financing activities		
Interest paid	(40,815)	(35,370)
Introduction of other members' capital in the LLP	30,000	-
Net cash used in financing activities	<u>(10,815)</u>	<u>(35,370)</u>
Net increase/(decrease) in cash and cash equivalents	<u>6,345,149</u>	<u>(3,123,481)</u>
Cash and cash equivalents at beginning of year	8,183,015	11,306,496
Cash and cash equivalents at the end of year	<u><u>14,528,164</u></u>	<u><u>8,183,015</u></u>
Cash and cash equivalents at the end of year comprise:		
Cash at bank and in hand	<u><u>14,528,164</u></u>	<u><u>8,183,015</u></u>

The notes on pages 13 to 28 form part of these financial statements.

LINCOLN INTERNATIONAL HOLDINGS LIMITED

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

1. General information

Lincoln International Holdings Limited is a private company, limited by shares, incorporated and registered in England and Wales. The company's registered office is 10 Queen Street Place, London, EC4R 1AG and its principal place of business is Orion House, 5 Upper St Martin's Lane, London, WC2H 9EA.

2. Accounting policies

2.1 Basis of consolidation

The consolidated financial statements present the results of Group and its own subsidiaries ("the Group") as if they formed a single entity. Intercompany transactions and balances between group companies are therefore eliminated in full.

The consolidated financial statements incorporate the results of business combinations using the purchase method. In the Statement of Financial Position, the acquiree's identifiable assets, liabilities and contingent liabilities are initially recognised at their fair values at the acquisition date. The results of acquired operations are included in the Consolidated Statement of Comprehensive Income from the date on which control is obtained. They are deconsolidated from the date control ceases.

2.2 Basis of preparation of financial statements

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

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

The Company has taken advantage of the exemption allowed under section 408 of the Companies Act 2006 and has not presented its own Statement of Comprehensive Income in these financial statements.

The following principal accounting policies have been applied:

2.3 Going concern

Whilst the consolidated position is strong with net assets of £5,850,722, the Parent company has a net assets of £429,586 at year end. The ultimate parent undertaking, Lincoln International, LP, has confirmed that it will continue to provide adequate financial support to the Parent company and Group for a period of at least twelve months from the date of approval of the financial statements.

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

2. Accounting policies (continued)

2.4 Turnover

Turnover is recognised to the extent that it is probable that the economic benefits will flow to the Group and the turnover can be reliably measured. Turnover is measured as the fair value of the consideration received or receivable, excluding discounts, rebates, value added tax and other sales taxes. The following criteria must also be met before turnover is recognised:

Rendering of services

Turnover from a contract to provide services is recognised in the period in which the services are provided in accordance with the stage of completion of the contract when all of the following conditions are satisfied:

- the amount of turnover can be measured reliably;
- it is probable that the Group will receive the consideration due under the contract;
- the stage of completion of the contract at the end of the reporting period can be measured reliably; and
- the costs incurred and the costs to complete the contract can be measured reliably.

Turnover recognised in the year by the Parent company relates to profit allocation from Lincoln International LLP. Group turnover is in respect of corporate finance advice services rendered in the year.

2.5 Tangible fixed assets

Tangible fixed assets under the cost model are stated at historical cost less accumulated depreciation and any accumulated impairment losses. Historical cost includes expenditure that is directly attributable to bringing the asset to the location and condition necessary for it to be capable of operating in the manner intended by management.

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

Depreciation is provided on the following basis:

Leasehold improvements	-	10%
Office equipment	-	10%
Computer equipment	-	33%

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

2. Accounting policies (continued)

2.6 Operating leases

Rentals paid under operating leases are charged to the Consolidated Statement of Comprehensive Income on a straight line basis over the period of the lease.

2.7 Valuation of investments

Investments in subsidiaries are measured at cost less accumulated impairment.

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

2.8 Debtors

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

2.9 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.

In the Consolidated Statement of Cash Flows, cash and cash equivalents are shown net of bank overdrafts that are repayable on demand and form an integral part of the Group's cash management.

2.10 Financial instruments

The Group only enters into basic financial instrument transactions that result in the recognition of financial assets and liabilities like trade and other debtors and creditors, loans from banks and other third parties, loans to related parties and investments in non-puttable ordinary shares.

Financial assets that are measured at cost and amortised cost are assessed at the end of each reporting period for objective evidence of impairment. If objective evidence of impairment is found, an impairment loss is recognised in the Consolidated Statement of Comprehensive Income.

2.11 Creditors

Short term creditors are measured at the transaction price. Other financial liabilities are measured initially at fair value, net of transaction costs, and are measured subsequently at amortised cost using the effective interest method.

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

2. Accounting policies (continued)

2.12 Foreign currency translation

Functional and presentation currency

The Group's functional and presentational currency is GBP.

Transactions and balances

Foreign currency transactions are translated into the functional currency using the spot exchange rates at the dates of the transactions.

At each period end foreign currency monetary items are translated using the closing rate. Non-monetary items measured at historical cost are translated using the exchange rate at the date of the transaction and non-monetary items measured at fair value are measured using the exchange rate when fair value was determined.

Foreign exchange gains and losses resulting from the settlement of transactions and from the translation at period-end exchange rates of monetary assets and liabilities denominated in foreign currencies are recognised in the Consolidated Statement of Comprehensive Income except when deferred in other comprehensive income as qualifying cash flow hedges.

2.13 Finance costs

Finance costs are charged to the Consolidated Statement of Comprehensive Income over the term of the debt using the effective interest method so that the amount charged is at a constant rate on the carrying amount. Issue costs are initially recognised as a reduction in the proceeds of the associated capital instrument.

2.14 Pensions

Defined contribution pension plan

The Group operates a defined contribution plan for its employees. A defined contribution plan is a pension plan under which the Group pays fixed contributions into a separate entity. Once the contributions have been paid the Group has no further payment obligations.

The contributions are recognised as an expense in the Consolidated Statement of Comprehensive Income when they fall due. Amounts not paid are shown in accruals as a liability in the Statement of Financial Position. The assets of the plan are held separately from the Group in independently administered funds.

2.15 Interest income

Interest income is recognised in the Consolidated Statement of Comprehensive Income using the effective interest method.

LINCOLN INTERNATIONAL HOLDINGS LIMITED

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

2. Accounting policies (continued)**2.16 Taxation**

Tax is recognised in the Consolidated Statement of Comprehensive Income, except that a charge attributable to an item of income and expense recognised as other comprehensive income or to an item recognised directly in equity is also recognised in other comprehensive income or directly in equity respectively.

The current income tax charge is calculated on the basis of tax rates and laws that have been enacted or substantively enacted by the reporting date in the countries where the Company and the Group operate and generate income.

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

Estimates and judgments are continually evaluated and are based on historical experience and other factors, including expectations of future events that are believed to be reasonable under the circumstances. Although these estimates are based on management's best knowledge of the amount, events or actions, actual results ultimately may differ from those estimates. The directors consider the only area subject to estimation and judgment to be the dilapidations accrual. The directors have used their knowledge of the building and discussions which they have had with the landlord to estimate the cost of potential dilapidations costs within the financial statements. These are not material to the financial statements.

4. Turnover

Analysis of turnover by country of destination:

	2018 £	2017 £
United Kingdom	12,503,321	5,651,820
Rest of Europe	2,597,442	1,210,528
Rest of the World	3,133,605	1,462,252
	<u>18,234,368</u>	<u>8,324,600</u>

All turnover relates to advisory fees.

5. Operating profit/(loss)

The operating profit/(loss) is stated after charging/(crediting):

	2018 £	2017 £
Exchange differences	<u>79,880</u>	<u>(45,999)</u>

LINCOLN INTERNATIONAL HOLDINGS LIMITED

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

6. Auditors' remuneration

	2018 £	2017 £
Fees payable to the Group's auditor for the audit of the Group's annual financial statements	24,800	23,850
Fees payable to the Group's auditor in respect of:		
Other services relating to taxation	10,250	6,300
All other services	1,740	8,900
	11,990	15,200

7. Employees

Staff costs were as follows:

	Group 2018 £	Group 2017 £	Company 2018 £	Company 2017 £
Wages and salaries	6,823,306	6,475,073	-	-
Social security costs	816,877	855,110	-	-
Cost of defined contribution scheme	312,957	259,704	-	-
	7,953,140	7,589,887	-	-

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

2018 No.	2017 No.
42	35

8. Directors' remuneration

No directors were remunerated in the year (2017: none).

9. Interest receivable

	2018 £	2017 £
Other interest receivable	9,973	3,650

LINCOLN INTERNATIONAL HOLDINGS LIMITED

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

10. Interest payable and similar expenses

	2018 £	2017 £
Other loan interest payable	40,815	35,370

11. Taxation

	2018 £	2017 £
Corporation tax		
Current tax on profits for the year	-	(270,000)
	-	(270,000)
Total current tax	-	(270,000)

Factors affecting tax charge for the year

The tax assessed for the year is lower than (2017: lower than) the standard rate of corporation tax in the UK of 19% (2017: 19%). The differences are explained below:

	2018 £	2017 £
Profit/(loss) on ordinary activities before tax	6,293,800	(2,462,933)
Profit/(loss) on ordinary activities multiplied by standard rate of corporation tax in the UK of 19% (2017: 19%)	1,195,822	(467,957)
Effects of:		
Expenses not deductible for tax purposes, other than goodwill amortisation and impairment	(277,472)	197,957
Non-taxable income	(918,350)	-
Total tax charge for the year	-	(270,000)

Factors that may affect future tax charges

There were no factors that may affect future tax charges.

LINCOLN INTERNATIONAL HOLDINGS LIMITED

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

12. Parent company profit for the year

The Company has taken advantage of the exemption allowed under section 408 of the Companies Act 2006 and has not presented its own Statement of Comprehensive Income in these financial statements. The profit after tax of the parent Company for the year was £1,460,379 (2017: £371,985 loss).

13. Tangible fixed assets**Group**

	Leasehold improvements £	Fixtures and fittings £	Office equipment £	Computer equipment £	Total £
Cost or valuation					
At 1 January 2018	602,375	10,141	182,032	148,002	942,550
Additions	2,321	-	8,440	39,753	50,514
Disposals	-	-	(17,562)	(54,759)	(72,321)
At 31 December 2018	604,696	10,141	172,910	132,996	920,743
Depreciation					
At 1 January 2018	192,761	761	90,578	81,127	365,227
Charge for the year	60,469	1,014	13,893	38,108	113,484
Disposals	-	-	(16,740)	(54,665)	(71,405)
At 31 December 2018	253,230	1,775	87,731	64,570	407,306
Net book value					
At 31 December 2018	351,466	8,366	85,179	68,426	513,437
At 31 December 2017	409,614	9,380	91,454	66,875	577,323

LINCOLN INTERNATIONAL HOLDINGS LIMITED

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

13. Tangible fixed assets (continued)**Company**

	Long-term leasehold property £	Fixtures and fittings £	Total £
Cost or valuation			
At 1 January 2018	90,525	10,141	100,666
Additions	2,321	-	2,321
At 31 December 2018	<u>92,846</u>	<u>10,141</u>	<u>102,987</u>
Depreciation			
At 1 January 2018	8,270	761	9,031
Charge for the year	9,284	1,014	10,298
At 31 December 2018	<u>17,554</u>	<u>1,775</u>	<u>19,329</u>
Net book value			
At 31 December 2018	<u>75,292</u>	<u>8,366</u>	<u>83,658</u>
At 31 December 2017	<u>82,255</u>	<u>9,380</u>	<u>91,635</u>

LINCOLN INTERNATIONAL HOLDINGS LIMITED

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

14. Fixed asset investments**Group**

	Investments in subsidiary companies £
Cost or valuation	
At 1 January 2018	10
At 31 December 2018	10
Net book value	
At 31 December 2018	10
At 31 December 2017	10

Subsidiary undertakings

The following were subsidiary undertakings of the Company:

Name	Class of shares	Holding	Principal activity
Lincoln International LLP	Members' capital	99 %	Advisory services

The aggregate of the share capital and reserves as at 31 December 2018 and of the profit or loss for the year ended on that date for the subsidiary undertakings were as follows:

	Aggregate of members' capital and reserves £	Profit £
Lincoln International LLP	8,612,072	6,830,479

LINCOLN INTERNATIONAL HOLDINGS LIMITED

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

14. Fixed asset investments (continued)

Company

	Investments in subsidiary companies £
Cost or valuation	
At 1 January 2018	3,190,945
At 31 December 2018	<u>3,190,945</u>
Net book value	
At 31 December 2018	<u>3,190,945</u>
At 31 December 2017	<u><u>3,190,945</u></u>

15. Debtors

	Group 2018 £	Group 2017 £	Company 2018 £	Company 2017 £
Due after more than one year				
Other debtors	<u>467,520</u>	<u>467,520</u>	<u>467,520</u>	<u>467,520</u>
Due within one year				
Trade debtors	619,782	895,365	-	-
Amounts owed by group undertakings	93,622	536,784	-	-
Other debtors	95,641	147,367	-	-
Prepayments and accrued income	<u>900,939</u>	<u>203,530</u>	<u>148,410</u>	<u>129,175</u>
	<u><u>1,709,984</u></u>	<u><u>1,783,046</u></u>	<u><u>148,410</u></u>	<u><u>129,175</u></u>

Included within debtors due after more than one year is the rent deposit on the office space at Orion House.

LINCOLN INTERNATIONAL HOLDINGS LIMITED

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

16. Cash and cash equivalents

	Group 2018 £	Group 2017 £	Company 2018 £	Company 2017 £
Cash at bank and in hand	<u>14,528,164</u>	<u>8,183,015</u>	<u>6,716,160</u>	<u>6,029,565</u>

17. Creditors: amounts falling due within one year

	Group 2018 £	Group 2017 £	Company 2018 £	Company 2017 £
Trade creditors	140,412	110,494	10	3,900
Amounts owed to group undertakings	6,543,548	7,647,318	8,900,845	11,097,481
Other taxation and social security	468,137	640,559	-	550
Other creditors	1,528	2,050	-	1,998
Accruals and deferred income	<u>2,597,256</u>	<u>2,348,238</u>	<u>81,052</u>	<u>93,752</u>
	<u>9,750,881</u>	<u>10,748,659</u>	<u>8,981,907</u>	<u>11,197,681</u>

18. Creditors: amounts falling due after more than one year

	Group 2018 £	Group 2017 £	Company 2018 £	Company 2017 £
Amounts owed to group undertakings	1,500,000	-	1,500,000	-
Accruals and deferred income	<u>621,008</u>	<u>1,238,829</u>	<u>198,696</u>	<u>245,448</u>
	<u>2,121,008</u>	<u>1,238,829</u>	<u>1,698,696</u>	<u>245,448</u>

LINCOLN INTERNATIONAL HOLDINGS LIMITED

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

19. Financial instruments

	Group 2018 £	Group 2017 £	Company 2018 £	Company 2017 £
Financial assets				
Cash and cash equivalents	14,528,164	8,183,015	6,716,160	6,029,565
Financial assets that are debt instruments measured at amortised cost	1,778,061	2,047,035	467,520	467,520
	<u>16,306,225</u>	<u>10,230,050</u>	<u>7,183,680</u>	<u>6,497,085</u>
Financial liabilities				
Financial liabilities measured at amortised cost	(11,403,052)	(11,349,929)	(10,680,603)	(11,442,579)

Financial assets that are debt instruments measured at amortised cost comprise debtors excluding prepayments and accrued income.

Financial liabilities measured at amortised cost comprise creditors excluding corporation tax and other taxation and social security.

20. Share capital

	2018 £	2017 £
Allotted, called up and fully paid		
497,500 (2017: 497,500) Ordinary shares of £1.00 each	<u>497,500</u>	<u>497,500</u>

21. Reserves**Share premium account**

Includes any premiums received on issue of share capital. Any transaction costs associated with the issuing of shares are deducted from share premium.

Profit and loss account

Includes all current and prior period retained profits and losses.

22. Pension commitments

The Group operates a defined contribution pension scheme. The assets of the scheme are held separately from those of the Group in an independently administered fund. The pension cost charge represents contributions payable by the Group to the fund and amounted to £312,957 (2017: £259,704). Contributions totalling £nil (2017: £nil) were payable to the fund at the reporting date and are included in creditors.

LINCOLN INTERNATIONAL HOLDINGS LIMITED

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

23. Commitments under operating leases

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

	Group 2018 £	Group 2017 £	Company 2018 £	Company 2017 £
Not later than 1 year	474,396	480,909	467,520	467,520
Later than 1 year and not later than 5 years	1,880,874	1,887,750	1,870,080	1,870,080
Later than 5 years	-	467,520	-	467,520
	<u>2,355,270</u>	<u>2,836,179</u>	<u>2,337,600</u>	<u>2,805,120</u>

During the year the Group expensed £407,695 (2017: £421,762) relating to rental costs in respect of assets held under operating leases.

LINCOLN INTERNATIONAL HOLDINGS LIMITED

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

24. Related party transactions

Balances due (to)/from the Group at 31 December 2018:

	2018 £	2017 £
Lincoln Affiliates	-	2,000
Lincoln International, LP	(7,693,278)	(7,639,842)
Lincoln International, LLC	(7,947)	(7,475)
Lincoln International, SAS	(21,135)	48,694
Lincoln International, AG	59,633	433,906
Lincoln Partners Advisors LLC	12,802	(52,184)
Lincoln International, AB	(300,000)	-
	<u>(7,949,925)</u>	<u>(7,214,901)</u>

LINCOLN INTERNATIONAL HOLDINGS LIMITED

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

24. Related party transactions (continued)

Transactions during the year:

During the year the LLP incurred expenses of £74 (2017: £13,340) on behalf of Lincoln International LLC. During the year Lincoln International LLC incurred expenses of £82,487 (2017: £159,841) on behalf of the LLP.

During the year the LLP invoiced £1,317,397 (2017: £52,184) to Lincoln Partners Advisors LLC in respect of services provided. During the year the LLP incurred expenses of £91,116 (2017: £nil) on behalf of Lincoln Partners Advisors LLC. Lincoln Partners Advisors LLC incurred expenses of £787 (2017: £nil) on behalf of the LLP during the year.

During the year Lincoln International LP incurred expenses of £195,123 (2017: £3,735) on behalf of the LLP. During the year the LLP incurred expenses of £55,273 (2017: £52,206) on behalf of Lincoln International LP.

During the year the LLP incurred expenses of £11,467 (2017: £526) on behalf of Lincoln International AG. During the year the LLP invoiced £238,968 (2017: £483,626) to Lincoln International AG in respect of services provided. During the year the LLP was invoiced £163,495 (2017: £86,786) in respect of assistance fees payable to Lincoln International AG.

During the year the LLP invoiced £nil (2017: £48,694) to Lincoln International SAS in respect of services provided. During the year the LLP was invoiced £21,135 (2017: £32,148) in respect of assistance fees payable to Lincoln International SAS. During the year the LLP was recharged £69,594 (2017: £nil) in respect of payroll costs for staff working in the UK. During the year the LLP incurred expenses of £11,467 (2017: £nil) on behalf of Lincoln International SAS.

During the year the LLP incurred expenses of £nil (2017: £2,445) on behalf of Lincoln International s.r.l.

During the year Lincoln International Investment Consulting (Beijing) Company Ltd incurred expenses of £5,561 (2017: £nil) on behalf of the LLP.

During the year Lincoln International Spain, SL incurred expenses of £2,212 (2017: £nil) on behalf of the LLP.

During the year the LLP invoiced Lincoln International CIS Holdings B.V. £348,139 (2017: £nil) in respect of services provided.

During the year the LLP undertook a piece of work with Lincoln International, AB. The fee share due to Lincoln International, AB of £300,000 (2017: £nil) has been accrued. During the year the LLP incurred expenses of £8,679 (2017: £nil) on behalf of Lincoln International, AB.

During the year Lincoln International Advisors Pvt Limited incurred expenses of £1,118 (2017: £nil) on behalf of the LLP.

During the year ended 31 December 2018 amounts totalling £707,832 (2017: £247,654) were paid to seven (2017: two) members of key management personnel.

25. Controlling party

In the opinion of the directors the ultimate parent undertaking and controlling party is Lincoln International, LP, a limited partnership in the United States of America.