

UNITED STATES
SECURITIES AND EXCHANGE COMMISSION
Washington, D.C. 20549

ANNUAL AUDITED REPORT
FORM X-17A-5
PART III

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FACING PAGE
Information Required of Brokers and Dealers Pursuant to Section 17 of the
Securities Exchange Act of 1934 and Rule 17a-5 Thereunder

REPORT FOR THE PERIOD BEGINNING 01/01/2019 AND ENDING 12/31/2019
MM/DD/YYYY MM/DD/YYYY

A. REGISTRANT IDENTIFICATION

NAME OF BROKER-DEALER:

Torch Partners Corporate Finance Inc.

ADDRESS OF PRINCIPAL PLACE OF BUSINESS: (Do not use P.O. Box No.)

33 Cavendish Square

(No. and Street)

London

(City)

(State)

W1G0PW

(Zip Code)

NAME AND TELEPHONE NUMBER OF PERSON TO CONTACT IN REGARD TO THIS REPORT

Rupert Robson

44 20 7227 4693

(Area Code -- Telephone No.)

B. ACCOUNTANT IDENTIFICATION

INDEPENDENT PUBLIC ACCOUNTANT whose opinion is contained in this Report*

WithumSmith+Brown, PC

(Name -- if individual, state last, first, middle name)

200 Jefferson Park Suite 400

(Address)

Whippany

(City)

NJ

(State)

07981

(Zip Code)

CHECK ONE:

- ☒ Certified Public Accountant
☐ Public Accountant
☐ Accountant not resident in United States or any of its possessions

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*Claims for exemption from the requirement that the annual report be covered by the opinion of an independent public accountant must be supported by a statement of facts and circumstances relied on as the basis for the exemption. See section 240.17a-5(e)(2).

SEC 1410 (06-02)

Potential persons who are to respond to the collection of
information contained in this form are not required to respond
unless the form displays a currently valid OMB control number.

OATH OR AFFIRMATION

I, Dmitriy Rutitskiy, swear (or affirm) that, to the best of my knowledge and belief the accompanying financial statement and supporting schedules pertaining to the firm of Torch Partners Corporate Finance Inc., as of December 31, 2019, are true and correct. I further swear (or affirm) that neither the company nor any partner, proprietor, principal officer or director has any proprietary interest in any account classified solely as that of a customer, except as follows:

by Kly
Signature

Signature _____

Chb

Notary Public

CLAUDIA TAYLOR
NOTARY PUBLIC, State of New York
No. 01TA5068172
Qualified in Kings County
Commission Expires 10/28/ 2020

CFO
Title

This report** contains (check all applicable boxes):

- ☒ (a) Facing page.
 - ☐ (b) Statement of Financial Condition.
 - ☐ (c) Statement of Income (Loss).
 - ☐ (d) Statement of Changes in Financial Condition.
 - ☐ (e) Statement of Changes in Stockholders' Equity or Partners' or Sole Proprietors' Capital.
 - ☐ (f) Statement of Changes in Liabilities Subordinated to Claims of Creditors.
 - ☐ (g) Computation of Net Capital.
 - ☐ (h) Computation for Determination of Reserve Requirements Pursuant to Rule 15c3-3.
 - ☐ (i) Information Relating to the Possession or control Requirements Under Rule 15c3-3.
 - ☐ (j) A Reconciliation, including appropriate explanation, of the Computation of Net Capital Under Rule 15c3-1 and the Computation for Determination of the Reserve Requirements Under Exhibit A of Rule 15c3-3.
 - ☐ (k) A Reconciliation between the audited and unaudited Statements of Financial Condition with respect to methods of consolidation.
 - ☒ (l) An Oath or Affirmation.
 - ☐ (m) A copy of the SIPC Supplemental Report.
 - ☐ (n) A report describing any material inadequacies found to exist or found to have existed since the date of the previous audit.
 - ☐ (o) Exemption report

***For conditions of confidential treatment of certain portions of this filing, see section 240.17a-5(e)(3).*

Torch Partners Corporate Finance, Inc.

Statement of Financial Condition

December 31, 2019

**(With Report of Independent Registered Public
Accounting Firm Thereon)**

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REPORT OF INDEPENDENT REGISTERED PUBLIC ACCOUNTING FIRM

To the Management and Stockholder of
Torch Partners Corporate Finance, Inc.

Opinion on the Financial Statement

We have audited the accompanying statement of financial condition of Torch Partners Corporate Finance, Inc. (the "Company"), as of December 31, 2019, and the related notes (collectively referred to as the "financial statement"). In our opinion, the financial statement presents fairly, in all material respects, the financial position of the Company as of December 31, 2019, in conformity with accounting principles generally accepted in the United States of America.

Basis for Opinion

This financial statement is the responsibility of the Company's management. Our responsibility is to express an opinion on this financial statement based on our audit. We are a public accounting firm registered with the Public Company Accounting Oversight Board (United States) ("PCAOB") and are required to be independent with respect to the Company in accordance with the U.S. federal securities laws and the applicable rules and regulations of the Securities and Exchange Commission and the PCAOB.

We conducted our audit in accordance with the standards of the PCAOB. Those standards require that we plan and perform the audit to obtain reasonable assurance about whether the financial statement is free of material misstatement, whether due to error or fraud. Our audit included performing procedures to assess the risks of material misstatement of the financial statement, whether due to error or fraud, and performing procedures that respond to those risks. Such procedures included examining, on a test basis, evidence regarding the amounts and disclosures in the financial statement. Our audit also included evaluating the accounting principles used and significant estimates made by management, as well as evaluating the overall presentation of the financial statement. We believe that our audit provides a reasonable basis for our opinion.

WithumSmith+Brown, PC

We have served as the Company's auditor since 2015.

March 25, 2020

Torch Partners Corporate Finance, Inc.
Statement of Financial Condition
As of December 31, 2019

Assets

Cash	\$	166,671
Deferred tax asset		211,765
Other assets		<u>49,442</u>
Total assets	\$	<u>427,878</u>

Liabilities and Stockholder's Equity

Accounts payable and other accrued expenses	\$	101,501
Deferred revenue		27,835
Income taxes payable		<u>800</u>
Total liabilities		<u>130,136</u>

Stockholder's equity

Common stock		504,000
Additional paid in capital		432,985
Accumulated deficit		<u>(639,243)</u>
Total stockholder's equity		<u>297,742</u>
Total liabilities and stockholder's equity	\$	<u>427,878</u>

The accompanying notes are an integral part of this financial statement.

Torch Partners Corporate Finance, Inc.

Notes to the Financial Statement

December 31, 2019

1. Organization and description of business

Torch Partners Corporate Finance, Inc. ("the Company") is a Corporation incorporated in the state of California on March 4, 2011. On October 10, 2012, the Company received the Financial Industry Regulatory Authority ("FINRA") registration approval letter. The Company is registered as a securities broker-dealer with the Securities and Exchange Commission ("SEC") and is a member of FINRA. Torch Partners Corporate Finance, Inc. is a wholly owned subsidiary of Torch Partners IB Holdings Limited. The Company's business activities include private placement of securities on a best efforts basis and investment banking M&A advisory services.

The Company does not carry securities accounts for customers or perform custodial services and, accordingly, claims exemption from Rule 15c3-3 of the Securities Exchange Act of 1934.

2. Summary of Significant Accounting Policies

Basis of Presentation

The Company's financial statement has been prepared in accordance with accounting principles generally accepted in the United States of America ("US GAAP").

The following is a summary of the significant accounting policies followed by the Company.

Cash

Cash consists of cash in banks, primarily held at one financial institution which at times may exceed federally insured limits.

Income Taxes

The Company accounts for income taxes under the asset and liability method, which requires the recognition of deferred tax assets and liabilities for the expected future tax consequences of events that have been included in the financial statement. Under this method, deferred tax assets and liabilities are determined based on the differences between the financial statement and tax basis of assets and liabilities using enacted tax rates in effect for the year in which the differences are expected to reverse. The effect of a change in tax rates on deferred tax assets and liabilities is recognized in income in the period that includes the enactment date.

The Company records net deferred tax assets to the extent the Company believes these assets will more likely than not be realized. In making such a determination, the Company considers all available positive and negative evidence, including future reversals of existing taxable temporary differences, projected future taxable income, tax-planning strategies, and results of recent operations. In the event the Company were to determine that it would be able to realize their deferred income tax assets in the future in excess of their net recorded amount, the Company would make an adjustment to the deferred tax asset valuation allowance, which would reduce the provision for income taxes.

The Company records uncertain tax positions in accordance with ASC 740-10-25 "*Accounting for Uncertainty in Income Taxes*" on the basis of a two-step process whereby (1) the Company determines whether it is more likely than not that the tax positions will be sustained based on the technical merits of the position and (2) those tax positions that meet the more-likely-than-not recognition threshold, the Company recognizes the largest amount of tax benefit that is greater than 50 percent likely to be realized upon ultimate settlement with the related tax authority.

Torch Partners Corporate Finance, Inc.

Notes to the Financial Statement

December 31, 2019

Income Taxes (continued)

The Company files its income tax returns in the U.S. federal and state jurisdictions. The Company remains subject to income tax examinations for all periods since 2014. Any potential examinations may include questioning the timing and amount of deductions and compliance with U.S. federal and state tax laws. At December 31, 2019, management has determined that the Company had no uncertain tax positions that would require financial statement recognition. Management's conclusions regarding this policy may be subject to review and adjustment at a later date based on factors including, but not limited to, on-going analyses of and changes to tax laws, regulations and interpretations thereof.

Use of Estimates

The preparation of financial statement in conformity with US GAAP requires management to make estimates and assumptions that affect the reported amounts of revenues and expenses during the reporting period and disclosure of contingent assets and liabilities at the date of the financial statement. Actual results could differ from these estimates.

3. Liquidity

The Company incurred a net loss and had negative cash flows from operations for the year ended December 31, 2019. To alleviate doubt of the Company's ability to continue as a going concern, the Parent will provide financial support, on an as needed basis, to the Company, sufficient for the Company to satisfy its obligations and net capital requirements.

4. Related Party Agreements

On August 8, 2013, the Company entered into an Administrative Services Agreement (the "Expense Sharing Agreement") with the Affiliate. In accordance with the Expense Sharing Agreement, the Company reimburses the Affiliate, on a monthly basis, for a proportional share of salaries and related expenses of personnel employed by the Affiliate.

On August 8, 2013, the Company has also entered into a Marketing and Transaction Support Services agreement with the Affiliate. As per the terms of this agreement, the Company earns revenues from transaction execution support services it provides to the Affiliate and is reimbursed for marketing support and business development expenses from the Affiliate.

As of December 31, 2019, the Company has no outstanding payable to Affiliate.

5. Income Taxes

The deferred income taxes reflect the tax effects of temporary differences between the financial reporting and tax basis of asset and liabilities. The Company has deferred tax assets of \$211,765 at December 31, 2019, which is primarily attributable to book to tax differences. The Company has no net operating loss carry forward at December 31, 2019.

The Company records uncertain tax positions in accordance with ASC 740-10-25 "Accounting for Uncertainty in Income Taxes" on the basis noted in note (2) above.

6. Stockholder's Equity

Capital Structure

As of December 31, 2019, the Company was authorized to issue 1,000,000 shares of stock, of which 504,000 shares were issued and outstanding.

Torch Partners Corporate Finance, Inc.
Notes to the Financial Statement
December 31, 2019

7. Leases

Effective January 1, 2019, the Company adopted ASC Topic 842, Leases ("ASC 842"). The new guidance increases transparency and comparability by requiring the recognition of right-of-use assets and lease liabilities on the statement of financial condition. The recognition of these lease assets and lease liabilities represents a change from previous US GAAP requirements, which did not require lease assets and lease liabilities to be recognized for most leases. The recognition, measurement, and presentation of expenses and cash flows arising from a lease by a lessee, have not significantly changed from previous US GAAP requirements.

The Company evaluated its existing vendor agreements, including its expense sharing agreement for the recognition criteria under this guidance. It was determined that as of January 1, 2019 or during the year ended December 31, 2019 no agreements or arrangements existed that would be classified as a lease under the adopted guidance.

8. Net Capital Requirements

As a FINRA registered broker-dealer, Torch Partners Corporate Finance, Inc. is subject to the SEC Uniform Net Capital Rule ("Rule 15c3-1") of the Securities Exchange Act of 1934, which requires the maintenance of minimum net capital. Under Rule 15c3-1, Torch Partners Corporate Finance, Inc. is required to maintain minimum net capital equal to the greater of \$5,000 and 6.667% of aggregate indebtedness. The ratio of aggregate indebtedness to net capital, both as defined, shall not exceed 15 to 1 and that equity capital may not be withdrawn or cash dividends paid if the resulting net capital ratio would exceed 10 to 1. At December 31, 2019, Torch Partners Corporate Finance, Inc. had net capital of \$36,535, which was \$29,715 above its required net capital of the greater of \$5,000 or 6.667% of aggregated indebtedness, which was \$6,820 at December 31, 2019. The ratio of aggregate indebtedness to net capital was 2.80 to 1 at December 31, 2019.

9. Concentrations of Credit Risk

The Company maintains its cash balances in one financial institution. These balances are insured by the Federal Deposit Insurance Corporation up to \$250,000 per institution.

10. Exemption from Rule 15c3-3

The Company is exempt from the provisions of Rule 15c3-3 under the Securities and Exchange Act of 1934 as of December 31, 2019, in that the Company's activities are limited to those set forth in the conditions for exemption appearing in paragraph (k)(2)(i) of the Rule.

11. Subsequent Events

The Company evaluated subsequent events or transactions that occurred from January 1, 2020 through the date these financial statement was issued. Management is currently evaluating the recent introduction of the COVID-19 virus and its impact on the financial services industry and has concluded that while it is reasonably possible that the virus could have a negative effect on the Company's operations, the specific impact is not readily determinable as of the date of this financial statement. The financial statement does not include any adjustments that might result from the outcome of this uncertainty.