

# West Midlands Enterprise Limited

Report and Financial Statements

Year Ended 31 March 2013

Company Number 1616121

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# West Midlands Enterprise Limited

## Report and financial statements for the year ended 31 March 2013

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### Directors

C R Beardwood OBE FCIPD (Non-executive Chairman)  
I M Booth BSc FCMA CGMA (Chief Executive)  
P Daffern BSc ACA (Finance Director)  
A Hope JP  
J R C Sayers  
M R Seabrook LLB

### Secretary and registered office

I B Scott, Wellington House, 31/34 Waterloo Street, Birmingham, B2 5TJ

### Company number

1616121

### Solicitors

Wragge & Co, 55 Colmore Row, Birmingham, B3 2AS  
Eversheds LLP, 115 Colmore Row, Birmingham, B3 3AL

### Bankers

Barclays Bank plc, 15 Colmore Row, Birmingham, B3 2EP  
Lloyds TSB Bank plc, 125 Colmore Row, Birmingham, B3 3SD

# West Midlands Enterprise Limited

## Report of the directors for the year ended 31 March 2013

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The directors present their report together with the unaudited financial statements for the year ended 31 March 2013

### Principal activities

The principal activities of the company are the management of funds that provide risk capital to unquoted companies and the provision of a range of consultancy and other services

### Directors

The directors of the company during the year were

C R Beardwood OBE FCIPD (Non-executive Chairman)  
I M Booth BSc FCMA CGMA (Chief Executive)  
P Daffern BSc ACA (Finance Director)  
A Hope JP  
J R C Sayers  
M R Seabrook LLB

In accordance with Articles 36, 37 and 40 of the company's Articles of Association, two ordinary directors retire by rotation at the Annual General Meeting and, being eligible, offer themselves for re-election. Those retiring are I M Booth and P Daffern.

### Directors' responsibilities

The directors are responsible for preparing the directors' report and the financial statements in accordance with applicable law and regulations.

Company law requires the directors to prepare financial statements for each financial year. Under that law the directors have elected to prepare the financial statements in accordance with United Kingdom Generally Accepted Accounting Practice (United Kingdom Accounting Standards and applicable law). 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,
- prepare the financial statements on the going concern basis unless it is inappropriate to presume that the company will continue in business.

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

# West Midlands Enterprise Limited

## **Report of the directors for the year ended 31 March 2013 (continued)**

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In preparing this directors' report advantage has been taken of the small companies' exemption

**By order of the board**

A handwritten signature in black ink, appearing to be 'P. Daffern', with a long, wavy horizontal line extending to the right.

P Daffern  
**Director**

# West Midlands Enterprise Limited

## Profit and loss account for the year ended 31 March 2013

	Note	2013	2012
Turnover	3	1,446,580	1,355,908
Operating expenses	4	1,548,693	1,744,507
<b>Operating loss</b>		<b>(102,113)</b>	<b>(388,599)</b>
Group company debtor provision release	6	149,378	946,795
<b>Profit on ordinary activities before interest and other income</b>		<b>47,265</b>	<b>558,196</b>
Dividends received		-	9,500
Interest receivable	7	32,907	21,209
<b>Profit on ordinary activities before and after taxation for the financial year</b>		<b>80,172</b>	<b>588,905</b>

All amounts relate to continuing activities

All recognised gains and losses in the current and prior year are included in the profit and loss account

The notes on pages 5 to 15 form part of these financial statements

# West Midlands Enterprise Limited

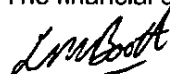
## Balance sheet at 31 March 2013

<b>Company Number 1616121</b>	<b>Note</b>	<b>2013 £</b>	<b>2013 £</b>	<b>2012 £</b>	<b>2012 £</b>
<b>Fixed assets</b>					
Tangible assets	9		5,815		24,133
Fixed asset investments	10		6,761		99,099
			<u>12,576</u>		<u>123,232</u>
<b>Current assets</b>					
Debtors – due within one year	11	471,290		454,326	
Debtors – due after more than one year	11				
		<u>1,508,936</u>		<u>1,541,864</u>	
Total debtors		<u>1,980,226</u>		<u>1,996,190</u>	
Short term deposits	12	-		1,500,000	
Cash at bank and in hand		<u>1,744,744</u>		<u>748,511</u>	
Total current assets		<u>3,724,970</u>		<u>4,244,701</u>	
Creditors amounts falling due within one year	13		<u>1,078,063</u>		<u>518,448</u>
Net current assets			<u>2,646,907</u>		<u>3,726,253</u>
Total assets less current liabilities			<u>2,659,483</u>		<u>3,849,485</u>
Provisions for liabilities	15		<u>160,447</u>		<u>430,621</u>
			<u>2,499,036</u>		<u>3,418,864</u>
<b>Capital and reserves</b>					
Capital	16		2,050,578		3,050,578
Profit and loss account	18		448,458		368,286
Members' funds	19		<u>2,499,036</u>		<u>3,418,864</u>

For the year ending 31 March 2013 the company was entitled to exemption from the requirement to have an audit under section 477 of the Companies Act 2006 ("the Act") relating to small companies. The members have not required the company to obtain an audit in accordance with section 476 of the Act. The directors acknowledge their responsibilities for complying with the requirements of the Act with respect to accounting records and the preparation of the accounts.

These financial statements have been prepared in accordance with the provisions applicable to companies subject to the small companies' regime.

The financial statements were approved by the board of directors on 23 July 2013.



I M Booth  
Director

The notes on pages 5 to 15 form part of these financial statements.

# West Midlands Enterprise Limited

## Notes forming part of the financial statements for the year ended 31 March 2013

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### 1 Company status

West Midlands Enterprise Limited is a company limited by guarantee. At 31 March 2013 there was one member, WME Group Limited, which has undertaken to contribute an amount not exceeding one pound in the event of the company being unable to meet its liabilities in the event of it being wound up.

### 2 Accounting policies

The financial statements have been prepared under the historical cost convention.

The following principal accounting policies have been applied:

#### *Consolidated financial statements*

The financial statements contain information about West Midlands Enterprise Limited as an individual company and do not contain consolidated financial information as the parent of a group. The company has taken advantage of the small companies' exemption not to produce consolidated financial statements.

#### *Funding*

Grants made to the company are treated as follows:

(a) Grants, the objective of which were to provide capital for the company, were credited to the capital of the company.

(b) Grants which are received with reference to specified categories of revenue expenditure are credited to the profit and loss account in the same period in which the revenue expenditure to which they relate is charged.

#### *Turnover*

Turnover comprises fees from fund management activities, consultancy services and other services, excluding VAT. Turnover is recognised when, and to the extent that, the company obtains the right to consideration in exchange for its performance.

Where the value of consultancy contracts accounted for within turnover exceeds the value of invoices raised at the year-end, the excess is included in debtors as "Accrued income". Outstanding liabilities related to these contracts are included as accruals within current liabilities.

#### *Income from subsidiary undertakings*

Dividends from subsidiary undertakings are accounted for when these are received. Interest on short-term deposits and loans is credited on an accruals basis.

# West Midlands Enterprise Limited

## Notes forming part of the financial statements for the year ended 31 March 2013 (*continued*)

### 2 Accounting policies (*continued*)

#### *Deferred taxation*

Deferred tax is recognised in respect of all timing differences that have originated but not reversed at the balance sheet date where transactions or events have occurred at that date that will result in an obligation to pay more, or right to pay less or to receive more, tax

Deferred tax is measured on an undiscounted basis at the tax rates that are expected to apply in the periods in which timing differences reverse, based on tax rates and laws enacted or substantively enacted at the balance sheet date

Deferred tax assets are recognised to the extent that, on the basis of all available evidence, it can be regarded as more likely than not that there will be suitable taxable profits from which the future reversal of the underlying timing differences can be deducted

#### *Tangible fixed assets*

Tangible fixed assets are stated at cost less depreciation. Depreciation is provided to write off the cost of the assets over their estimated useful lives. The rates of depreciation are as follows

Short leasehold buildings	- over the life of the lease
Plant and equipment	- 33% per annum

#### *Pension Costs*

The company operates a group personal pension plan charging contributions to the profit and loss account as they become payable in accordance with the rules of the scheme

#### *Operating Leases*

Rentals paid under operating leases are charged to income on a straight-line basis over the lease term

#### *Foreign Currencies*

Assets and liabilities denominated in foreign currencies are translated at the rate of exchange ruling at the balance sheet date. Transactions in foreign currencies are recorded at the rate ruling at the date of the transaction. All differences are taken through the profit and loss account

#### *Cash flow statement*

The company has taken advantage of the exemption conferred by Financial Reporting Standard 1 'Cash Flow Statements (Revised 1996)' not to prepare a cash flow statement on the grounds that it is a 'small' company under the Companies Act 2006



# West Midlands Enterprise Limited

## Notes forming part of the financial statements for the year ended 31 March 2013 (continued)

### 2 Accounting policies (continued)

#### Share based payments

When share options are awarded to employees, the fair value of the options at the date of grant is charged to the income statement over the vesting period. Non-marketing vesting conditions are taken into account by adjusting the number of equity instruments expected to vest at each balance sheet date so that, ultimately, the cumulative amount recognised over the vesting period is based on the number of options that eventually vest. Marketing vesting conditions are factored into the fair value of the options granted. As long as all other vesting conditions are satisfied, a charge is made irrespective of whether the marketing vesting conditions are satisfied. The cumulative expense is not adjusted for failure to achieve a marketing vesting condition.

Where the terms and conditions of options are modified before they vest, the increase in fair value of the options, measured immediately before and after the modification, is also charged to the income statement over the remaining vesting period. Where equity instruments are granted to persons other than employees, the income statement is charged with the fair value of goods and services received.

The charge for the year would not be material.

#### Related party disclosures

The company is a wholly owned subsidiary of WME Group Limited and has taken advantage of the exemption conferred by Financial Reporting Standard 8 'Related party disclosures' not to disclose transactions with WME Group Limited or other wholly owned subsidiaries within the group.

### 3 Turnover

The proportion of turnover that is attributable to markets outside the United Kingdom is 2.9% (2012 3.3%).

### 4 Operating expenses

The operating expenses comprise

	2013 £	2012 £
Administration expenses	42,131	346,800
Salaries	409,918	434,767
Social security costs	111,416	75,930
Other pension costs	61,298	56,987
Depreciation	20,894	25,882
Operating lease rentals plant and machinery	5,707	18,147
Operating lease rentals other	209,373	209,266
Auditors' remuneration	-	11,700
Fees paid to former auditors/auditors for taxation and other services	4,073	6,670
Directors' emoluments (see note 5)	269,532	268,534
Sub-contract consultancy services	414,351	289,824
	<b>1,548,693</b>	<b>1,744,507</b>

# West Midlands Enterprise Limited

Notes forming part of the financial statements  
for the year ended 31 March 2013 (*continued*)

## 5 Directors' remuneration

	2013 £	2012 £
Aggregate fees and emoluments	230,872	229,874
Pension contributions	38,660	38,660

There were two directors in the company's group personal pension scheme during the year (2012 2)

## 6 Group company debtor provision release

	2013 £	2012 £
Group company debtor provision release	149,378	946,795

## 7 Interest receivable

	2013 £	2012 £
Bank interest receivable	32,907	21,209

# West Midlands Enterprise Limited

## Notes forming part of the financial statements for the year ended 31 March 2013 (*continued*)

### 8 Taxation on profit on ordinary activities

The tax assessed for the year is different to the standard rate of corporation tax in the UK applied to profit before tax

	2013 £	2012 £
Profit on ordinary activities before tax	80,172	588,905
Profit on ordinary activities multiplied by the standard rate of corporation tax in the UK of 24% (2012 26%)	19,241	153,115
Effect of		
Expenses not deductible for tax purposes	1,268	1,522
Accelerated capital allowances	(3,434)	(6,529)
Non-taxable income	(35,850)	(248,636)
Other short term timing differences	2,600	(2,279)
Group relief	4,511	4,508
Unutilised tax losses carried forward	11,664	98,299
Current tax charge for the year	-	-

The company has losses of £2,837,126 (2012 £2,788,524) available to be carried forward. In addition to this amount, the company has capital losses carried forward of £30 (2012 £30)

# West Midlands Enterprise Limited

Notes forming part of the financial statements  
for the year ended 31 March 2013 (*continued*)

## 9 Tangible Fixed Assets

	Short Leasehold Building £	Plant, Equipment & Vehicles £	Total £
<i>Cost</i>			
At 1 April 2012	178,021	535,722	713,743
Additions	-	2,576	2,576
At 31 March 2013	<b>178,021</b>	<b>538,298</b>	<b>716,319</b>
<i>Depreciation</i>			
At 1 April 2012	155,123	534,487	689,610
Provided for the year	19,551	1,343	20,894
At 31 March 2013	<b>174,674</b>	<b>535,830</b>	<b>710,504</b>
<i>Net book value</i>			
At 31 March 2013	<b>3,347</b>	<b>2,468</b>	<b>5,815</b>
At 31 March 2012	22,898	1,235	24,133

## 10 Fixed asset investments

	Subsidiaries £	Other unlisted investments £	Total £
<i>Cost</i>			
At 1 April 2012	93,118	6,081	99,199
Additions	-	476	476
Disposals	(92,814)	-	(92,814)
At 31 March 2013	<b>304</b>	<b>6,557</b>	<b>6,861</b>
<i>Provisions</i>			
At 1 April 2012 and 31 March 2013	<b>100</b>	<b>-</b>	<b>100</b>
<i>Net book value</i>			
At 31 March 2013	<b>204</b>	<b>6,557</b>	<b>6,761</b>
At 31 March 2012	93,018	6,081	99,099

# West Midlands Enterprise Limited

Notes forming part of the financial statements  
for the year ended 31 March 2013 (continued)

## 10 Fixed asset investments (continued)

### Subsidiary undertakings

The principal undertakings in which the company's interest at the year end is 20% or more are as follows

<b>Subsidiary undertakings</b>	<b>Class of share capital held</b>	<b>Proportion of share capital held</b>	<b>Nature of business</b>
West Midlands Enterprise (Investments) Limited	100 Ordinary shares of £1 each	100%	Corporate Investment
Lothian Fifty (852) Limited	1 Ordinary share of £1	100%	Dormant
Lothian Fifty (890) Limited	1 Ordinary share of £1	100%	Dormant
WMEB Consultants Limited	99 Ordinary shares of £1 each	99%	Dormant
Percipient Capital Limited	1 Ordinary share of £1	100%	Dormant
South East Growth Fund Managers Limited	1 Ordinary share of £1	50%	Investment Fund General Partner
North West Equity Fund Managers Limited	1 Ordinary share of £1	50%	Investment Fund General Partner

The subsidiaries are all registered in England & Wales with the exception of Lothian Fifty (852) Limited and Lothian Fifty (890) Limited, which are both registered in Scotland

Unless otherwise stated, the following figures have been extracted from unaudited financial statements for the year ended 31 March 2013

	<b>Aggregate share capital and reserves</b>		<b>Profit for the year</b>	
	<b>2013</b>	<b>2012</b>	<b>2013</b>	<b>2012</b>
	<b>£</b>	<b>£</b>	<b>£</b>	<b>£</b>
West Midlands Enterprise (Investments) Limited	(5,871,004)	(6,020,382)	149,378	852,976
Lothian Fifty (852) Limited	1	1	-	-
Lothian Fifty (890) Limited	1	1	-	-
WMEB Consultants Limited	100	100	-	-
Percipient Capital Limited	1	1	-	-
South East Growth Fund Managers Limited	1,219	252	967	968
North West Equity Fund Managers Limited	1,227	260	967	969

# West Midlands Enterprise Limited

Notes forming part of the financial statements  
for the year ended 31 March 2013 *(continued)*

## 11 Debtors

	2013 £	2012 £
Amounts receivable within one year		
Trade debtors	72,115	73,396
Amounts owed by group companies	269,926	12,676
Other debtors	1,970	79,217
Prepayments	82,263	100,393
Accrued income	45,016	188,644
	471,290	454,326
Amounts receivable after more than one year		
Amounts owed by group companies	1,508,936	1,541,864
Total debtors	1,980,226	1,996,190

## 12 Current asset investments

	2013 £	2012 £
Short term deposits	-	1,500,000

## 13 Creditors' amounts falling due within one year

	2013 £	2012 £
Trade creditors	114,850	90,976
Amounts owed to group companies	607,086	137,728
Taxation and social security	164,496	28,921
Pension contributions	19,170	8,338
Other creditors	96	80
Accruals	162,960	246,896
Deferred income	9,405	5,509
	1,078,063	518,448

# West Midlands Enterprise Limited

Notes forming part of the financial statements  
for the year ended 31 March 2013 (*continued*)

## 14 Deferred Taxation

	2013 £	2012 £
Accelerated capital allowances	(32,441)	(37,285)
Pension provision	(4,409)	(2,001)
Tax losses	(652,546)	(669,261)
	<hr/>	<hr/>
	(689,396)	(708,547)
	<hr/>	<hr/>

The above potential deferred tax assets have not been recognised in the financial statements as, on the basis of the available evidence, they are not regarded as recoverable in the foreseeable future

## 15 Provisions for liabilities

	Other Provisions £
At 1 April 2012	430,621
Utilised in year	(270,174)
	<hr/>
At 31 March 2013	160,447
	<hr/>

The provision is for an onerous lease and dilapidations on a leasehold property. The provision will be utilised within one year.

## 16 Capital

	2013 £	2012 £
Capital grants received by the company		
At 1 April 2012	3,050,578	3,050,578
Transfer to profit and loss account	(1,000,000)	-
	<hr/>	<hr/>
At 31 March 2013	2,050,578	3,050,578
	<hr/>	<hr/>

During the year it was agreed that £1,000,000 be transferred from capital to the profit and loss account

# West Midlands Enterprise Limited

## Notes forming part of the financial statements for the year ended 31 March 2013 (*continued*)

### 17 Pension commitments

Throughout the year, the company operated a Group Personal Pension Scheme

The total pension costs for the company in respect of its activities amounted to £86,529 (2012 £95,647)

The pension creditor was £19,170 (2012 £8,338)

### 18 Reserves

	Profit and loss account £
At 1 April 2012	368,286
Profit for the year	80,172
	<hr/>
At 31 March 2013	<b>448,458</b>
	<hr/>

### 19 Reconciliation of movements in members' funds

	2013 £	2012 £
Profit for the year	80,172	588,905
Distribution paid	(1,000,000)	-
	<hr/>	<hr/>
Net (deductions from)/additions to members' funds	(919,828)	588,905
Opening members' funds	3,418,864	2,829,959
	<hr/>	<hr/>
Closing members' funds	<b>2,499,036</b>	<b>3,418,864</b>
	<hr/>	<hr/>



# West Midlands Enterprise Limited

Notes forming part of the financial statements  
for the year ended 31 March 2013 (*continued*)

## 20 Commitments under operating leases

The company had annual commitments under non-cancellable operating leases as set out below

	Land and buildings 2013 £	Other 2013 £	Land and buildings 2012 £	Other 2012 £
Operating leases which expire				
Within one year	46,864	790	17,046	2,429
In two to five years	-	-	201,000	3,160
	46,864	790	218,046	5,589

## 21 Related party disclosures

### **Coventry Venture Capital Limited**

A subsidiary of the company, West Midlands Enterprise (Investments) Limited, owns 82% of the equity capital of Coventry Venture Capital Limited

Current account balance due to Coventry Venture Capital Limited at 31 March 2013 £106,681 (2012 £137,417)

## 22 Ultimate parent company

The company's ultimate parent company and ultimate controlling party is WME Group Limited, a company registered in England and Wales. Copies of the ultimate parent's financial statements may be obtained from Wellington House, 31/34 Waterloo Street, Birmingham, B2 5TJ