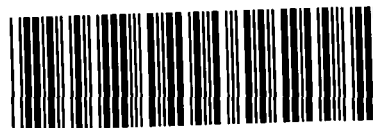


South West Investment Group (Capital) Limited

**Annual Report and Financial Statements
Year Ended 31 March 2018**

Registration number: 2360656

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South West Investment Group (Capital) Limited

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South West Investment Group (Capital) Limited

Company Information

Directors	J R Berry
	R G Coombs
	N L Pooley
	J J Vowels
Registered office	Lowena House
	Glenthorne Court
	Truro Business Park
	Truro
	Cornwall
Auditors	TR4 9NY
	PKF Francis Clark
	Lowin House
	Tregolls Road
	Truro
	Cornwall
	TR1 2NA

South West Investment Group (Capital) Limited

Statement of Directors' Responsibilities

The directors acknowledge their responsibilities for preparing the Annual 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 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.

South West Investment Group (Capital) Limited

Balance Sheet

31 March 2018

	Note	2018 £	2017 £
Fixed assets			
Tangible assets	4	316	490
Current assets			
Debtors	5	117,773	156,081
Investments	6	3,159,289	4,112,019
Cash at bank and in hand		<u>8,610,788</u>	<u>9,871,806</u>
		11,887,850	14,139,906
Creditors: Amounts falling due within one year	7	<u>(2,924,583)</u>	<u>(995,500)</u>
Net current assets		<u>8,963,267</u>	<u>13,144,406</u>
Total assets less current liabilities		8,963,583	13,144,896
Creditors: Amounts falling due after more than one year	7	<u>(696,086)</u>	<u>(633,592)</u>
Net assets		<u>8,267,497</u>	<u>12,511,304</u>
Capital and reserves			
Called up share capital		263,000	263,000
Other reserves	8	7,175,688	11,511,155
Profit and loss account		<u>828,809</u>	<u>737,149</u>
Total equity		<u>8,267,497</u>	<u>12,511,304</u>

The notes on pages 5 to 14 form an integral part of these financial statements.

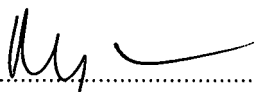
South West Investment Group (Capital) Limited

Balance Sheet

31 March 2018

These financial statements have been prepared and delivered in accordance with the special provisions relating to companies subject to the small companies regime within Part 15 of the Companies Act 2006 and the option not to file the Profit and Loss Account has been taken.

Approved and authorised by the Board on 12/10/18 and signed on its behalf by:


.....
R G Coombs
Director

Company Registration Number: 2360656

South West Investment Group (Capital) Limited

Notes to the Financial Statements

Year Ended 31 March 2018

1 General information

The company is a private company limited by share capital, incorporated in England and Wales.

The address of its registered office is:

Lowena House
Glenthorne Court
Truro Business Park
Truro
Cornwall
TR4 9NY

2 Accounting policies

Summary of significant accounting policies and key accounting estimates

The principal accounting policies applied in the preparation of these financial statements are set out below. These policies have been consistently applied to all the years presented, unless otherwise stated.

Statement of compliance

These financial statements have been prepared in accordance with Financial Reporting Standard 102 - 'The Financial Reporting Standard applicable in the UK and Republic of Ireland' and the Companies Act 2006 as applicable to companies subject to the small companies regime. The disclosure requirements of Section 1A of FRS102 have been applied other than where additional disclosure is required to show a true and fair view.

The financial statements are prepared in pounds sterling which is the functional currency of the company. Monetary amounts in these financial statements are rounded to the nearest pound.

Basis of preparation

These financial statements have been prepared using the historical cost convention.

The preparation of financial statements in conformity with FRS102 requires the use of certain critical accounting estimates. It also requires management to exercise its judgement in the process of applying the company's accounting policies. The areas involving a higher degree of judgement or complexity, or where assumptions and estimates are significant to the financial statements are outlined within this note.

Revenue recognition

Turnover comprises of fees and loan interest receivable on loans advanced by the company, and grants recognised in accordance with its policy as stated below.

Loan interest is recognised on an accruals basis, with monitoring fees in relation to loans advanced under certain funds being recognised on a receipts basis.

South West Investment Group (Capital) Limited

Notes to the Financial Statements

Year Ended 31 March 2018

Government grants

In relation to the South West Loan Fund, the Microcredit Loan Fund, the Cleantech Loan Fund and CDFA RGF Fund all capital grants received in advance of investment are carried forward on the balance sheet as deferred income.

Capital grants relating to loan investments in SMEs are recognised at the point at which loans are made and are released to the income and expenditure account. At the same time provisions for impairment are reflected as an expense.

For other older investments and the Seedbed fund, grants received (and then provided as loans) are accounted for on a 'net' basis whereby the profit and loss on grants received under lending arrangements made are only recognised when repayments are subsequently received from the loanee repaying the grant element of the loan. In the case of these funds, the directors believe this is to be the most appropriate accounting treatment to give a true and fair view given the nature of the investments.

Tangible assets

Tangible assets are stated in the statement of financial position at cost, less any subsequent accumulated depreciation and subsequent accumulated impairment losses.

The cost of tangible assets includes directly attributable incremental costs incurred in their acquisition and installation.

South West Investment Group (Capital) Limited

Notes to the Financial Statements

Year Ended 31 March 2018

Depreciation

Depreciation is charged so as to write off the cost of assets, other than land and properties under construction over their estimated useful lives, as follows:

Asset class	Depreciation method and rate
Computer equipment	33% straight line

Intangible assets

Intangible fixed assets relate to software costs.

Software costs have a finite useful life, and are carried at cost less accumulated amortisation and impairment losses.

Amortisation

Amortisation is provided on intangible assets so as to write off the cost, less any estimated residual value, over their useful life as follows:

Asset class	Amortisation method and rate
Software costs	Straight line over three years

Loans and loan provisioning

Loan balances are reviewed regularly and those that are no longer considered to be recoverable are written off.

Where there is any doubt about the recoverability of a loan, an assessment is made of the amount that is considered to be at risk, and of the probability that a default will occur in order to arrive at a provision for doubtful debts.

South West Investment Group (Capital) Limited

Notes to the Financial Statements

Year Ended 31 March 2018

Financial instruments

Classification

The company holds the following financial instruments:

- Short term trade and other debtors and creditors;
- Fixed asset investments arising on the issuing of funds to third parties;
- Bank loans; and
- Cash and bank balances.

All financial instruments are classified as basic.

Recognition and measurement

The company has chosen to apply the recognition and measurement principles in FRS102.

Financial instruments are recognised when the company becomes party to the contractual provisions of the instrument and derecognised when in the case of assets, the contractual rights to cash flows from the assets expire or substantially all the risks and rewards of ownership are transferred to another party, or in the case of liabilities, when the company's obligations are discharged, expire or are cancelled.

Except for bank loans, such instruments are initially measured at transaction price, including transaction costs, and are subsequently carried at the undiscounted amount of the cash or other consideration expected to be paid or received, after taking account of impairment adjustments.

Bank loans are initially measured at transaction price, including transaction costs, and are subsequently carried at amortised cost using the effective interest method.

South West Investment Group (Capital) Limited

Notes to the Financial Statements

Year Ended 31 March 2018

Accounting estimates and judgements

In applying the company's accounting policies, the directors are required to make judgements, estimates and assumptions about the carrying amounts of assets and liabilities that are not readily apparent from other sources. The estimates and associated assumptions are based on historical experience and other factors that are considered to be relevant. Actual results may differ from these estimates.

The estimates and underlying assumptions are reviewed on an ongoing basis. Revisions to accounting estimates are recognised in the period in which the estimate is revised if the revision affects only that period, or in the period of the revision and future periods if the revision affects both current and future periods.

The areas where management have made significant judgements are as follows:

Provisioning of loan book

Management incorporate specific provisions against certain loan balances, based on the advice provided to them by their fund managers.

In addition a general bad debt provision is incorporated into the financial statements, which is based on an estimated default level calculated on historic data.

Provisions are reviewed on a regular meeting by management as part of their quarterly board meetings.

3 Staff numbers

The average number of persons employed by the company (including directors) during the year, was 2 (2017 - 2).

South West Investment Group (Capital) Limited

Notes to the Financial Statements

Year Ended 31 March 2018

4 Tangible assets

	Furniture, fittings and equipment £	Total £
Cost or valuation		
At 1 April 2017	4,905	4,905
At 31 March 2018	4,905	4,905
Depreciation		
At 1 April 2017	4,415	4,415
Charge for the year	174	174
At 31 March 2018	4,589	4,589
Carrying amount		
At 31 March 2018	316	316
At 31 March 2017	490	490

5 Debtors

	Note	2018 £	2017 £
Amounts due from group undertakings		-	50,000
Other debtors		117,773	106,081
		<u>117,773</u>	<u>156,081</u>

South West Investment Group (Capital) Limited

Notes to the Financial Statements

Year Ended 31 March 2018

6 Investments

	Investments £	Total £
Cost or valuation		
At 1 April 2017	7,481,975	7,481,975
Loan book advances	1,134,500	1,134,500
Grants realised	156,590	156,590
Less grants receivable	(120,750)	(120,750)
Repayments	(1,928,413)	(1,928,413)
Written off	(988,590)	(988,590)
At 31 March 2018	<u>5,735,312</u>	<u>5,735,312</u>
Provision		
At 1 April 2017	3,369,956	3,369,956
Written off	(987,213)	(987,213)
Movement in provision	193,280	193,280
At 31 March 2018	<u>2,576,023</u>	<u>2,576,023</u>
Carrying amount		
At 31 March 2018	<u>3,159,289</u>	<u>3,159,289</u>
At 31 March 2017	<u>4,112,019</u>	<u>4,112,019</u>

Of total investments above £2,028,962 (2017 - £2,120,806) is recoverable in more than one year.

South West Investment Group (Capital) Limited

Notes to the Financial Statements

Year Ended 31 March 2018

7 Creditors

Creditors: amounts falling due within one year

	Note	2018 £	2017 £
Due within one year			
Loans and borrowings	9	202,597	114,756
Trade creditors		30,143	43,260
Amounts due to group undertakings		33,262	70,736
Social security and other taxes		1,910	3,590
Other creditors		26,671	38,158
Exceptional charge	10	2,630,000	725,000
		<u>2,924,583</u>	<u>995,500</u>

Creditors: amounts falling due after more than one year

	Note	2018 £	2017 £
Due after one year			
Loans and borrowings	9	331,332	183,856
Deferred income		364,754	449,736
		<u>696,086</u>	<u>633,592</u>

8 Other reserves

Other reserves are the Business Development Reserve which is a subdivision of the profit and loss reserve.

Whilst it remains a distributable reserve, it should be noted that all of the Business Development Fund is accrued from funds managed by the company where there are conditions established over the future use of the profits from those funds.

The Directors of South West Investment Group (Capital) Limited actively monitor changes in EU regulations, or other requirements, to assess any impact they may have on the amounts held in the Business Development Fund. In the event that there is a known change in the applicable terms and conditions relating to such funds, or if an obligation were to arise either legally or constructively to transfer such funds to another body, then an appropriate transaction in respect of the amount due would be recognised at that time.

A provision has been recognised in respect of certain elements of this reserve of £2.63m (2017: £0.725m) for amounts that have or expect to be requested. During the current year, £0.5m (2017: £nil) was paid.

South West Investment Group (Capital) Limited

Notes to the Financial Statements

Year Ended 31 March 2018

9 Loans and borrowings

	2018 £	2017 £
Current loans and borrowings		
Bank borrowings	<u>202,597</u>	<u>114,756</u>
	2018 £	2017 £
Loans and borrowings due after one year		
Bank borrowings	<u>331,332</u>	<u>183,856</u>

The amounts shown above as bank borrowings are secured against monies disclosed within cash and cash equivalents at the balance sheet date.

10 Financial commitments, guarantees and contingencies

Amounts not provided for in the balance sheet

The total amount of financial commitments not included in the balance sheet is £Nil (2017 - £40,000).

As disclosed in the Directors report it became clear that due to changes in EU regulations it is unlikely that the Company could be a Fund Holder for the 2014-2020 EU Structural and Investment Funds (ESIF) programmes, as it has been for the 2007-2013 programme for the South West area. In Cornwall & Isles of Scilly the Local Enterprise Partnership had an ambition to launch a sizeable 2014-2020 fund using ESIF monies; this fund launched in July 2018 and as such an obligation has now arisen to transfer the monies the Company will have had repaid to it from loans made from the 2007-2013 programme to a new fund holding organisation.

At the balance sheet date, the value of the remaining transfer of funds (inclusive of outstanding loan book element) was £2.63m, of which £2.63m has been provided for in full at the balance sheet date on the expectation that the full amount is to be paid. The contingent liability element of this transaction at the balance sheet date is £nil (2017: £2.125m).

11 Parent and ultimate parent undertaking

The company's immediate parent is South West Investment Group Limited, incorporated in England and Wales. The registered office of this company is Lowena House, Glenthorne Court, Truro Business Park, Truro, Cornwall, TR4 9NY.

The most senior parent entity producing publicly available financial statements is South West Investment Group Limited. These financial statements are available upon request from Companies House, Crown Way, Cardiff, CF14 3UZ.

South West Investment Group (Capital) Limited

Notes to the Financial Statements

Year Ended 31 March 2018

12 Statement on auditors' report pursuant to s444 5(B) to the Companies Act 2006

The financial statements for the year ended 31 March 2018 were audited by:

PKF Francis Clark, statutory auditor
Lowin House
Tregolls Road
TR1 2NA

The senior statutory auditor was Duncan Leslie ACA.

An unqualified and unmodified auditors' report on the financial statements for the year ended 31 March 2018 has been issued.