

# **WestBridge Fund Managers Limited**

Report and Financial Statements

Year Ended

31 October 2016

Company Number 02914364

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# WestBridge Fund Managers Limited

## Company Information

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<b>Directors</b>	G Davies V C Kendall A Smart J C Wakefield
<b>Company secretary</b>	L Morris
<b>Registered number</b>	02914364
<b>Registered office</b>	The Gatehouse Melrose Hall Cypress Drive Cardiff CF3 0EG
<b>Independent auditor</b>	BDO LLP Bridgewater House Counterslip Bristol BS1 6BX

# **WestBridge Fund Managers Limited**

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# WestBridge Fund Managers Limited

## Directors' report For the year ended 31 October 2016

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The directors present their report and the audited financial statements for the year ended 31 October 2016.

### Principal activities

The principal activity of the company is fund management services to funds investing in profitable, growing SMEs. The company is regulated by the FCA (Financial Conduct Authority).

### Results and business review

The profit for the year, after taxation, amounted to £78 (2015 - £127,384).

Overall the 2015/16 trading year saw a continuation of the significant progress that had been made in the previous four years following the final closing of the WestBridge SME Fund LP ("the Fund") in March 2012. Key highlights of the year include:

- The sale of the Fund's second investment, Aero Stanrew Limited, at a 4.4x money multiple and an IRR of 45%;
- The refinancing of part of the Fund's loan note investment in Vista Technology Support Group Limited, resulting in the return of 105% of the Fund's £3.4m cash investment. This comprised £2.4m capital and £1.2m in income / redemption premium. The Fund's equity ownership remains unchanged;
- The Fund completed two new investments taking the total new investments made in the Fund to Eight. This comprised a £2.5m investment into DB Systems Holdings Limited, a provider of audio visual / IT rental services, interactive software and temporary broadband network infrastructure to large scale trade shows and conferences and a £4m investment into ISG, which provides LAN and wi-fi connectivity solutions for multi-site clients;
- Two small investments into existing portfolio companies to support their growth;
- Continued strong flow of introductions from our extensive range of market contacts; and
- Continued development of the Fund's existing portfolio.

By 31 December 2016 the Fund had returned 64% of the amount drawn down from the Fund Investors and the total proceeds received plus the valuation of the unrealised assets was 1.8x.

We expect the current strong deal flow to lead to further new investment opportunities in the new fund we are currently raising ("WestBridge II") and we will continue to implement operational improvements and explore acquisition opportunities for WestBridge I's existing portfolio companies.

Subsequent to the year end the company has successfully applied for EuVECA registration.

### Directors

The directors who served during the year were:

G Davies  
V C Kendall  
A Smart  
J C Wakefield

# WestBridge Fund Managers Limited

## Directors' report For the year ended 31 October 2016

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### Disclosure of information to auditor

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

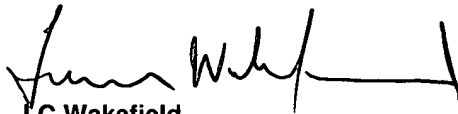
- so far as that director is aware, there is no relevant audit information of which the company's auditor is unaware, and
- that director has taken all the steps that ought to have been taken as a director in order to be aware of any relevant audit information and to establish that the company's auditor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

### Auditor

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

This report has been prepared in accordance with the provisions applicable to companies subject to the small companies regime.

This report was approved by the board and signed on its behalf.



**J C Wakefield**  
Director

Date:

21/2/17

# **WestBridge Fund Managers Limited**

## **Directors' responsibilities statement For the year ended 31 October 2016**

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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 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 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 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.

# **WestBridge Fund Managers Limited**

## **Independent Auditor's report to the members of WestBridge Fund Managers Limited**

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We have audited the financial statements of WestBridge Fund Managers Limited for the year ended 31 October 2016 which comprise the profit and loss account, the balance sheet and the related notes. The financial reporting framework that has been applied in their preparation is applicable law and the Financial Reporting Standard for Smaller Entities (effective January 2015) (United Kingdom Generally Accepted Accounting Practice applicable to Smaller Entities).

This report is made solely to the company's members, as a body, in accordance with Chapter 3 of Part 16 of the Companies Act 2006. Our audit work has been undertaken so that we might state to the company's members those matters we are required to state to them in an auditor's report and for no other purpose. To the fullest extent permitted by law, we do not accept or assume responsibility to anyone other than the company and the company's members as a body, for our audit work, for this report, or for the opinions we have formed.

### **Respective responsibilities of directors and auditors**

As explained more fully in the statement of directors' responsibilities, the directors are responsible for the preparation of the financial statements and for being satisfied that they give a true and fair view. Our responsibility is to audit and express an opinion on the financial statements in accordance with applicable law and International Standards on Auditing (UK and Ireland). Those standards require us to comply with the Financial Reporting Council's (FRC's) Ethical Standards for Auditors.

### **Scope of the audit of the financial statements**

A description of the scope of an audit of financial statements is provided on the FRC's website at [www.frc.org.uk/auditscopeukprivate](http://www.frc.org.uk/auditscopeukprivate).

### **Opinion on financial statements**

In our opinion the financial statements:

- give a true and fair view of the state of the company's affairs as at 31 October 2016 and of its profit for the year then ended;
- have been properly prepared in accordance with United Kingdom Generally Accepted Accounting Practice applicable to Smaller entities; and
- have been prepared in accordance with the requirements of the Companies Act 2006.

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

In our opinion the information given in the directors' report for the financial year for which the financial statements are prepared is consistent with the financial statements.

# WestBridge Fund Managers Limited

## Independent Auditor's report to the members of WestBridge Fund Managers Limited

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

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

- adequate accounting records have not been kept, or returns adequate for our audit have not been received from branches not visited by us; or
- the financial statements are not in agreement with the accounting records and returns; or
- certain disclosures of directors' remuneration specified by law are not made; or
- we have not received all the information and explanations we require for our audit; or
- the directors were not entitled to prepare the financial statements and the directors' report in accordance with the small companies regime and to the exemption from the requirement to prepare a strategic report.

*BDO ul.*

**Antonio Antonius** (Senior statutory auditor)  
for and on behalf of BDO LLP, Statutory auditor  
Bristol  
United Kingdom

Date: *22 February 2017*

BDO LLP is a limited liability partnership registered in England and Wales (with registered number OC305127).



## WestBridge Fund Managers Limited

### Profit and loss account For the year ended 31 October 2016

	Note	2016 £	2015 £
<b>Turnover</b>	1	<b>855,334</b>	795,969
Administrative expenses		<b>(884,607)</b>	(657,380)
Other operating income	2	<b>32,932</b>	23,700
		<hr/>	<hr/>
<b>Operating profit</b>	3	<b>3,659</b>	162,289
Interest payable and similar charges	4	<b>(291)</b>	(3)
		<hr/>	<hr/>
<b>Profit on ordinary activities before taxation</b>		<b>3,368</b>	162,286
Tax on profit on ordinary activities	5	<b>(3,290)</b>	(34,902)
		<hr/>	<hr/>
<b>Profit for the financial year</b>	10	<b>78</b>	127,384
		<hr/> <hr/>	<hr/> <hr/>

All amounts relate to continuing operations.

There were no recognised gains and losses for 2016 or 2015 other than those included in the profit and loss account.

The notes on pages 8 to 13 form part of these financial statements.

# WestBridge Fund Managers Limited

Registered number: 02914364

## Balance sheet As at 31 October 2016

	Note	£	2016 £	£	2015 £
<b>Fixed assets</b>					
Tangible assets	6		-		289
<b>Current assets</b>					
Debtors	7	203,760		1,010,956	
Cash at bank		775		775	
		<u>204,535</u>		<u>1,011,731</u>	
<b>Creditors: amounts falling due within one year</b>	8	<u>(174,208)</u>		<u>(338,052)</u>	
<b>Net current assets</b>			<u>30,327</u>		<u>673,679</u>
<b>Total assets less current liabilities</b>			<u>30,327</u>		<u>673,968</u>
<b>Capital and reserves</b>					
Called up share capital	9		55,000		55,000
Profit and loss account	10		<u>(24,673)</u>		<u>618,968</u>
<b>Shareholders' funds</b>	11		<u>30,327</u>		<u>673,968</u>

The financial statements have been prepared in accordance with the special provisions applicable to small companies within Part 15 of the Companies Act 2006 and in accordance with the Financial Reporting Standard for Smaller Entities (effective January 2015).

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



**G Davies**  
Director

Date: 21/2/17

The notes on pages 8 to 13 form part of these financial statements.

# WestBridge Fund Managers Limited

## Notes to the financial statements For the year ended 31 October 2016

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### 1. Accounting policies

#### 1.1 Basis of preparation of financial statements

The financial statements have been prepared under the historical cost convention and in accordance with the Financial Reporting Standard for Smaller Entities (effective January 2015).

#### 1.2 Turnover

Turnover comprises fees for services attributable to the provision of investment management services, corporate directors fees and fund management fees in the UK and are stated exclusive of VAT. Management fees and directors fees are recognised when the service is provided. Negotiation fees are recognised at completion of agreement.

#### 1.3 Operating leases

Rentals under operating leases are charged to the profit and loss account on a straight line basis over the lease term.

#### 1.4 Other operating income

Other operating income comprises sundry income including reimbursement of expenses incurred which are recognised on a receivable basis.

#### 1.5 Dividends

Equity dividends are recognised when they become legally payable. Interim equity dividends are recognised when paid. Final equity dividends are recognised when approved by the shareholders at an annual general meeting.

### 2. Other operating income

	2016 £	2015 £
Other operating income	<u>32,932</u>	<u>23,700</u>

Other operating income comprises sundry income including reimbursement of expenses incurred.

# WestBridge Fund Managers Limited

## Notes to the financial statements For the year ended 31 October 2016

### 3. Operating profit

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

	2016 £	2015 £
Depreciation of tangible fixed assets:		
- owned by the company	289	290
Auditor's remuneration	4,340	8,000
Operating leases - plant and machinery	3,040	3,040
Operating leases - property	17,300	16,986
Exceptional credit against legal fees	-	(101,935)
	<u>17,300</u>	<u>(101,935)</u>

During the year, no director received any emoluments (2015 - £Nil).

The exceptional credit to legal fees in the prior year represents an insurance receipt following a successful claim for costs incurred against a former director, the majority of which were incurred in the prior year, and are disclosed as exceptional above.

### 4. Interest payable

	2016 £	2015 £
On bank overdraft	291	3
	<u>291</u>	<u>3</u>

### 5. Taxation

	2016 £	2015 £
<b>Analysis of tax charge in the year</b>		
UK corporation tax charge on profit for the year	1,000	34,902
Adjustments in respect of prior periods	2,290	-
	<u>3,290</u>	<u>34,902</u>
<b>Tax on profit on ordinary activities</b>	<u>3,290</u>	<u>34,902</u>

# WestBridge Fund Managers Limited

## Notes to the financial statements For the year ended 31 October 2016

### 5. Taxation (continued)

#### Factors affecting tax charge for the year

The tax assessed for the year is higher than (2015 - higher than) the standard rate of corporation tax in the UK of 20% (2015 - 20%). The differences are explained below:

	2016 £	2015 £
Profit on ordinary activities before tax	<u>3,368</u>	<u>162,286</u>
Profit on ordinary activities multiplied by standard rate of corporation tax in the UK of 20% (2015 - 20%)	674	32,457
<b>Effects of:</b>		
Expenses not deductible for tax purposes, other than goodwill amortisation and impairment	370	1,782
Capital allowances for year in excess of depreciation	(44)	(139)
Adjustments to tax charge in respect of prior periods	<u>2,290</u>	<u>802</u>
<b>Current tax charge for the year</b> (see note above)	<u><u>3,290</u></u>	<u><u>34,902</u></u>

There were no factors that may affect future tax charges.

### 6. Tangible fixed assets

	Fixtures and fittings £
<b>Cost</b>	
At 1 November 2015 and 31 October 2016	<u>41,503</u>
<b>Depreciation</b>	
At 1 November 2015	41,214
Charge for the year	<u>289</u>
At 31 October 2016	<u>41,503</u>
<b>Net book value</b>	
At 31 October 2016	<u><u>-</u></u>
At 31 October 2015	<u><u>289</u></u>

# WestBridge Fund Managers Limited

## Notes to the financial statements For the year ended 31 October 2016

### 7. Debtors

	2016 £	2015 £
Trade debtors	26,054	122,524
Amounts owed by group undertakings	136,604	739,018
Other debtors	-	357
Prepayment and accrued income	41,102	149,057
	<u>203,760</u>	<u>1,010,956</u>

### 8. Creditors: Amounts falling due within one year

	2016 £	2015 £
Bank overdrafts	27,793	38,104
Trade creditors	32,481	45,190
Amounts owed to group undertakings	-	81,843
Corporation tax	1,000	34,100
Other taxation and social security	7,068	2,305
Other creditors	6,168	4,827
Accruals and deferred income	99,698	131,683
	<u>174,208</u>	<u>338,052</u>

The bank overdraft is secured by a debenture over the assets of the company.

### 9. Share capital

	2016 £	2015 £
<b>Allotted, called up and fully paid</b>		
55,000 Ordinary shares of £1 each	<u>55,000</u>	<u>55,000</u>

### 10. Reserves

	Profit and loss account £
At 1 November 2015	618,968
Profit for the financial year	78
Dividends: Equity capital	(643,719)
	<u>(24,673)</u>
At 31 October 2016	<u>(24,673)</u>

# WestBridge Fund Managers Limited

## Notes to the financial statements For the year ended 31 October 2016

### 11. Reconciliation of movement in shareholders' funds

	2016 £	2015 £
Opening shareholders' funds	673,968	546,584
Profit for the financial year	78	127,384
Dividends (Note 12)	(643,719)	-
Closing shareholders' funds	<u>30,327</u>	<u>673,968</u>

### 12. Dividends

	2016 £	2015 £
Dividends paid on equity capital	<u>643,719</u>	<u>-</u>

The dividends were declared in March 2016 following a comprehensive review of the management accounts prepared to this date. These relevant accounts indicated that the distributable reserves available would be sufficient for the level of dividend declared. Following the year end distributable reserves have returned to a positive position.

### 13. Operating lease commitments

At 31 October 2016 the company had annual commitments under non-cancellable operating leases as follows:

	2016 £	2015 £
<b>Expiry date:</b>		
Within 1 year	17,300	-
Between 2 and 5 years	<u>3,040</u>	<u>3,040</u>

# **WestBridge Fund Managers Limited**

## **Notes to the financial statements For the year ended 31 October 2016**

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### **14. Related party transactions**

The company has taken advantage of the exemption available in the Financial Reporting Standard for Smaller Entities (effective January 2015) not to disclose transactions within the wholly owned group.

Non executive director and monitoring fees of £415,926 (2015 - £396,203) were receivable for the year in respect of director and monitoring services provided by various of the directors of the company to the companies held as investments within the portfolio of the WestBridge SME Fund LP, together with negotiation fees of £290,600 (2015 - £17,674) in respect of transaction fees incurred. Other income includes £19,029 (2015 - £23,699) reimbursement of expenditure incurred from these entities. At the balance sheet amounts of £25,500 (2015 - £118,463) were due to the company. These companies are deemed associates by virtue of the equity holdings within WestBridge SME Fund LP, a fellow subsidiary of the company.

Consultancy fees of £240,000 (2015 - £57,000) were payable to Sparsholt Services Limited in respect of work undertaken for the company by J C Wakefield, company director and a partner in WestBridge Capital LLP. There were no amounts (2015 - £nil) outstanding at the balance sheet date.

### **15. Ultimate parent undertaking and controlling party**

The company is ultimately controlled by WestBridge Capital LLP.