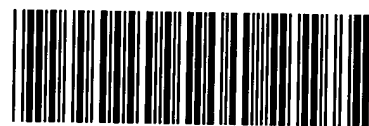


Registered number: 05165896

SME Wholesale Finance (London) Limited
(A company limited by guarantee)

Directors' report and financial statements
for the year ended 31 March 2015

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COMPANIES HOUSE

SME Wholesale Finance (London) Limited
(A company limited by guarantee)

Company Information

| | |
|-----------------------------|---|
| Directors | D Prais (appointed 10 June 2014) A Simon M E Rodriguez-Piza (Chief Executive Officer) R Morley A Collinge B McDonald (appointed 28 January 2015) H McGrath (appointed 24 November 2014) P Barnett (appointed 8 June 2015) |
| Company secretary | EPS Secretaries Limited |
| Registered number | 05165896 |
| Registered office | 125 London Wall London EC2Y 5AS |
| Independent auditors | Kreston Reeves LLP Chartered Accountants & Statutory Auditor Third Floor 24 Chiswell Street London EC1Y 4YX |
| Fund managers | AXM Venture Capital Limited 57G Randolph Avenue London W9 1BQ Industrial Common Ownership Finance Limited Burnswick Court, Burnswick Square Bristol BS2 8PE MMC Ventures Limited 3rd Floor, 2 Kensington Square London W8 5EP East London Small Business Centre Limited Universal House, 88-94 Wentworth Street London E1 7SA oneLondon Limited 10-12 Queen Elizabeth Street London SE1 2JN |

SME Wholesale Finance (London) Limited
(A company limited by guarantee)

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| Balance sheet | 10 |
| Notes to the financial statements | 11 - 19 |
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SME Wholesale Finance (London) Limited
(A company limited by guarantee)

Directors' report
for the year ended 31 March 2015

The directors present their report and the financial statements for the year ended 31 March 2015.

Principal activities

The company's principal activity is to provide finance by way of loan or equity to small and medium enterprises (SMEs) in the London area. The company has received grant funding for this purpose from various government agencies and from the EU. Since its founding in 2004, the company has continued to channel funding from Europe and the UK, through appointed fund managers to sustainable and ambitious London SME's caught in the funding gap.

SME Wholesale Finance's vision is to be the catalyst for growth businesses within the capital by:

1. Providing strategic funding and independent support for early stage businesses within the London ecosystem;
2. Enabling sustainable growth opportunities for small businesses;
3. Supporting best of breed fund managers to deliver investment to small businesses; and
4. Reinvesting success, fuelling the continuous fund provision to support the next generation of high growth businesses.

Current Activities

Over the past three years, the company has achieved significant milestones with the first reinvestment of legacy funds into the MMC London Fund in 2012 and the launch of the London Co-investment Fund in December 2014 – cementing its credentials in the early stage funding eco-system.

The London Co-investment Fund

The principal development during the year was the launch in December of the London Co-investment Fund ("LCIF"). The fund is financed via £25m provided by the Mayor of London and the London Enterprise Panel from the Growing Places Fund and £1.6m of the company's legacy funds.

The LCIF strategy is to make equity investments into high growth SME's in London's strategic sectors of Science, Digital and Technology as defined in the London Plan; thereby addressing the funding issues still faced by early stage SME's with high growth prospects. The fund operates by co-investing with competitively selected partners. Five partners have been co-investing with the fund since December. Recently, the company selected a further five partners and it expects the new partners to begin co-investing by the end of September.

Since its launch, the LCIF has built a portfolio of 23 companies which have received £3m of investment from LCIF alongside an aggregate of £16m from other investors.

The LCIF investment period will run until December 2017. The fund's target is to invest in c. 150 businesses in that period.

The MMC London Fund

The MMC London Fund is now in the final year of its investment period. The fund is financed via a £9m grant from the European Regional Development Fund (2007-2013) Programme together with £5.6m from the company's legacy funds.

To date, the MMC London Fund has built a portfolio of 19 companies and has invested £10.3m. The target investment amount at 31 December 2015 is £10.5m. The fund has been very successful in building a portfolio of London based companies with significant global potential. In addition to the target £10.5m to be invested by December, the fund manager has certain amounts reserved to allow it to support the companies beyond 2015.

SME Wholesale Finance (London) Limited
(A company limited by guarantee)

Directors' report
for the year ended 31 March 2015

Current Activities (continued)

The London Legacy Loan Fund

As at 31 March, the London Legacy Loan Fund has advanced 74 loans totalling £597,650. The fund has effectively achieved its goal of recycling our European Social Fund legacy from the 2000-2006 programme. The fund will continue revolving for the foreseeable future.

Legacy funds

During the financial year the ERDF (2000-2006) loan funds and the Economic Recovery Loan Fund reached the end of their fund management periods. Of the Creative Capital Funds ("CCF"), the Objective 2 fund terminated in March 2015 and the Pan London Fund at the end of July.

The company has arrangements in place to continue to collect debt repayments wherever possible and we are in the process of transferring the shares in the underlying CCF investments to our balance sheet.

At 31 March 2015, the legacy from the 2004-5 Funds and the Economic Recovery Loan Fund is £7.4m. Of this legacy £6.5m is committed to current projects including: the MMC London Fund, London Legacy Loan Fund, and the new London Co-investment Fund.

As at 31 March there remain £1.1m of uncommitted legacy. The company is in the process of evaluating opportunities to redeploy its legacy. In particular, we are in advanced stages of discussion in respect of an early intervention fund targeting Objective 2 areas of London.

Organisational change

In January the company welcomed Harvey McGrath as chairman. Harvey took over from David Prais who served as chairman during more than six years. David continues to act as a non-executive director. The Company is extremely grateful to David for his leadership during that time.

Harvey McGrath is Deputy Chair of the Mayor of London's Enterprise Panel, Chairman of Governors of Birkbeck, University of London, and Chair of Big Society Capital. He is the former Chairman of Prudential plc, Man Group plc, and the London Development Agency.

Harvey will support the company's executive team in pursuing new opportunities to deliver our mission to enable London's SME's to achieve success.

During 2015 the company has welcomed as non-executive directors Ben McDonald and Pauline Barnett. Pauline has replaced Mark Alloway. The board would like to express its gratitude to Mark for his invaluable contribution over the past five years.

Ben took up the directorship vacated by Julie Carlyle. A partner at KPMG, Ben leads his firm's Enterprise practice across the London Region, working with and supporting privately-owned businesses throughout all stages of their journey from early stage start-ups to established middle-market businesses. Ben's team helps privately owned companies to grow and prosper, advising on a broad range of business issues from assurance and tax advice to financing, mergers and acquisitions, remuneration and other people issues, as well as risk management, IT strategy and cyber security. Therefore, Ben brings a wealth of perspective about the challenges and opportunities facing SMEs across the capital, which the company will, in turn, bring to bear in both its day-to-day business and its strategic thinking.

Pauline has over 30 years of experience in supporting and financing SMEs in London. She joined and helped to establish East London Small Business Centre (ELSBC), a non-profit organisation established in 1978. ELSBC provides specialist business advice to SMEs in developing viable business plans and facilitating new ideas and supporting the creation of new businesses. Pauline contributed to ELSBC's growth and expansion by winning significant new contracts across London from both the public and private sector, serving as Deputy CEO for 13 years and becoming CEO in 2011. Pauline retired from ELSBC at the end of 2013.

SME Wholesale Finance (London) Limited
(A company limited by guarantee)

Directors' report
for the year ended 31 March 2015

Current Activities (continued)

Organisational change (continued)

With the launch of the London Co-investment Fund, the company has grown its team with the addition of a fund manager dedicated to the LCIF operations and investment activities. The company has also brought on board a marketing and operations manager.

Funding London (www.fundinglondon.co.uk)

In May 2014 the company launched its website and rebranded under the name Funding London. This trading name better reflects our activities and conveys our strategy. The name was well received by stakeholders, fund managers and the wider early stage investment community.

Future Prospects

With the addition of the LCIF, the company has doubled the size of its activities. We will continue to pursue the opportunity to secure larger grants to create sizeable funds – for example the new ERDF (2014-2020) Programme.

In addition we will leverage our experience gained to date from the LCIF to secure other mandates, in either the private or public sector.

Result for the Year

For the year to 31 March 2015, the company has made a loss of £2m (2014 as restated: £2.7m).

The loss for the year reflects the usual recurring items for the company's operations against reducing interest income from the now closed loans fund. In addition, the loss for the year reflects the impairment of the investments held in the CCF portfolio.

The closing cash position at 31 March 2015 is £7,729,763.

There has been an increase in the net assets of the company to £14.29m (2014: £11.57m). This is principally the result of increased grants for equity investments. There is a total of £2.433m of unrealised gains from revaluations in the equity portfolios not recognised in these accounts.

Post balance sheet events

Since the year end there have been further investment exits made.

SME Wholesale Finance (London) Limited
(A company limited by guarantee)

Directors' report
for the year ended 31 March 2015

Directors

The directors who served during the year were:

D Prais (appointed 10 June 2014)
A Simon
M Alloway (resigned 8 June 2015)
M E Rodriguez-Piza (Chief Executive Officer)
R Morley
A Collinge
B McDonald (appointed 28 January 2015)
H McGrath (appointed 24 November 2014)

David Prais resigned as a director of the company on 21 May 2014 as a result of Pembridge Partnership Limited ceasing to be a member of the Company. Mr Prais was re-appointed as a director of the Company with effect from 10 June 2014 by DEP Worldwide Limited which replaced Pembridge as a member.

Directors' responsibilities statement

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 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.

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 that director is aware, there is no relevant audit information of which the company's auditors are 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 auditors are aware of that information.

SME Wholesale Finance (London) Limited
(A company limited by guarantee)

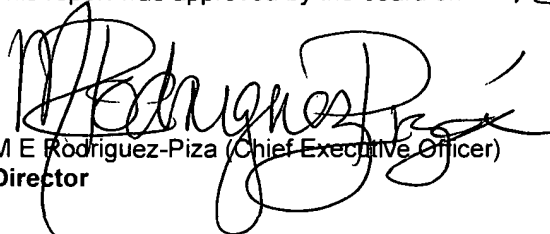
Directors' report
for the year ended 31 March 2015

Auditors

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

In preparing this report, the directors have taken advantage of the small companies exemptions provided by section 415A of the Companies Act 2006.

This report was approved by the board on 9 September 2015 and signed on its behalf.



M E Rodríguez-Piza (Chief Executive Officer)
Director

SME Wholesale Finance (London) Limited
(A company limited by guarantee)

Independent auditors' report to the members of SME Wholesale Finance (London) Limited

We have audited the financial statements of SME Wholesale Finance (London) Limited for the year ended 31 March 2015, set out on pages 8 to 19. The financial reporting framework that has been applied in their preparation is applicable law and the Financial Reporting Standard for Smaller Entities (effective April 2008) (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 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.

Respective responsibilities of directors and auditors

As explained more fully in the Directors' responsibilities statement, 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 Auditing Practices Board's Ethical Standards for Auditors.

Scope of the audit of the financial statements

An audit involves obtaining evidence about the amounts and disclosures in the financial statements sufficient to give reasonable assurance that the financial statements are free from material misstatement, whether caused by fraud or error. This includes an assessment of: whether the accounting policies are appropriate to the company's circumstances and have been consistently applied and adequately disclosed; the reasonableness of significant accounting estimates made by the directors; and the overall presentation of the financial statements. In addition, we read all the financial and non-financial information in the Directors' report to identify material inconsistencies with the audited financial statements and to identify any information that is apparently materially incorrect based on, or materially inconsistent with, the knowledge acquired by us in the course of performing the audit. If we become aware of any apparent material misstatements or inconsistencies we consider the implications for our report.

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 March 2015 and of its loss 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 matter 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.

SME Wholesale Finance (London) Limited
(A company limited by guarantee)

Independent auditors' report to the members of SME Wholesale Finance (London) Limited

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 take advantage of the small companies' exemption from the requirement to prepare a Strategic report or in preparing the Directors' report.



James O'Brien FCA (Senior statutory auditor)

for and on behalf of

Kreston Reeves LLP

Chartered Accountants

Statutory Auditor

Third Floor

24 Chiswell Street

London

EC1Y 4YX

Date:

30 September 2015

SME Wholesale Finance (London) Limited
(A company limited by guarantee)

Profit and loss account
for the year ended 31 March 2015

| | Note | 2015 £ | As restated 2014 £ |
|--|------|--------------------|--------------------------|
| Turnover | 1 | 239,347 | 300,447 |
| Administrative expenses | | (2,427,282) | (3,090,279) |
| Operating loss | 2 | (2,187,935) | (2,789,832) |
| Profit on disposal of investments | | 204,411 | - |
| Interest receivable and similar income | 4 | 6,650 | 15,580 |
| Interest payable and similar charges | 5 | - | 30,210 |
| Loss on ordinary activities before taxation | | (1,976,874) | (2,744,042) |
| Tax on loss on ordinary activities | | - | - |
| Loss for the financial year | 12 | (1,976,874) | (2,744,042) |

The notes on pages 11 to 19 form part of these financial statements.

SME Wholesale Finance (London) Limited
(A company limited by guarantee)

Statement of total recognised gains and losses
for the year ended 31 March 2015

| | Note | 2015 £ | <i>As restated 2014 £</i> |
|--|-------------|--------------------|-----------------------------------|
| Loss for the financial year | | (1,976,874) | (2,744,042) |
| Grants utilised for fixed asset investment loans | | 4,694,401 | 2,370,926 |
| Total recognised gains and losses relating to the year | | 2,717,527 | (373,116) |
| Prior year adjustment | 13 | (145,959) | |
| Total gains and losses recognised since last financial statements | | 2,571,568 | |

The notes on pages 11 to 19 form part of these financial statements.

SME Wholesale Finance (London) Limited
(A company limited by guarantee)
Registered number: 05165896

Balance sheet
as at 31 March 2015

| | Note | £ | 2015 £ | £ | As restated 2014 £ |
|--|------|--------------------|--------------------------|------------------|--------------------------|
| Fixed assets | | | | | |
| Investments | 7 | | 8,932,305 | | 5,649,090 |
| Current assets | | | | | |
| Debtors | 8 | 622,917 | | 934,631 | |
| Cash at bank | | 7,729,763 | | 5,762,513 | |
| | | <u>8,352,680</u> | | <u>6,697,144</u> | |
| Creditors: amounts falling due within one year | 9 | <u>(1,555,389)</u> | | <u>(57,208)</u> | |
| Net current assets | | | <u>6,797,291</u> | | <u>6,639,936</u> |
| Total assets less current liabilities | | | <u>15,729,596</u> | | <u>12,289,026</u> |
| Creditors: amounts falling due after more than one year | 10 | | <u>(1,438,812)</u> | | <u>(715,769)</u> |
| Net assets | | | <u><u>14,290,784</u></u> | | <u><u>11,573,257</u></u> |
| Capital and reserves | | | | | |
| Capital reserve | 12 | | 19,231,392 | | 15,595,712 |
| Profit and loss account | 12 | | <u>(4,940,608)</u> | | <u>(4,022,455)</u> |
| | | | <u><u>14,290,784</u></u> | | <u><u>11,573,257</u></u> |

The financial statements have been prepared in accordance with the 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 April 2008).

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

9 September 2015


M E Rodriguez-Pizar (Chief Executive Officer)
Director

The notes on pages 11 to 19 form part of these financial statements.

SME Wholesale Finance (London) Limited
(A company limited by guarantee)

Notes to the financial statements
for the year ended 31 March 2015

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 April 2008).

The company is the parent undertaking of a small group and as such is not required by the Companies Act 2006 to prepare group accounts. These financial statements therefore present information about the company as an individual undertaking and not about its group.

1.2 Cash flow

The financial statements do not include a cash flow statement because the company, as a small reporting entity, is exempt from the requirement to prepare such a statement under the Financial Reporting Standard for Smaller Entities (effective April 2008).

1.3 Turnover

Turnover represents returns on interest receivable from loans made to unlisted companies, grant contributions to specific items of expenditure (see 1.10 below) and sundry investment income.

1.4 Tangible fixed assets and depreciation

Tangible fixed assets are stated at cost less depreciation. Depreciation is provided at rates calculated to write off the cost of fixed assets, less their estimated residual value, over their expected useful lives on the following bases:

Furniture, fittings and equipment - 20% straight line

1.5 Fixed asset investments

Fixed Asset are stated at valuation.

Capital investments in Limited Partnerships represent the company's capital contribution as a Limited Partner, in Limited Partnerships established to undertake commercial investments in micro, small and medium sized enterprises which have their principal place of business or a majority of their operations in the London Area.

Investment loans to Limited Partnerships are loans made to finance equity investments by Limited Partnerships in which the company is a Limited Partner. When considering whether any impairment provision is required against these loans reference is made to the underlying investment portfolio these loans have been used to finance.

Other loans to Limited Partnerships are loans made to fund the General Partners Share and other expenses incurred by the Limited Partnerships in which the company is a Limited Partner. The General Partners Share, in accordance with the Limited Partnership agreement, are amounts due to the General Partner, in respect of fund establishment and management fees. These loans are interest free and repayable out of the future profits of the partnership as they arise. Due to the uncertainty of the availability of future profits in the Limited Partnerships an impairment provision is made against these loans when they are drawdown. This impairment provision is then assessed annually by reference to the investment portfolio held by the Limited Partnerships and the likelihood of future profits arising.

SME Wholesale Finance (London) Limited
(A company limited by guarantee)

Notes to the financial statements
for the year ended 31 March 2015

1. Accounting policies (continued)

1.6 Deferred taxation

Full provision is made for deferred tax assets and liabilities arising from all timing differences between the recognition of gains and losses in the financial statements and recognition in the tax computation.

A net deferred tax asset is recognised only if 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.

Deferred tax assets and liabilities are calculated at the tax rates expected to be effective at the time the timing differences are expected to reverse.

Deferred tax assets and liabilities are not discounted.

1.7 Interest receivable

Interest receivable from loans made to unlisted companies is accounted for in accordance with 1.3 above.

Interest earned on funds received from Government agencies is deferred in the accounts for future capital investments in small and medium sized enterprises where it has not been set against expenditure in any year. Interest earned on funds from Government agencies is accounted for on an accruals basis when receivable.

1.8 Loans

Loans are accounted for when cash is advanced to borrowers at fair value inclusive of transaction costs and are amortised over the period of the loan in accordance with the contractual terms. Loans are derecognised when the right to receive cash flows has expired.

1.9 Grants

Grants received from UK and European government agencies are deferred until utilised as a contribution towards specific items of expenditure or, by the making of loans or fixed asset investments in accordance with the conditions of the grant.

Contributions to specific items of expenditure are credited to the profit and loss account when the related expenditure is expensed.

Grants utilised by the making of loans or fixed asset investments are transferred to a Capital Reserve and are reported within the Statement of Total Recognised Gains and Losses.

1.10 Capital reserves

The capital reserve consists of grants utilised for the funding of loans and the acquisition of fixed asset investments less any amounts subsequently written off loans or impairment provisions against fixed asset investments.

SME Wholesale Finance (London) Limited
(A company limited by guarantee)

Notes to the financial statements
for the year ended 31 March 2015

1. Accounting policies (continued)

1.11 Match funding

Bank finance provided for the matched funding of loans and acquisition of fixed assets is accounted for once the finance has been drawdown and utilised as match funding.

1.12 Pensions

The company operates a defined contribution pension scheme and the pension charge represents the amounts payable by the company to the fund in respect of the year.

2. Operating profit /(loss)

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

| | 2015 | <i>As restated</i> |
|--|------------------|--------------------|
| | £ | 2014 |
| | | £ |
| Depreciation of tangible fixed assets: | | |
| - owned by the company | 2,085 | - |
| Auditors' remuneration | 9,517 | 9,210 |
| Auditors' remuneration - non-audit | 2,280 | 2,220 |
| Pension costs | 8,365 | 7,049 |
| Impairment of other loans to limited partnership | 968,529 | 296,974 |
| Provision for impairment of capital investment loans to limited partnerships | 1,047,591 | 338,640 |
| (Reversal of impairment)/Impairment of investment in associates | 11,330 | (5,100) |
| Exceptional impairment of unlisted investments | - | 2,000,000 |
| | ===== | ===== |

3. Directors' remuneration

| | 2015 | 2014 |
|------------------------|----------------|--------------|
| | £ | £ |
| Aggregate remuneration | 102,624 | 102,916 |
| | ===== | ===== |

4. Interest receivable

| | 2015 | 2014 |
|------------------------------------|--------------|--------------|
| | £ | £ |
| Bank and other interest receivable | 6,650 | 15,580 |
| | ===== | ===== |

SME Wholesale Finance (London) Limited
(A company limited by guarantee)

Notes to the financial statements
for the year ended 31 March 2015

5. Interest payable

| | 2015 | 2014 |
|------------------------------|-------------------|-------------------|
| | £ | £ |
| Interest refund on bank loan | - | (30,210) |
| | <u> </u> | <u> </u> |

6. Tangible fixed assets

| | Fixtures & fittings |
|-----------------------|--------------------------------|
| | £ |
| Cost | |
| At 1 April 2014 | 1,201 |
| Additions | 2,085 |
| | <u> </u> |
| At 31 March 2015 | 3,286 |
| | <u> </u> |
| Depreciation | |
| At 1 April 2014 | 1,201 |
| Charge for the year | 2,085 |
| | <u> </u> |
| At 31 March 2015 | 3,286 |
| | <u> </u> |
| Net book value | |
| At 31 March 2015 | - |
| | <u> </u> |
| At 31 March 2014 | - |
| | <u> </u> |

SME Wholesale Finance (London) Limited
(A company limited by guarantee)

Notes to the financial statements
for the year ended 31 March 2015

7. Fixed asset investments

| | Investments in associates £ | Capital Investments in Limited Partnership £ | Other Loans to Limited Partnership £ | Investment Loans to Limited Partnership £ | Unlisted investments £ | Total £ |
|--|--------------------------------|---|---|--|---------------------------|------------|
| Cost or valuation | | | | | | |
| At 1 April 2014 | 250,000 | 1,089 | 6,975,588 | 7,298,730 | 2,040,143 | 16,565,550 |
| Additions | - | - | 968,529 | 4,630,866 | 92,415 | 5,691,810 |
| Disposals | (250,000) | - | (160,743) | (454,473) | - | (865,216) |
| At 31 March 2015 | - | 1,089 | 7,783,374 | 11,475,123 | 2,132,558 | 21,392,144 |
| Impairment | | | | | | |
| At 1 April 2014 (as previously stated) | 231,670 | - | 6,668,886 | 1,869,945 | 2,000,000 | 10,770,501 |
| Prior year adjustment | - | - | 145,959 | - | - | 145,959 |
| At 1 April 2014 (as restated) | 231,670 | - | 6,814,845 | 1,869,945 | 2,000,000 | 10,916,460 |
| Charge for the year | 11,330 | - | 968,529 | 1,047,591 | - | 2,027,450 |
| Disposals | (243,000) | - | - | (81,081) | - | (324,081) |
| Reversal of impairment | - | - | - | (159,990) | - | (159,990) |
| At 31 March 2015 | - | - | 7,783,374 | 2,676,465 | 2,000,000 | 12,459,839 |
| Net book value | | | | | | |
| At 31 March 2015 | - | 1,089 | - | 8,798,658 | 132,558 | 8,932,305 |
| At 31 March 2014 (as restated) | 18,330 | 1,089 | 160,743 | 5,428,785 | 40,143 | 5,649,090 |

The investments are shown at cost less impairment provision and do not reflect any unrealised gains based on the valuation of investment portfolio by the Limited Partnerships. The total unrealised gains for the investment portfolios not recognised in these accounts is £2,433,363 (2014: £145,959).

The loans have been made to various Limited Partnerships established for the purpose of making and holding equity investments in SMEs.

Associates

| Name | Class of shares | Holding | Principal activity |
|---|-----------------|---------|-------------------------|
| London Business Loans (Wholesale) Limited | Ordinary | 49% | Business Loans Provider |

SME Wholesale Finance (London) Limited
(A company limited by guarantee)

Notes to the financial statements
for the year ended 31 March 2015

7. Fixed asset investments (continued)

During the year the shares held in the associate London Business Loans (Wholesale) Limited were fully disposed of.

The company's share of the associate's turnover and net assets at the balance sheet date was as follows:

| | 2015 | 2014 |
|------------------------------|------|-----------|
| | £ | £ |
| Share of turnover | - | 13,634 |
| Share of assets | | |
| Current assets | - | 668,042 |
| Share of liabilities | | |
| Due within one year or less | - | (35,206) |
| Due after more than one year | - | (614,506) |
| | - | (649,712) |
| Share of net assets | - | 18,330 |

8. Debtors

| | 2015 | 2014 |
|---------------|---------|---------|
| | £ | £ |
| Loans | 129,215 | 580,749 |
| Other debtors | 493,702 | 353,882 |
| | 622,917 | 934,631 |

Loans include an amount of £10,997 (2014: £23,118) which is due after more than one year.

9. Creditors:
Amounts falling due within one year

| | 2015 | 2014 |
|------------------------------------|-----------|--------|
| | £ | £ |
| Trade creditors | 64,110 | 26,118 |
| Other taxation and social security | 5,094 | 4,583 |
| Other creditors | 1,486,185 | 26,507 |
| | 1,555,389 | 57,208 |

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10. Creditors:
Amounts falling due after more than one year

| | 2015 £ | 2014 £ |
|------------------------------|------------------|----------------|
| Accruals and deferred income | <u>1,438,812</u> | <u>715,769</u> |

Analysis of deferred grants

| | 2015 £ | 2014 £ |
|---|------------------|----------------|
| Creative Fund - Industry investment readiness | - | - |
| Technology Fund - LDA Pan London | - | - |
| Pan London Wholesale Fund - LDA | 267,001 | 267,001 |
| MMC London Fund | 1,171,811 | 448,768 |
| SMEWFL MMC London Fund (Match) | - | - |
| Total | <u>1,438,812</u> | <u>715,769</u> |

Analysis of deferred grants

| | 2015 | 2014 |
|--|------------------|----------------|
| At 1 April | 715,769 | 3,330,059 |
| Released to profit and loss account | (201,927) | (243,363) |
| Transferred to capital reserve | (4,694,401) | (2,370,927) |
| New grant addition | 5,619,371 | - |
| Reduction for grant money not recoverable from LDA | - | - |
| At 31 March | <u>1,438,812</u> | <u>715,769</u> |

11. Limited liability

The company is a private company limited by guarantee and consequently does not have share capital. Each of the members is liable to contribute an amount not exceeding £1 towards the assets of the company in the event of liquidation.

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12. Reserves

| | Capital reserve £ | Profit and loss account £ |
|---|--------------------------|---------------------------------|
| At 1 April 2014 (as previously stated) | 15,741,671 | (4,022,455) |
| Prior year adjustment (note 13) | (145,959) | |
| At 1 April 2014 (as restated) | <u>15,595,712</u> | |
| Loss for the financial year | - | (1,976,874) |
| Transfer between reserves | (1,058,721) | 1,058,721 |
| Grants utilised for investments and loans | 4,694,401 | - |
| At 31 March 2015 | <u><u>19,231,392</u></u> | <u><u>(4,940,608)</u></u> |

The above consists of the following:

| | 2015 | As restated 2014 |
|--|--------------------------|--------------------------|
| Cash | 2,763,441 | 2,699,044 |
| Due from Limited Partnerships | 402,291 | 114,223 |
| Loans made to SMEs | 7,133,355 | 7,133,355 |
| Capital investment in Associates after impairment | - | 18,330 |
| Capital investment in MMC London fund | 1,089 | 1,089 |
| Other loans to Limited Partnerships after impairment | - | 160,743 |
| Investment Loans made to Limited Partnerships after impairment | 8,798,658 | 5,428,785 |
| Unlisted investments | 132,558 | 40,143 |
| Total | <u><u>19,231,392</u></u> | <u><u>15,595,712</u></u> |

13. Prior year adjustment

In previous years 'Other Loans to Limited Partnerships' (see Note 7) were impaired to the extent they were not recoverable by reference to the valuation of the investment portfolio of the Limited Partnership the loans were made to. In carrying out this assessment both unrealised and realised gains were taken into account. However, based on historic experience, the directors are of the opinion that this is not appropriate and that any impairment should be based on the directors' assessment of the likelihood of future profits arising on the investment portfolio. This represents a change in accounting policy which has led to a reduction in the net book value of 'Other Loans to Limited Partnerships' of £145,959 in the prior year. This restatement has been reflected in the Statement of Total Recognised Gains and Losses included on Page 9.

14. Pension commitments

The company made contributions to the defined contribution pension scheme of £8,365 (2014: £7,049) in the current year. Of this amount £Nil (2014: £Nil) is outstanding as at the year end.

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15. Related party transactions

As at the year end £460,165 (2014: £727,429) was due from London Business Loans (Wholesale) Limited, an associate of the company, and is included within Debtors 'Loans' in Note 8 of these accounts. An impairment provision for bad debts has been set against this balance totalling £367,894 (2014: £456,923) which is calculated by reference to the underlying loans made by the Economic Recovery Loan Fund. This is set against the balance included within Debtors 'Loans' in Note 8.

Interest was charged on this loan in the year of £19,426 (2014: £36,987) of which £10,410 (2014: £14,459) is outstanding at the balance sheet date. This is included within 'Other debtors' in Note 8 to these accounts.

During the year London Business Loans (Wholesale) Limited charged the company management fees of £36,250 (2014: £45,000) which were fully paid during the year.

During the year, the company held monies on behalf of LCIF LLP totalling £1,250,728 (2014: £Nil). As at the balance sheet date, this amount was owed to LCIF LLP and is included within 'Other creditors' in Note 9 to these accounts.

During the year, DEP Worldwide Limited, a company under the control of David Prais, a director of the company, charged consultancy fees of £6,297 (2014: £Nil). No amount was outstanding as at the balance sheet date.

16. Amounts received from disposals of investments

Under the Dexela Sale and Purchase Agreement, the company has been entitled to annual deferred consideration payments for the three year period to 30 June 2014 which were subject to certain sales targets being met.

Within the year, the company received £160,743 (2014: £Nil) in respect of deferred consideration. The company also received payment of warranties in relation to the exit totalling £Nil (2014: £Nil).