Registered number: 05385677

WEST ONE LOAN LIMITED

STRATEGIC REPORT, DIRECTORS' REPORT AND FINANCIAL STATEMENTS

FOR THE YEAR ENDED 31 DECEMBER 2017

CONTENTS

COMPANY INFORMATION

DIRECTORS	Mr D Waters Mr S Wasserman Ms E Gestetner Mr D Stewart
COMPANY NUMBER	05385677
REGISTERED OFFICE	3rd Floor Premiere House Elstree Way Borehamwood Hertfordshire WD6 1JH
TRADING ADDRESS	3rd Floor Premiere House Elstree Way Borehamwood Hertfordshire WD6 1JH
INDEPENDENT AUDITORS	PricewaterhouseCoopers LLP Chartered Accountants and Statutory Auditors 10 Bricket Road St. Albans Herts AL1 3JX

INTRODUCTION

The directors present their Strategic Report on the company for the year ended 31 December 2017.

BUSINESS REVIEW

During the period the company continued to focus on providing first class services to our customers through creative solutions, product innovation and investment in technology and people.

Our business objective remains to be:

- Offer market competitive pricing across the product ranges for Mortgage Brokers and Independent Financial Advisors (IFA5) without prejudicing the credit quality of the loans underwritten; and to
- The UK's leading intermediary focused originator of specialist mortgages and loans;
- To deliver excellence in service and product innovation;
- Achieve a scalable and compliant operating platform to support growth in loans under management

FINANCIAL KEY PERFORMANCE INDICATORS

The period ended 31 December 2017 was one of continued profitability as company revenue increased by 31% to £13,305,860 (2016: £10,157,814). Gross profitability was stable at 67% (2016: 68%), while administrative expenses increased by 8% due to a continued focus on control while benefiting from some economies of scale. Prudential lending criteria ensured that no loan losses were incurred for our investors. The company's total shareholders' funds increased by £1,556,945 to £3,357,305 (2016: £1,800,360) at 31 December 2017. This is after deducting the payment of dividends during the period of £3,700,000 (2016: £4,000,000).

PRINCIPAL RISKS AND UNCERTAINTIES

The company's principal risks and uncertainties continue to be that of the macro-economic environment. Market uncertainty after the Brexit vote in mid-2016 has continued but we continue to be vigilant with regard to our credit risk criteria and obtain additional security where-ever possible to balance the increased uncertainty. Since the beginning of 2017 the equivalent of 144% of the loan portfolio has redeemed and been replaced by new lending demonstrating that the market continues to operate in an orderly manner. In addition to this, management have continued to closely monitor the activity of the regulatory financial bodies within the UK to ensure best compliance. With the size of the loan book increasing to a new peak at December 2017 we have, as directed by the Board, continuously and vigilantly monitored the operational risk environment, supported by further investment in systems and people across operations and finance.

The Board monitors three categories of risk: business risk, operational risk and compliance risk. To support the Group's operations the committees that were established in 2015 and developed during 2017 continue to monitor and control the principal risks which are detailed below.

The Management Committee was established to ensure the business meets its financial and strategic objectives through good governance and through providing an effective communication forum. The mandate of this committee is to facilitate running the Group's operations through discussing key operational and strategic issues, making business decisions, and making recommendations on issues that require Board-level decision-making. Membership consists of the senior management team.

The Governance, Risk and Compliance Committee was established to ensure the business meets its compliance, risk management and operational responsibilities and objectives though good governance and providing an effective communication and decision forum.

The Credit Committee has a mandate to:

Recommend Credit Strategy Policy for Board approval. This includes:

- Establishing individual authority limits
- Determining minimum base interest rates;
- Setting limits regarding concentration risk;
- Approving internal procedure manuals;

Manage the RoA and credit quality of the Loan Book. This includes:

- Making all lending decisions within prescribed limits
- Establishing loan pricing
- Reviewing outstanding loans and forthcoming redemptions to identify potential non-performing borrowers and take necessary action to avoid future losses
- Approving recommended actions to recoup amounts in arrears or default
- Assessing loans in the pipeline

The board monitors the loan book performance via monthly servicing committee and portfolio reports

Delegated authorities form part of the terms of reference and depend on the loan value. A risk manager reports directly to the CEO and reviews all underwriting files prior to binding offers being issued and reviewed by Credit Committee.

The Audit & Risk Committee's remit is to ensure that formal and transparent arrangements are maintained in respect of corporate reporting, risk management and internal control principles and to maintain an appropriate relationship with the Auditors. The committee is also responsible for the appointment of auditors.

The Remuneration and Appointments Committee has responsibility for reviewing bonus schemes and benefit schemes and agreeing remuneration for directors and executives.

The Group Compliance Officer has responsibility for identifying compliance risks and recommending a compliance plan to test that such risks are being properly monitored and controlled. The Board is responsible for approving the plan and monitors progress against the plan. The Head of Compliance, reporting into the Group Compliance Officer, has responsibility for policy and manages a Quality Assurance team who undertake file reviews. The Compliance team work with the directors to ensure that appropriate policies are in situ for Conduct Risk, TCF, DPA, and Financial Crime and adherence to these policies is assessed via the Quality Assurance. Compliance KPIs are discussed monthly by Board. Compliance also provides a training and advisory role to the business. A strong culture of compliance is promoted by the Board and is embedded through regular communication to employees.

MARKET POSITION AND OUTLOOK

The business continues to grow; however, our credit stance is more cautious as a result of lower property transaction volumes. Our primary focus is that growth is delivered at the same time as ensuring the quality of the portfolio is maintained at all times with robust risk management and diversity in asset origination.

Growth in the business is supported by continuing investment in our people, systems and infrastructure.

Approval

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

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Ms E Gestetner

Director

Date: 17/4/18

The directors present their interim report and the audited financial statements of the group for the year ended 31 December 2017.

Principal Activities

The principal activities of the group are the distribution and underwriting of specialist mortgages and the provision of short term finance through its lending operations.

The company is a private company limited by shares and is incorporated and domiciled in England, UK. The address of its registered office is 3rd Floor, Premiere House, Elstree Way, Borehamwood, Hertfordshire, WD6 1JH.

Dividends Paid

Interim dividends paid in the financial period amount to £3,700,000 (2016: £4,000,000). No further dividends have been proposed in respect of the 2017 results.

Results

The profit for the year ended 31 December 2017 amounted to £5,256,945 (2016: £3,697,708).

Directors

The directors of the company who were in office during the year and up to the date of signing the financial statements were

Mr D Waters
Mr S Wasserman
Ms E Gestetner
Mr D Stewart (appointed 6th February 2017)

Directors' responsibilities statement

The directors are responsible for preparing the Annual Report and the financial statements in accordance with applicable law and regulation.

Company law requires the directors to prepare financial statements for each financial year. Under that law the directors have prepared the financial statements in accordance with United Kingdom Generally Accepted Accounting Practice (United Kingdom Accounting Standards, comprising FRS 101 "Reduced Disclosure Framework", 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 the financial statements, the directors are required to:

- select suitable accounting policies and then apply them consistently;
- state whether applicable United Kingdom Accounting Standards, comprising FRS 101, have been followed, subject to any material departures disclosed and explained in the financial statements;
- make judgements and accounting estimates that are reasonable and prudent; and
- 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.

The directors 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.

Matters Covered in the Strategic Report

The Board is responsible for identifying principal risks and for proposing suitable mitigating strategies. This has been addressed in the Strategic Report, along with a full review of the position and performance of the company for the year. The future development aspirations of the company have also been disclosed in the Strategic Report.

Disclosure of information to the 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.

Independent Auditors

PricewaterhouseCoopers LLP were appointed auditors to the Group and in accordance with section 485 of the Companies Act 2006, a resolution proposing that they be re-appointed will be put at a General Meeting.

This report and the accompanying financial statements were approved by the board and signed on its behalf.

Ms E Gestetner
Director

Date 17/4/18

Independent auditors' report to the members of West One Loan Limited

Report on the audit of the financial statements

Opinion

In our opinion, West One Loan Limited's financial statements:

- give a true and fair view of the state of the company's affairs as at 31 December 2017 and of its profit for the year then ended;
- have been properly prepared in accordance with United Kingdom Generally Accepted Accounting Practice (United Kingdom Accounting Standards, comprising FRS 101 "Reduced Disclosure Framework", and applicable law); and
- have been prepared in accordance with the requirements of the Companies Act 2006.

We have audited the financial statements, included within the Strategic Report, Directors' Report and Financial Statements (the "Annual Report"), which comprise: the statement of financial position as at 31 December 2017; the statement of comprehensive income and the statement of changes in equity for the year then ended; and the notes to the financial statements, which include a description of the significant accounting policies.

Basis for opinion

We conducted our audit in accordance with International Standards on Auditing (UK) ("ISAs (UK)") and applicable law. Our responsibilities under ISAs (UK) are further described in the Auditors' responsibilities for the audit of the financial statements section of our report. We believe that the audit evidence we have obtained is sufficient and appropriate to provide a basis for our opinion.

Independence

We remained independent of the company in accordance with the ethical requirements that are relevant to our audit of the financial statements in the UK, which includes the FRC's Ethical Standard, and we have fulfilled our other ethical responsibilities in accordance with these requirements.

Conclusions relating to going concern

We have nothing to report in respect of the following matters in relation to which ISAs (UK) require us to report to you when:

- the directors' use of the going concern basis of accounting in the preparation of the financial statements is not appropriate; or
- the directors have not disclosed in the financial statements any identified material uncertainties that may cast significant doubt about the company's ability to continue to adopt the going concern basis of accounting for a period of at least twelve months from the date when the financial statements are authorised for issue.

However, because not all future events or conditions can be predicted, this statement is not a guarantee as to the company's ability to continue as a going concern.

Reporting on other information

The other information comprises all of the information in the Annual Report other than the financial statements and our auditors' report thereon. The directors are responsible for the other information. Our opinion on the financial statements does not cover the other information and, accordingly, we do not express an audit opinion or, except to the extent otherwise explicitly stated in this report, any form of assurance thereon.

In connection with our audit of the financial statements, our responsibility is to read the other information and, in doing so, consider whether the other information is materially inconsistent with the financial statements or our knowledge obtained in the audit, or otherwise appears to be materially misstated. If we identify an apparent material inconsistency or material misstatement, we are required to perform procedures to conclude whether there is a material misstatement of the financial statements or a material misstatement of the other information. If, based on the work we have performed, we conclude that there is a material misstatement of this other information, we are required to report that fact. We have nothing to report based on these responsibilities.

With respect to the Strategic Report and Directors' Report, we also considered whether the disclosures required by the UK Companies Act 2006 have been included.

Based on the responsibilities described above and our work undertaken in the course of the audit, ISAs (UK) require us also to report certain opinions and matters as described below.

Strategic Report and Directors' Report

In our opinion, based on the work undertaken in the course of the audit, the information given in the Strategic Report and Directors' Report for the year ended 31 December 2017 is consistent with the financial statements and has been prepared in accordance with applicable legal requirements.

In light of the knowledge and understanding of the company and its environment obtained in the course of the audit, we did not identify any material misstatements in the Strategic Report and Directors' Report.

Independent auditors' report to the members of West One Loan Limited

Responsibilities for the financial statements and the audit

Responsibilities of the directors for the financial statements

As explained more fully in the Directors' Responsibilities Statement, the directors are responsible for the preparation of the financial statements in accordance with the applicable framework and for being satisfied that they give a true and fair view. The directors are also responsible for such internal control as they determine is necessary to enable the preparation of financial statements that are free from material misstatement, whether due to fraud or error.

In preparing the financial statements, the directors are responsible for assessing the company's ability to continue as a going concern, disclosing as applicable, matters related to going concern and using the going concern basis of accounting unless the directors either intend to liquidate the company or to cease operations, or have no realistic alternative but to do so.

Auditors' responsibilities for the audit of the financial statements

Our objectives are to obtain reasonable assurance about whether the financial statements as a whole are free from material misstatement, whether due to fraud or error, and to issue an auditors' report that includes our opinion. Reasonable assurance is a high level of assurance, but is not a guarantee that an audit conducted in accordance with ISAs (UK) will always detect a material misstatement when it exists. Misstatements can arise from fraud or error and are considered material if, individually or in the aggregate, they could reasonably be expected to influence the economic decisions of users taken on the basis of these financial statements.

A further description of our responsibilities for the audit of the financial statements is located on the FRC's website at: www.frc.org.uk/auditorsresponsibilities. This description forms part of our auditors' report.

Use of this report

This report, including the opinions, has been prepared for and only for the company's members as a body in accordance with Chapter 3 of Part 16 of the Companies Act 2006 and for no other purpose. We do not, in giving these opinions, accept or assume responsibility for any other purpose or to any other person to whom this report is shown or into whose hands it may come save where expressly agreed by our prior consent in writing.

Other required reporting

Companies Act 2006 exception reporting

Under the Companies Act 2006 we are required to report to you if, in our opinion:

- we have not received all the information and explanations we require for our audit; or
- adequate accounting records have not been kept by the company, or returns adequate for our audit have not been received from branches not visited by us; or
- certain disclosures of directors' remuneration specified by law are not made; or
- the financial statements are not in agreement with the accounting records and returns.

We have no exceptions to report arising from this responsibility.

Andrew Latham

Andrew Latham (Senior Statutory Auditor)
for and on behalf of PricewaterhouseCoopers LLP
Chartered Accountants and Statutory Auditors
St Albans
17 April 2018

	Note	2017 £	2016 £
Turnover	2	13,305,860	10,157,814
Cost of Sales		(4,390,685)	(3,274,118)
Gross Profit		8,915,175	6,883,696
Administrative Expenses		(2,619,935)	(2,420,853)
Exceptional income	11	290,360	-
Exceptional administrative expenses	11	(332,982)	(87,057)
Other operating income	3	260,000	248,000
Operating Profit		6,512,618	4,623,786
Income from shares in group undertakings		-	19,514
Interest payable and similar charges		(443)	-
Profit on Ordinary activities before taxation		6,512,175	4,623,786
Taxation on profit on ordinary activities	9	(1,255,230)	(926,078)
Profit for the financial year		5,256,945	3,697,708
Other comprehensive Income		-	-
Total comprehensive income for the year		5,256,945	3,697,708

WEST ONE LOAN LIMITED

REGISTERED NUMBER: 05385677

STATEMENT OF FINANCIAL POSITION

AS AT 31 DECEMBER 2017

	Note	2017 £	2016 £
Fixed Assets			
Intangible assets	13	100,769	138,662
Investments	14	101	101
		100,870	138,763
Current assets			
Debtors	15	3,132,813	113,962
Cash at bank and in hand		1,437,737	2,365,620
		4,570,550	2,479,582
Creditors: Amounts falling due within one year	16	(1,314,115)	(817,985)
Net current assets		3,256,435	1,661,597
Total assets less current liabilities		3,357,305	1,800,360
Net assets		3,357,305	1,800,360
Capital and reserves			
Called up share capital		100	100
Profit and loss account		3,357,205	1,800,260
Total shareholder's funds		3,357,305	1,800,360

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

Ms E Gestetner

Director

Date: 17\4\18

STATEMENT OF CHANGES IN EQUITY

FOR THE YEAR ENDED 31 DECEMBER 2017

	Called Up Share Capital	Profit and Loss Account	Total Shareholders' funds
	£	£	£
As at 1 January 2017	100	1,800,260	1,800,360
Comprehensive Income for the year			
Profit for the financial period	-	5,256,945	5,256,945
	100	7,057,205	7,057,305
Total comprehensive income for the year			
Contributions by and distribution to owners			
Dividend: Equity capital	-	(3,700,000)	(3,700,000)
Total contributions by and distributions to owners	-	(3,700,000)	(3,700,000)
As at 31 December 2017	100	3,357,205	3,357,305

STATEMENT OF CHANGES IN EQUITY

FOR THE YEAR ENDED 31 DECEMBER 2016

	Called Up Share Capital	Profit and Loss Account	Total Shareholders' funds
	£	£	£
As at 1 January 2016	100	2,102,552	2,102,652
Comprehensive Income for the year			
Profit for the financial period	-	3,697,708	3,697,708
	100	5,800,260	5,800,360
Total comprehensive income for the year			
Contributions by and distribution to owners			
Dividend: Equity capital	-	(4,000,000)	(4,000,000)
Total contributions by and distributions to owners	-	(4,000,000)	(4,000,000)
As at 31 December 2016	100	1,800,260	1,800,360

1. ACCOUNTING POLICIES

1.1. BASIS OF PREPARATION OF FINANCIAL STATEMENTS

The financial statements have been prepared under the historical costs convention and in accordance with Financial Reporting Standard 101 Reduced Disclosure Framework' and the Companies Act 2006 on a going concern basis.

The preparation of financial statements in compliance with FRS 101 requires the use of certain critical accounting estimates. It also requires management to exercise judgement in applying the company's accounting policies. There are no areas involving a higher degree of judgment or complexity.

The company is a wholly-owned subsidiary of Enra Group Limited and is included in the consolidated financial statements of Galene Topco Limited which are publicly available. Consequently, the company has taken advantage of the exemption from preparing consolidated financial statements under the terms of section 400 of the Companies Act 2006.

The following principal accounting policies have been consistently applied:

1.2. FINANCIAL REPORTING STANDARD 101 – REDUCED DISCLOSURE EXEMPTIONS

The company has taken advantage of the following disclosure exemptions under FRS 101:

- the requirements of paragraphs 45(b) and 46-52 of IFRS 2 Share based payment
- the requirements of IFRS 7 Financial Instruments: Disclosures
- the requirements of paragraphs 91-99 of IFRS 13 Fair Value Measurement
- the requirement in paragraph 38 of IAS I 'Presentation of Financial Statements' to present comparative information in respect of:
  - paragraph 79(a)(iv) of IAS 1;
  - paragraph 73(e) of IAS 16 Property, Plant and Equipment;
  - paragraph 118(e) of IAS 38 Intangible Assets;
- the requirements of paragraphs 10(d), 10(f), 39(c) and 134-136 of IAS 1 Presentation of Financial Statements
- the requirements of IAS 7 Statement of Cash Flows
- the requirements of paragraphs 30 and 31 of IAS 8 Accounting Policies, Changes in Accounting Estimates and Errors
- the requirements of paragraph 17 of IAS 24 Related Party Disclosures
- the requirements in IAS 24 Related Party Disclosures to disclose related party transactions entered into between two or more members of a group, provided that any subsidiary which is a party to the transaction is wholly owned by such a member
- the requirements of paragraphs 134(d)-i 34(f) and 135(c)-i 35(e) of IAS 36 Impairment of Assets

New Standard, Amendments And IFRIC Interpretations - Standard effective for the period ended 31 December 2017

No new accounting standards, or amendments to accounting standards, or IFRIC interpretations that are effective for the year ended 31 December 2017 have had a material impact on the company.

1.3. REVENUE RECOGNITION

Revenue represents arrangement fees receivable in the year from the arrangement of loan finance and management fees earned on interest received from loans under management. Fees are recognised on the drawdown of the loans by the client from the provider and management fees are recognised as earned.

1.4. COST OF SALES

Cost of sales represents broker fees payable to introducers and other expenses directly attributable to the provision of loan finance. Expenses are recognised on the drawdown of the loans and as such are matched to revenues.

1.5. INTANGIBLE ASSETS

Intangible assets are initially recognised at cost. After recognition, under the cost model, intangible assets are measured at cost less any accumulated amortisation and any accumulated impairment losses. Assets are amortised from the date that the asset came into use, on a straight-line basis over three years.

1.6. VALUATION OF INVESTMENTS

Investments in subsidiaries are measured at cost less accumulated impairment.

1.7. DEBTORS

Debtors are recognised and carried at the lower of their original invoiced value and recoverable amount. Where the time value of money is material, debtors are carried at amortised cost. Provision is made when there is objective evidence that the company will not be able to recover balances in full. Balances are written off when the probability of recovery is assessed as remote.

1.8. CASH AND EQUIVALENTS

Cash is represented by cash in hand and deposits with financial institutions repayable without penalty on notice of not more than 24 hours. Cash equivalents are highly liquid investments that mature in no more than three months from the date of acquisition and that are readily convertible to known amounts of cash with insignificant risk of change in value.

1.9. FINANCIAL INSTRUMENTS

The company recognises financial instruments when it becomes a party to the contractual arrangements of the instrument. Financial instruments are de-recognised when they are discharged or when the contractual terms expire. The company's accounting policies in respect of financial instruments transactions are explained below:

Financial assets
The company recognises its financial assets into one of the categories discussed below, depending on the purpose for which the asset was acquired.

Fair value through profit or loss
This category comprises only in-the-money derivatives. These are carried in the Statement of Financial Position at fair value with changes in fair value recognised in the Income Statement. Assets in this category are classified as current assets if expected to be settled within 12 months. Otherwise they are classified as non-current assets.

Loans and receivables
Loans and receivables are non-derivative financial assets with fixed or determinable payments that are not quoted in an active market. They are initially recognised at fair value plus transaction costs that are directly attributable to their acquisition or issue, and are subsequently carried at amortised cost using the effective interest rate method, less provision for impairment.

The company assesses at the end of each reporting period whether there is objective evidence that a financial asset or group of financial assets is impaired. A financial asset or a group of financial assets is impaired and impairment losses are incurred only if there is objective evidence of impairment as a result of one or more events that occurred after the initial recognition of the asset (a 'loss' event) and that loss event (or events) has an impact on the estimated future cash flows of the financial asset or group of financial assets that can be reliably estimated.

1.10. FINANCIAL INSTRUMENTS (continued)

Financial liabilities

The company classifies its financial liabilities into one of the categories discussed below, depending on the purpose for which the liability was acquired.

Fair value through profit or loss

The company comprises only out-of-the-money derivatives. They are carried in the Statement of Financial Position at fair value recognised in the Income Statement.

At amortised cost

Financial liabilities at amortised cost including bank borrowings are initially recognised at fair value net of any transaction costs directly attributable to the issue of the instrument. Such interest bearing liabilities are subsequently measured at amortised cost using the effective interest rate method, which ensures that any interest expense over the period to repayment is at a constant rate on the balance of the liability carried into the Statement of Financial Position.

1.11. CREDITORS

Creditors are obligations to pay for goods or services that have been acquired in the ordinary course of business from suppliers.

Creditors are recognised initially at fair value and subsequently measured at amortised cost using the effective interest method, unless the effect of discounting is considered to be immaterial.

1.12. DIVIDENDS

Dividend distributions to the company's shareholders are recognised as a liability in the company's financial statements in the period in which the dividends are approved by the company's shareholders.

1.13. SHARE BASED PAYMENTS

Where shares are issued to employees, the fair value of the shares at the date of issue is charged to the Income Statement. Fair value is determined in reference to market value established under the Black- Scholes model.

The fair value of the share also takes into account non-vesting conditions. These are either factors beyond the control of either party (such as a target based on an index) or factors which are within the control of one or other of the parties (such as the company keeping the scheme open or the employee maintaining any contributions required by the scheme).

Where equity instruments are granted to persons other than employees, the Income Statement is charged with fair value of goods and services received.

1.14. TAXATION

Tax is recognised in the Statement of Comprehensive Income, except that a change attributable to an item of income and expense recognised as other comprehensive income or to an item recognised directly in equity is also recognised in other comprehensive income or directly in equity respectively.

Deferred income tax assets are recognised only to the extent that it is probable that future taxable profit will be available against which the temporary differences can be utilised.

1.15. IMPAIRMENT OF FINANCIAL AND NON FINANCIAL ASSETS

The company assesses at the end of each reporting period whether there is objective evidence that a financial or non-financial asset or group of assets is impaired. A financial or non-financial asset or a group assets is impaired and impairment losses are incurred only if there is objective evidence of impairment as a result of one or more events that occurred after the initial recognition of the asset (a 'loss' event) and that loss event (or events) has an impact on the estimated future cash flows of the financial or non-financial asset or group of assets that can be reliably estimated.

1.16. EXCEPTIONAL ITEMS

Exceptional items are transactions that fall within the ordinary activities of the company but are presented separately due to their size or incidence.

1.17. CRITICAL ACCOUNTING ESTIMATES AND JUDGEMENTS

The company makes estimates and assumptions concerning the future. The resulting accounting estimates will, by definition, seldom equal the related actual results. The estimates and assumptions that have a significant risk of causing a material adjustment to the carrying amounts of assets and liabilities within the next financial period are addressed below.

Intangible assets - The annual amortisation charge for intangible assets is sensitive to changes in the estimated useful/economic lives and residual values of the assets. The useful economic lives and residual values are re assessed annually.

2. FINANCIAL INSTRUMENTS AND RISKS

The company's principal financial instruments include financial assets and liabilities such as debtors and payables arising directly from operations.

Foreign currency risk
The company has no exposure to foreign currency risk. All of the Company's sales and purchases are denominated in Sterling.

Credit risk
The company's exposure to credit risk is limited to cash deposits, accrued income due from borrowers which is recovered on repayment of loans and intergroup debtors.,.

Liquidity risk
The company manages its cash and borrowing in order to meet its working capital requirements, maximise interest income and minimise interest expense as effectively as possible.

Interest rate risk
The company is not exposed to interest rate. The company has no significant interest-bearing assets or liabilities. The company does not use any derivative instruments to reduce its economic exposure to changes in interest rates.

2. TURNOVER

An analysis of turnover by class of business is as follows:

	2017	2016
	£	£
Management and arrangement fees	13,305,860	10,157,814
	13,305,860	10,157,814

All turnover arose within the United Kingdom and no revenue was derived from exchanges of goods (2016: Nil). All turnover was generated from continuing operations in the current and preceding year.

3. OTHER OPERATING INCOME

	2017	2016
	£	£
Recharge of expenses to fellow group companies	260,000	248,000
	260,000	248,000

4. OPERATING PROFIT

The operating profit is stated after charging/(crediting)

	2017	2016
	£	£
Amortisation of intangible assets, including goodwill	107,971	101,340

5. AUDITORS REMUNERATION

The company paid the following amounts to its auditors in respect of the audit of the financial statements and for other services provided to the company.

	2017	2016
	£	£
Fees for the audit of the company	24,720	30,840
	24,720	30,840

The company has taken advantage of the exemption not to disclose amounts paid for non-audit services as these are disclosed in the group financial statements of the parent company.

6. EMPLOYEES

Staff costs, including directors' remuneration, were as follows:

	2017	2016
	£	£
Wages and salaries	1,201,058	1,270,717
Social security costs	138,534	147,184
	1,339,592	1,417,902

The average monthly number of employees, including the directors, during the year was as follows:

	2017	2016
	No.	No.
Sales and Administration	26	24

7. DIRECTOR'S REMUNERATION

	2017	2016
	£	£
Director's emoluments	432,053	256,490
	432,053	256,490

The highest paid director received remuneration of £432,053 (2016: £166,870).

8. INTEREST PAYABLE AND OTHER CHARGES

	2017	2016
	£	£
Other interest payable	443	-
	443	-

9. TAXATION ON PROFIT ON ORDINARY ACTIVITIES

	2017	2016
	£	£
Corporation tax		
Current tax on profits for the year	1,255,230	926,078

FACTORS AFFECTING TAX CHARGE FOR THE YEAR

The tax assessed for the year is higher than (2016 - higher than) the standard rate of corporation tax in the UK of 19.0% (2016 - 20.0%). The differences are explained below:

	2017	2016
	£	£
Profit on ordinary activities before tax	6,512,175	4,623,786
Profit on ordinary activities multiplied by the effective rate of corporation tax in the UK of 19.25% (2016 – 20.0%)	1,253,594	924,757
Effects of:		
Expenses not deductible for tax purposes, other than goodwill, amortisation and impairment	1,636	21,589
Capital allowances for year in excess of depreciation	-	(20,268)
Total tax charge for the period	1,255,230	926,078

FACTORS THAT MAY AFFECT FUTURE TAX CHARGES

The tax rate for the current period is lower than the prior year due to changes in the UK Corporation tax rate which decreased from 21% to 20% from 1 April 2015.

In the 2015 Budget, the UK government announced legislation setting the main Corporation Tax rate at 19% for the years starting the 1 April 2017, 2018 and 2019. In the 2016 Autumn statement, the UK government announced a further reduction to the main Corporation Tax rate for the year starting 1 April 2020, setting the rate at 17%.

10. DIVIDENDS

	2017	2016
	£	£
£37,000 (2016: £40,000) per ordinary share	3,700,000	4,000,000
	3,700,000	4,000,000

11. EXCEPTIONAL ITEMS

	2017	2016
	£	£
Exceptional Income	290,360	
Exceptional Costs	332,982	-
Restructuring fees		87,057

The Exceptional Income of £290,360 relates to a contribution received from an Employee Benefit Trust at the time of the corporate restructure in February 2017 which was utilised to fund the exceptional costs of £322,981 relating to payments made to staff in respect of the corporate transaction in February 2017 where NewIncCo 1270 Limited, the ultimate parent company of West One Loan Limited, was sold to a new private equity led consortium.

12. SHARE BASED PAYMENTS

On 7 July 2015, the company entered into an employee shareholder scheme granting 4,932 shares to 3 employees. The shares were issued over the £0.0001 Ordinary E shares of Newincco 1270 Limited, the ultimate parent company, with the substance of the contract being with West One Loan Limited. The Ordinary E shares carry no rights to voting or dividends but do have rights to distribution on surplus assets on liquidation or capital reduction.

The company has measured fair value of the employee shares by reference to the fair value of the equity instruments granted. The shares have therefore been valued by reference to the market value of the shares using the Black-Scholes model. No cash was received in consideration for the shares issued. As at the balance sheet date a total cost of £22,818 (2016: £22,818) has been recognised in relation to the shares issued to date. The shares were sold as part of the corporate transaction in February 2017 and no shares remain in issue at the balance sheet date.

	Weighted Average Exercise Price (pence) 2017	Number 2017	Weighted Average Exercise Price (pence) 2016	Number 2016
Exercised during the year	-	-	-	-
Outstanding at the end of the Period	-	-	-	4,932

	2017	2016
	£	£
Weighted average share price	-	4.6266
Expected volatility	-	5.0%
Risk-free interest rate	-	1.8%

13. INTANGIBLE ASSETS

	Total
	£
Cost	
At 1 January 2017	298,090
Additions	70,078
At 31 December 2017	368,168
Accumulated amortisation	
At 1 January 2017	159,428
Charge for the period	107,971
At 31 December 2017	267,399
Net book value	
At 31 December 2016	138,662
At 31 December 2017	100,769

The intangible assets represent internally developed software costs of £368,168 (2016: £298,090). The assessed economic benefit derived from the asset determines that the asset will be amortised on a straight-line basis over three years.

14. INVESTMENTS

	Investments in subsidiary Companies
	£
Cost or Valuation	
At 1 January 2017	101
At 31 December 2017	101
Net Book Value	
At 1 January 2017	101
At 31 December 2017	101

SUBSIDIARY UNDERTAKINGS

The following are subsidiary undertakings of the company:

Name	Country of incorporation	Class of Shares	Holding	Principal Activity
West One Bridging Limited	England & Wales	Ordinary	100%	Dormant company
West One Capital Limited	England & Wales	Ordinary	100%	Dormant company

The address for principal place of business for these subsidiaries is 3rd floor, Premiere House, Elstree way, Borehamwood, Hertfordshire, WD6 1JH.

INVESTMENTS (continued)

The aggregate of the share capital and reserves as at 31 December 2017 and of the profit or loss for the period ended on that date for the subsidiary undertakings were as follows:

	Aggregate of Share Capital and Reserves	Result for the year
	£	£
West One Bridging Limited	100	-
West One Capital Limited	1	-

15. DEBTORS

	2017	2016
	£	£
Amounts falling due within one year		
Amounts owed by group undertakings	2,200,449	-
Other Debtors	335,832	45,919
Prepayments	11,456	10,741
Staff Loan	-	1,620
Accrued Income	585,076	55,682
	3,132,813	113,962

Amounts owed by group undertakings are unsecured, interest free, have no fixed date of repayment and are repayable on demand.

16. CREDITORS

	2017	2016
	£	£
Amounts due within one year		
Trade Creditors	20,788	24,176
Amounts owed to group undertakings	22,907	27,725
Corporation Tax	670,749	478,414
Other Creditors	315,055	97,576
Accruals	284,616	190,094
Deferred Income	-	-
	1,314,115	817,985

Amounts owed to group undertakings are unsecured, interest free, have no fixed date of repayment and are repayable on demand.

17. RELATED PARTY TRANSACTIONS

The company has taken the exemption from disclosing related party transactions, as disclosed in Note 1.2.

Enterprise Finance Limited is a fellow group company with common ownership and directors. At the 31 December 2017, a balance of £141,147 (2016: £4,818 in creditors) was due and included within debtors. The amount is unsecured and no guarantees have been received.

Aura Finance Limited is a fellow group company with common ownership and directors. At the 31 December 2017, a balance of £1,542 (2016: £nil) was outstanding and included within debtors. The amount is unsecured and no guarantees have been received.

West One Bridging Limited is a subsidiary company of West One Loan Limited. At the 31 December 2017, a balance of £88 (2016: £88) was outstanding and included within creditors. The amount is unsecured and no guarantees have been given.

West One Capital Limited is a subsidiary company of West One Loan Limited. At the 31 December 2017, a balance of £ 1 (2016: £1) was outstanding and included within creditors. The amount is unsecured and no guarantees have been given.

Enra Group Limited is the immediate parent company of West One Loan Limited. At the 31 December 2017, a balance of £2,057,761 (2016: £nil) was outstanding and included within debtors. The amount is unsecured and no guarantees have been given.

Newincco 1270 Limited the immediate parent company of Enra Group Limited. At the 31 December 2017, a balance of £22,818 (2016: £22,818) was outstanding and included within creditors. The amount is unsecured and no guarantees have been given.

18. CALLED UP SHARE CAPITAL

	2017	2016
	£	£
Allocated, called up and fully paid		
100 Ordinary shares of £1 each	100	100

19. CONTROLLING PARTY

The company is controlled by Enra Group Limited.

The smallest group of companies to consolidate these financial statements is Galene Bidco Limited.

The parent undertaking and largest group to consolidate these financial statements is Galene Topco Limited. Copies of the Galene Topco Limited and Galene Bidco Limited consolidated financial statements can be obtained from the Company Secretary at 3rd Floor, Premiere House, Elstree Way, Borehamwood, Hertfordshire, WD6 1JH.

The ownership structure of the group changed during the year following a corporate transaction with a private equity investment firm.

The ultimate controlling party of the company is Exponent Private Equity Partners III LLP.