WELLESLEY BRIDGING CO LIMITED

Annual Report and Financial Statements

For the year ended 31 December 2018

Company Number 09592003

WELLESLEY BRIDGING CO LIMITED

Report and financial statements
for the year ended 31 December 2018

Contents

Page:

WELLESLEY BRIDGING CO LIMITED

Officers and advisers

Directors
Andrew Turnbull

Registered Office
6th Floor, St Albans House, 57/59 Haymarket, London, SW1Y 4QX

Company Registration Number
09592003

Auditors
Haysmacintyre LLP, 10 Queen Street Place, London, EC4R 1AG

Bankers
Barclays, Leicester, Leicestershire, LE87 2BB

Legal Advisers
GRM Law, 1 Bedford Row, London, WC1R 4BZ

Strategic report
for the year ended 31 December 2018

The Director presents the Strategic report, Director's report and the Financial statements of Wellesley Bridging Co Limited for the year ended 31 December 2018. The director of the Company during the year was that listed on page 1.

Overview
Wellesley Bridging Co Limited (the "Company") was established to provide bridging finance to the property development market.

Operating and Financial Review
The Company generated £196,766 (2017: restated £178,100) from interest income on a director's loan and incurred £37,329 (2017: £9,888) of administration expenses. Profit before tax for the year was £159,437 (2017: restated £168,212).

Business Review
The Director is pleased with the ongoing performance of the Company.

The Company's total assets at 31 December 2018 were £2.6m (2017: £2.5m) due principally to an increase in accrued interest on loans and advances.

The Company's total liabilities as at 31 December 2018 were £2.3m (2017: £2.2m) due to an increase in the amounts owed to related parties.

Other
IFRS 9 ("Financial Instruments") was adopted on 1 January 2018. Management devoted sufficient amount of time to implement this new accounting standard. For more details, please refer to note 3.2.

Principal risks and uncertainties
The principal risks to the Company are as follows:

Liquidity risk
The Company is exposed to the liquidity risk arising from the requirement to fund its operations. Liquidity risk is the risk arising from unplanned decreases or changes in funding sources. The Company regularly reviews it forward cashflow and ensures it matches its assets and liabilities.

Credit risk
The Company is exposed to the credit risk arising from lending. The Company has made a loan to a director of a fellow group company and it has a charge over the proceeds of the sale of a property owned by the director of a fellow group company. An oversight committee of non-executive directors of Wellesley Group Investors Limited regularly convenes to monitor the director's loan.

Andrew Turnbull
Director

Approved by order of the Board on 13 February 2020

Report of the Director
for the year ended 31 December 2018

Results and dividends
The Company profit before taxation for the year was £159,792 (2017: restated £168,212). The taxation charge for the year was nil (2017: nil).

The director does not recommend the payment of a final dividend (2017: £Nil).

Principal activities
The Company is engaged in the provision of lending services.

Principal risk and uncertainties
The principal risks, including financial risk management, and the management of these risks are detailed in the Strategic Report on page 4.

Post balance sheet events
No other information has been identified since the statement of financial position date about conditions existing at the statement of financial position date which is required to be disclosed in these financial statements.

Going concern
The financial statements are prepared on a going concern basis, as the director has considered financial projections for the two years from the date of approval of the financial statements which support the director's view that the Company will continue to operate as a going concern.

The director has reviewed financial projections and cash forecasts under various scenarios over a two-year period to the end of 2020, which illustrate adequate levels of liquidity and capital for this period. In summary, the director is satisfied that the actions being taken to manage the capital and liquidity position of the Company are aligned to the strategic objectives of the Company.

Statement of director's responsibilities
The director is responsible for preparing the Strategic report, the Director's report and the Financial statements in accordance with applicable law and regulations.

Company law requires the director to prepare financial statements for each financial year. Under that law the director has elected to prepare the group and company financial statements in accordance with International Financial Reporting Standards ("IFRSs") as adopted by the European Union. Under company law the director 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 director is required to:

- select suitable accounting policies and then apply them consistently;
- make judgements and accounting estimates that are reasonable and prudent;
- state whether IFRSs as adopted by the European Union, subject to any material departures disclosed and explained in the financial statements; and
- prepare the financial statements on the going concern basis unless it is inappropriate to presume that the company will continue in business.

The director is 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 him to ensure that the financial statements comply with the Companies Act 2006. He is 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.

Auditors
Each of the persons who is a director at the date of approval of this report confirms that:

- so far as the director is aware, there is no relevant audit information of which the Company's auditor is unaware; and
- the director has taken all the steps that he/she ought to have taken as a director in order to make himself/herself aware of any relevant audit information and to establish that the Company's auditor is aware of that information.

This confirmation is given and should be interpreted in accordance with the provisions of s418 of the Companies Act 2006.

Andrew Turnbull
Director

Approved by the Board of Directors and signed on behalf of the Board on 13 February 2020.

Independent auditor's report to the members of Wellesley Bridging Co Limited

Opinion

We have audited the financial statements of Wellesley Bridging Co Limited (the 'company') for the year ended 31 December 2018 which comprise the Statement of profit and loss and other comprehensive income, Statement of financial position, Statement of Changes in Equity, Statement of Cash Flows and the related notes, including a summary of significant accounting policies. The financial reporting framework that has been applied in their preparation is applicable law and International Financial Reporting Standards (IFRSs) as adopted by the European Union and, as applied in accordance with the provisions of the Companies Act 2006.

In our opinion, the financial statements:

- give a true and fair view of the state of the company's affairs as at 31 December 2018 and of its profit for the year then ended;
- the financial statements have been properly prepared in accordance with IFRSs as adopted by the European Union; and
- have been prepared in accordance with the requirements of the Companies Act 2006.

Basis for opinion

We conducted our audit in accordance with International Standards on Auditing (UK) (ISAs (UK)) and applicable law. Our responsibilities under those standards are further described in the Auditor's responsibilities for the audit of the financial statements section of our report. We are independent of the company in accordance with the ethical requirements that are relevant to our audit of the financial statements in the UK, including the FRC's Ethical Standard, and we have fulfilled our other ethical responsibilities in accordance with these requirements. We believe that the audit evidence we have obtained is sufficient and appropriate to provide a basis for our opinion.

Material uncertainty related to going concern

We draw attention to Note 2.4 of the financial statements, which indicates that the company is reliant on financial support from fellow group members. However as stated in Note 2.4 there is a material uncertainty that fellow group members are able to provide this support.

Other information

The director is responsible for the other information. The other information comprises the information included in the annual report, other than the financial statements and our auditor's report thereon. Our opinion on the financial statements does not cover the other information and, except to the extent otherwise explicitly stated in our report, we do not express any form of assurance conclusion 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 such material inconsistencies or apparent material misstatements, we are required to determine whether there is a material misstatement in 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 in this regard.

Opinions on other matters prescribed by the Companies Act 2006

In our opinion, based on the work undertaken in the course of the audit:

- the information given in the strategic report and the director's report for the financial year for which the financial statements are prepared is consistent with the financial statements; and
- the strategic report and the director's report have been prepared in accordance with applicable legal requirements.

Matters on which we are required to report by exception
In the light of the knowledge and understanding of the company and its environment obtained in the course of the audit, we have not identified material misstatements in the strategic report or the directors' report.

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

- 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
- the financial statements are not in agreement with the accounting records and returns; or
- certain disclosures of director's remuneration specified by law are not made; or
- we have not received all the information and explanations we require for our audit

Responsibilities of director
As explained more fully in the director's responsibilities statement set out on page 4, the director is responsible for the preparation of the financial statements and for being satisfied that they give a true and fair view, and for such internal control as the directors 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 director is 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 director either intends to liquidate the company or to cease operations, or has no realistic alternative but to do so.

Auditor's 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 auditor's 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 Financial Reporting Council's website at: www.frc.org.uk/auditorsresponsibilities. This description forms part of our auditor's report.

Use of our report

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.

David Cox (Senior Statutory Auditor)
For and on behalf of Haysmacintyre LLP, Statutory Auditors
13 February 2020

10 Queen Street Place
London
EC4R 1AG

WELLESLEY BRIDGING CO LIMITED

Statement of profit and loss and other comprehensive income
for the year ended 31 December 2018

	Notes	2018 £	2017 £ Restated
Interest income	5	196,766	178,100
Administrative expenses	6	(37,329)	(9,888)
Profit from operations		**159,437**	**168,212**
Income tax	7	-	-
Profit after tax - attributable to the equity holders of the Company		**159,437**	**168,212**

	2018 £	2017 £ Restated
Profit after tax - attributable to the equity holders of the Company	159,437	168,212
Total other comprehensive income for the year, net of taxation	-	-
Total comprehensive income for the year, net of taxation	159,437	168,212

There are no items in the statement of other comprehensive income which could be reclassified to the statement of profit and loss in subsequent years.

The accounting policies and notes set out on pages 11 to 19 form an integral part of these financial statements.

WELLESLEY BRIDGING CO LIMITED

Statement of financial position
as at 31 December 2018

	Notes	2018	2017
		£	£
Assets			**Restated**
Non-current assets			
Loans and advances	8	-	1,877,519
Other receivables	9	538,490	538,490
		538,490	**2,416,009**
Current assets			
Loans and advances	8	2,074,285	-
Cash and cash equivalents		12,141	42,931
Total assets		**2,624,916**	**2,458,940**
Liabilities			
Current liabilities			
Liabilities	10	2,255,111	2,248,572
Total liabilities		**2,255,111**	**2,248,572**
Net assets		**369,805**	**210,368**
Equity			
Share capital	11	1	1
Retained earnings		369,804	210,367
Total equity		**369,805**	**210,368**

The notes on pages 11 to 19 are an integral part of these financial statements.

These financial statements were approved by the director on 13 February 2020 and were signed on his behalf by:

Andrew Turnbull
Director
Company number 09592003

WELLESLEY BRIDGING CO LIMITED

Statement of changes in equity
for the year ended 31 December 2018

	Notes	Share capital	Retained earnings	Total equity
		£	£	£
Balance at 1 January 2018		1	210,367	210,368
Total comprehensive income for the year				
Profit for the year		-	159,437	159,437
Total comprehensive income for the year		1	**369,804**	**369,805**
Balance at 31 December 2018		**1**	**369,804**	**369,805**

	Notes	Share capital	Retained earnings	Total equity
		£	£	£
Balance at 1 January 2017 as previously stated		**1**	**41,427**	**41,428**
Prior period adjustments	15	-	728	728
Balance at 1 January 2017 as restated		**1**	**42,155**	**42,156**
Total comprehensive income for the year				
Profit for the year as restated		-	168,212	168,212
Total comprehensive income for the year		1	**210,367**	**210,368**
Balance at 31 December 2017 as restated		**1**	**210,367**	**210,368**

The notes on pages 11 to 19 are an integral part of these financial statements.

WELLESLEY BRIDGING CO LIMITED

Statement of cash flows
for the year ended 31 December 2018

	2018	2017
	£	£
		Restated
Cash flows from operating activities		
Profit before taxation	159,437	168,212
Adjustments for working capital items:		
Increase in other assets	-	-
Increase in loans and advances	(196,766)	(178,100)
Increase in liabilities	6,539	9,708
Net cash flows generated by operating activities	**(30,790)**	**(180)**
Net decrease in cash and cash equivalents	(30,790)	(180)
Cash and cash equivalents at the start of the year	42,931	43,111
Cash and cash equivalents at the end of the year	**12,141**	**42,931**

The notes on pages 11 to 19 are an integral part of these financial statements.

1 Nature of operations

Wellesley Bridging Co Limited is a private limited company incorporated in the United Kingdom with a registered office at 6th floor St Albans House, 57/59 Haymarket, London, SW1Y 4QX. It was established to provide bridging finance to the property development market.

2 Basis of preparation

2.1 Accounting basis

The financial statements of the Company have been prepared in accordance with the Companies Act 2006 and IFRSs as developed and published by the International Accounting Standards Board ("IASB") as adopted by the European Union ("EU").

The comparatives are for the year ended 31 December 2017.

The presentation currency of the financial statements is Pound Sterling.

The financial statements have been prepared on the historical cost basis.

The preparation of the financial statements requires management to make judgements, estimates and assumptions that affect the application of accounting policies and the reported amounts of assets, liabilities, income and expenses. Actual results may differ from estimates.

Estimates and underlying assumptions are reviewed on an ongoing basis. Revisions to accounting estimates are recognised in the period in which the estimates are revised and in any future periods affected. Information about areas of estimation, uncertainty and critical judgements in applying accounting policies that have the most significant effect on the amounts recognised in the financial statements are included in Note 4.

The accounting policies that have been used in the preparation of these financial statements are described below. The particular accounting policies adopted by the Directors are described below and have been applied consistently year on year.

There was a prior period adjustment (see note 12 for details).

2.2 New accounting standards

New standards and amendments

The following standards and amendments are new and applied for the first time for the annual reporting year commencing 1 January 2018:

- IFRS 9 Financial Instruments
- IFRS 15 Revenue from Contracts with Customers

IFRS 9, Financial instruments

The standard includes updated requirements in respect of the recognition and measurement, impairment and derecognition of assets as well as general hedge accounting. One of the biggest changes sees an expected credit loss model replacing the previous incurred loss model. The standard became effective for accounting periods beginning on or after 1 January 2018.

The Company made certain retrospective adjustments following the adoption of IFRS 9. This is disclosed in note 15. The effect of other new accounting standards or amendments applicable for the first time this year did not have any impact on the amounts recognised in prior periods and are not expected to significantly affect the current or future periods.

2 Basis of preparation *(continued)*

2.2 New accounting standards *(continued)*

IFRS 15, Revenue from contracts with customers
The standard sets out at what point and how revenue is recognised and also require enhanced disclosure. Revenue contracts should be recognised in accordance with a single, principles based on five-step plan. The standard became effective for accounting periods beginning on or after 1 January 2018. The Company does not hold any contracts with customers and as such there is no impact on the financial statements.

2.3 Future accounting developments
The following standards and amendments to existing standards have been published, but in some cases, not yet adopted by the EU. They are mandatory from the financial period beginning on or after the effective dates shown below.

- IFRS 16 – Leases. Applicable for financial years beginning on or after 1 January 2019. IFRS 16 was endorsed by the EU in October 2018.

The Company's assessment of the impact of these new standards and interpretations is set out below.

IFRS 16 Leases
IFRS 16 eliminates the classification of leases as either operating leases or finance leases for a lessee. Instead all leases are treated in a similar way to finance leases applying IAS 17. Leases are 'capitalised' by recognising the present value of the lease payments and showing them either as lease assets (right-of-use assets) or together with property, plant and equipment. If lease payments are made over time, a company also recognises a financial liability representing its obligation to make future lease payments. On review of IFRS 16 in respect of these leases, there will not be any impact on the Company.

2.4 Going concern
The financial statements are prepared on a going concern basis, as the director has considered financial projections for the two years from the date of approval of the financial statements which include the assumption that fellow group members will provide financial assistance to this company if and when required. These projections and assumption of group assistance support the director's view that the Company will continue to operate as a going concern.

However as disclosed in the consolidated financial statements of Wellesley Group Investors Limited, the group's Directors have identified material uncertainties surrounding the future cashflows from the group's development loan portfolio which may cast significant doubt about the Group's ability to continue as a Going Concern. Accordingly, there is a significant doubt over its ability to provide support to the Company and hence there is a material uncertainty over the company's ability to remain a going concern.

3 Significant accounting policies

3.1 Interest income
Interest income is recognised in the statement of profit and loss on an effective interest rate ("EIR") basis in accordance with IFRS 9. The EIR is the rate that, at the inception of the financial asset or liability, exactly discounts expected future cash payments and receipts over the expected life of the instrument back to the initial carrying amount. When calculating the EIR, the Company estimates cash flows considering all contractual terms of the instrument but does not consider the assets' future credit losses.

At each reporting date, management makes an assessment of the expected remaining life of its financial assets and where there is a change in those assessments the remaining amount of any unamortised discount or premiums is adjusted so that the interest continues to be recognised prospectively on the amortised cost of the financial asset at the original EIR. The adjustment arising is recognised within interest income in the statement of profit and loss of the current period.

3 Significant accounting policies *(continued)*

3.1 Interest income *(continued)*

The calculation of the EIR includes all transaction costs and fees paid or received that are an integral part of the interest rate, together with the discounts or premium arising on the acquisition of loan portfolios.

Transaction costs include incremental costs that are directly attributable to the acquisition or issue of a financial asset or liability.

Interest income and expense presented in the income statement include interest on financial assets and financial liabilities measured at amortised cost calculated on an EIR basis

3.2 Financial instruments – recognition and de-recognition

Recognition

The Company initially recognises loans and advances issued on the date they are originated, at fair value less transaction costs.

De-recognition

De-recognition of financial assets is the point at which an asset is removed from the statement of financial position.

Financial assets are derecognised when:

- the rights to receive cash flows from the assets have ceased; and
- the Company has transferred substantially all the risk and rewards of ownership of the assets.

A financial liability is derecognised when the obligation is discharged, cancelled or expires. Any difference between the carrying amount of a financial liability derecognised and the consideration paid is recognised through the income statement.

Financial Assets

The Company classifies its financial assets (excluding derivatives) as loans and receivables.

The Company's accounting policy is as follows:

Loans and receivables

Loans and receivables are non-derivative financial assets with fixed or determinable payments that are not quoted in an active market and that the Company does not intend to sell immediately or in the near term. These are initially measured at fair value plus transactions costs that are directly attributable to the financial asset. Subsequently, they are measured at amortised cost using the EIR. The amortised cost is the amount advanced less principal repayments, plus or minus the cumulative amortisation using the EIR method of any difference between the amount advanced and the maturity amount less impairment provisions for incurred losses. Loans and receivables mainly comprise loans and advances to customers.

Expected Credit Losses ("ECL")

IFRS 9 introduces a three-stage model for impairment based on changes in credit quality since initial recognition with each stage representing a change in the credit risk of financial instrument. If a significant increase in credit risk is identified, the financial instrument is moved from stage one to two but is not yet deemed to be credit impaired. Financial instruments that are deemed to be credit impaired are then moved to stage three. The expected credit loss for financial instruments which are in stage one equals to the portion of lifetime expected credit losses that result from default events within the next twelve months. The expected credit loss for financial instruments in stages two and three is equal to the expected lifetime credit losses.

3 Significant accounting policies *(continued)*

3.2 Financial instruments – recognition and de-recognition *(continued)*

Wellesley consider that the primary trigger of a significant increase in its credit risk is where the internal credit rating, decreases by 2 rating categories since initial recognition. The Company has enough collateral in respect of loans and advances therefore, no ECL is considered necessary and is classified as Stage 1.

On an on-going basis the Company assesses whether there is objective evidence that a financial asset is impaired. A financial asset is impaired and impairment losses are incurred if, and only if, there is objective evidence of impairment as a result of one or more events that occurred after the initial recognition of the assets (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.

The criteria that the Company uses to determine that there is objective evidence of impairment loss include, but not limited to, the following:

- delinquency in contractual payments of principal or interest;
- cash flow or other trading difficulties experienced by the borrower;
- initiation of bankruptcy proceedings; and
- change in market value of assets.

The Company's portion of the carrying amount of the asset is reduced through the use of an allowance account and the amount of the loss is recognised in the income statement.

When a financial asset is uncollectible, it is written off against the related provision for impairment. Such financial assets are written off after all the necessary procedures have been completed and the amount of the loss has been determined. Subsequent recoveries of amounts previously written off decrease the amount of the provision for impairment in the income statement. Allowances for impairment losses are released at the point when it is deemed that, following a subsequent event, the risk has reduced such that an allowance is no longer required.

3.3 Taxation

The tax expense represents the sum of the tax currently payable and deferred tax. It is recognised in the statement of comprehensive income except to the extent that is relates to a business combination, or items recognised directly in equity or in equity through other comprehensive income.

Current tax

Current tax, including UK corporation tax and foreign tax, is provided at amounts expected to be paid (or recovered) using the tax rates and laws that have been enacted or substantially enacted by the period end date.

Deferred tax

Deferred tax is recognised in respect of all temporary differences between the carrying amounts of assets and liabilities for financial reporting purposes and the amounts used for taxation purposes.

Deferred tax liabilities are generally recognised for all taxable temporary differences and deferred tax assets are recognised for all deductible temporary difference, the carry forward of unused tax credits and any unused losses. Such assets and liabilities are not recognised if they arise from the initial recognition of goodwill or from the initial recognition (other than in a business combination) of other assets and liabilities in a transaction that affects neither the taxable profit nor the accounting profit. Deferred tax liabilities are recognised for taxable differences arising on investments in subsidiaries except where the Company is able to control the reversal of the temporary difference and it is probable that the temporary difference will not reverse in the foreseeable future.

3 Significant accounting policies *(continued)*

3.3 Taxation *(continued)*

The carrying amount of deferred tax assets is reviewed at the end of each reporting date and reduced to the extent that it is not probable that taxable profit will be available against which the deductible temporary differences, and the carry forward of unused tax credits and unused tax losses can be utilised.
Deferred tax liabilities and assets are measured at the tax rates that are expected to apply in the period in which the liability is settled or the asset realised, based on the tax rates that have been enacted or substantively enacted by the end of the reporting period.

Deferred tax assets and deferred tax liabilities are offset if a legally enforceable right of offset exists to set off current tax assets against current tax liabilities and the deferred taxes relate to the same taxation authority and the Company intends to settle its current tax assets and liabilities on a net basis

3.4 Cash and cash equivalents

Cash and cash equivalents comprise cash balance and bank balances with a maturity of three months or less from the acquisition date, which are readily convertible to known amounts of cash and which are subject to an insignificant risk of changes in value.

4 Use of estimates and judgements

The preparation of financial information requires management to make judgements, estimates and assumptions that affect the application of accounting policies and the reported amounts of assets, liabilities, income and expenses. Actual results may differ from these estimates.

Estimates and assumptions are reviewed on an ongoing basis. Revisions to accounting estimates are recognised in the period in which the estimate is revised and in any future periods affected. The judgement and assumptions that are considered to the most important to the portrayal of the Company's financial condition are those relating to loan impairment provisions.

5 Interest income

	2018 £	2017 £ Restated
Interest income	196,766	178,100
	196,766	**178,100**

6 Administration expenses

	2018 £	2017 £
Bank fees	48	180
Audit fees	8,400	7,848
Legal & professional fees	21,228	-
Other costs	7,653	1,860
	37,329	**9,888**

The Company does not employ any staff aside from the Director who does not derive remuneration from the Company.

7 Taxation

	2018 £	2017 £
Recognised in the Statement of Comprehensive Income	-	-
Current tax:		
UK corporation tax at 19%	-	-
Total current tax	-	-
Deferred tax:		
Origination and reversal of temporary difference	-	-
Total deferred tax	-	-
Total tax credit	-	-
Reconciliation of tax charge:		
Profit on ordinary activities before tax	159,437	168,212
Tax on profit on ordinary activities at standard corporation tax rate of 19% (2017: 19.25%)	30,293	32,381
Effects of:		
Expenses not deductible		-
Effects of group relief/other reliefs	(30,293)	(32,381)
Total tax credit	-	-

8 Loans and advances

	2018 £	2017 £
Gross loan	2,074,285	1,877,519
	2,074,285	**1,877,519**
Amounts falling due:		
Within one year	2,074,285	-
In the second to fifth year inclusive	-	1,877,519
	2,074,285	**1,877,519**

The Company advanced a loan of £1,700,000 to a director of the parent company and other group subsidiaries in September 2016. £43,111 was repaid in November 2016. The loan was due to be repaid in September 2017, however the term was extended to December 2020. Interest accrues at a monthly rate of 0.834%. Total collateral in respect of loans and advances held at 31 December 2018 was £6.3m. The loan is the only asset held at amortised cost.

9 Other receivables

	2018	2017
	£	£
Amounts owed by related parties	1	1
Other assets	538,489	538,489
	538,490	**538,490**

10 Liabilities

	2018	2017
	£	£
Amounts owed to related parties	2,244,708	1,700,375
Accruals	10,403	548,197
	2,255,111	**2,248,572**

The Company does not currently hold any liabilities at fair value or at amortised cost. Balances owed to related parties are payable on demand.

11 Share capital

	2018	2017
	£	£
1 issued ordinary share at £1 (1 authorised ordinary share at £1)	1	1
	1	**1**

The ordinary share is unpaid at the year end.

12 Risk management

The main areas of risk that the business is exposed to are:

- Liquidity risk;
- Capital risk

Liquidity risk
The Company's sources of funding are from interest income earned. Liquidity risk is the risk arising from unplanned decreases or changes in funding sources. The Company regularly reviews it forward cashflow and ensures it matches its assets and liabilities.

The analysis of amounts falling due in respect of other liabilities is shown below:

	2018	2017
	£	£
Amounts falling due:		
Within one year	2,255,111	2,248,572
	2,255,111	**2,248,572**

Capital risk
The Company's objective is to maintain a strong capital base to support its current operations in line with relevant forecasts. Capital base for these purposes comprises shareholders' equity less amounts owed to Company undertakings. The details are below:

	2018	2017
	£	£
Share capital	1	1
Retained earnings	369,804	210,367
Common equity capital	**369,805**	**210,368**
Total capital base	**369,805**	**210,368**

The capital levels are monitored both at a Company level and throughout the Wellesley Group.

13 Related party transactions

Related parties of the Company include key management personnel, close family members of key management personnel and entities which are controlled, jointly controlled or significantly influenced, or for which significant voting power is held, by key management personnel or their close family members. Key management personnel are defined as the Directors.

Balances with fellow subsidiaries of Wellesley Group investors Limited:

	2018	2017
	£	£
Balances owed to parent	(2,210)	(375)
Balances owed to fellow subsidiaries	(2,242,499)	(1,700,001)
Balances due from key management personnel (note 6)	2,074,285	1,877,519

Balances due from key management personnel include accrued interest of £417,396 (2017: 220,631). No interest payments were received during the year (2017: none).

14 Ultimate controlling party

Wellesley Group Limited, a company incorporated in England, is the immediate parent of the Company. Wellesley Group Investors Limited, parent of Wellesley Group Limited, prepares consolidated financial statements which includes the results of the Company for the year.

Graham Wellesley is the ultimate controlling party by virtue of his shareholding in Wellesley Group Investors Limited.

Registered addresses:

Wellesley Group Limited and Wellesley Group Investors Limited - 6th Floor St Albans House, 57/59 Haymarket, London, SW1Y 4QX.

15 Prior period restatement

The prior period adjustments were as follows:

1. As noted in note 2.2 IFRS 9 was effective from January 2018. In order to comply with the new standard, a prior year adjustment has been calculated and recognised in the comparative figures accordingly. The Company has adopted IFRS 9 from 1 January 2018 and has applied the full retrospective application transition.

2. When a loan is made to a shareholder, tax legislation requires the company to pay corporation tax equal to 25% of the loan balance outstanding in cases where the loan remains outstanding at the period end, and not repaid within nine months of that period. The Company paid an amount of £538,489 to HMRC in January 2018 but had not accrued for this in the 2017 financial year. Accordingly, an adjustment has been made to reflect the liability. The amount is repayable to the Company on settlement of the loan and interest.

The effect on the statement of comprehensive income and statement of Financial Position is shown below:

	Note	Impact on Comprehensive Income Statements	
		Period to 31 December 2017	Period to 31 December 2016
		£	£
Increase in Interest Income	5	7,108	728
Impact for the year		**7,108**	**728**

	Note	Impact on Statement of Financial Position	
		As at 31 December 2017	As at 31 December 2016
		£	£
Increase in Accrued Interest Income	8	7,108	728
Increase in Other assets	9	538,489	-
Increase in accruals (liabilities)	10	(538,489)	-
Impact on equity		**7,108**	**728**

As a result of this the brought forward retained earnings as of 01 January 2018 have been restated to £210,367 compared to £202,532.