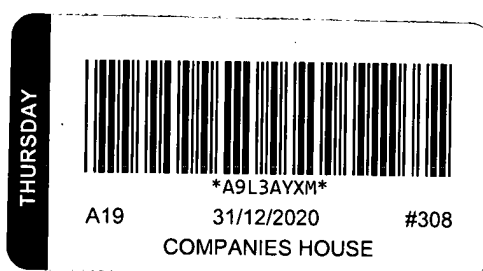


WELLESLEY BRIDGING CO LIMITED

Annual Report and Financial Statements
for the year ended 31 December 2019

Company Number 09592003



WELLESLEY BRIDGING CO LIMITED

Report and financial statements for the year ended 31 December 2019

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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

MHA Macintyre Hudson LLP, 6th Floor, 2 London Wall Place, London, EC2Y 5AU

Bankers

Barclays, Leicester, Leicestershire, LE87 2BB

Legal Advisers

Howard Kennedy LLP, 1 London Bridge, London, SE1 9BG

WELLESLEY BRIDGING CO LIMITED

Strategic report for the year ended 31 December 2019

The Director presents the Strategic report, Director's report and the Financial statements of Wellesley Bridging Co Limited for the year ended 31 December 2019. 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 £217,387 (2018: £196,765) from interest income on a director's loan and incurred £16,394 (2018: £37,329) of administration expenses. Profit before tax for the year was £200,992 (2018: £159,437).

Business Review

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

The Company's total assets at 31 December 2019 were £2.8m (2018: £2.6m) due principally to an increase in accrued interest on loans and advances.

The Company's total liabilities as at 31 December 2019 were £2.3m (2018: £2.3m) due to movements on amounts owed to related parties and accruals.

Principal risks and uncertainties

The principal risks to the Company are as follows:

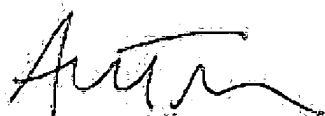
Liquidity risk

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 its 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.

The Director is of the view that the loan continues to be a performing loan and shows no indication of impairment. The Director continues to monitor the sales process of the underlying property and expects that this will develop to a sale in the near future.



Andrew Turnbull
Director

Approved by order of the Board on 22 December 2020

WELLESLEY BRIDGING CO LIMITED

Report of the Director for the year ended 31 December 2019

Results and dividends

The Company's profit before taxation for the year was £200,992 (2018: £159,792). The taxation charge for the year was nil (2018: nil) as a result of available group tax relief.

The director does not recommend the payment of a final dividend (2018: £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 2.

Post balance sheet events

Post balance sheet events are detailed in note 15 on page 17.

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 2021, 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.

WELLESLEY BRIDGING CO LIMITED

Statement of Director's responsibilities for the year ended 31 December 2019

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:

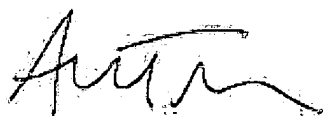
- so far as the director is aware, there is no relevant audit information of which the Company's auditor is unaware; and
- the director has taken all the steps that he/she ought to have taken as a director in order to make himself/herself aware of any relevant audit information and to establish that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

The Company's fellow subsidiary, Wellesley Finance Limited ("WF"), had its prospectus for an unsecured listed bond programme approved the Central Bank of Ireland on 28 March 2020. At the time, WF intended to list new debt in 2020 meaning that WF, and in turn the wider Wellesley Corporate Group, would become classified as a "Public Interest Entity" (a "PIE").

On discussion with our previous auditor, Haysmacintyre LLP, we were advised that, following a risk review of the firm's public interest entity audits, a decision had been made to audit only certain PIE clients. As a result, they communicated to us that they did not seek reappointment.

It was therefore resolved to appoint MHA Macintyre Hudson LLP as auditors during the year, and it is proposed to reappoint MHA Macintyre Hudson LLP as auditor at the Annual General Meeting.



Andrew Turnbull
Director

Approved by the Board of Directors and signed on behalf of the Board on 22 December 2020.

WELLESLEY BRIDGING CO LIMITED

Statement of profit and loss and other comprehensive income for the year ended 31 December 2019

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 2019, which comprise the statement of comprehensive income, the statement of financial position, the statement of changes in equity and notes to the financial statements, including a summary of significant accounting policies. The financial reporting framework that has been applied in their preparation is applicable law, under that law they have elected to prepare the financial statements in accordance with International Financial Reporting Standards as adopted by the European Union (IFRSs as adopted by the EU) and applicable law.

In our opinion the financial statements:

- give a true and fair view of the state of the company's affairs as at 31 December 2019, and of its loss for the period then ended;
- have been properly prepared in accordance with IFRSs adopted by the EU; 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 2.3 of the financial statements. Due to the current economic shutdown as a result of COVID, two of the company's major subsidiaries have been significantly impacted. These events or conditions cast significant doubt on the company's ability to continue as a going concern. Our opinion is not modified in respect of this matter.

Other information

The directors are responsible for the other information. The other information comprises the information included in the Report and Audited Financial Statements, 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 directors' report for the financial period for which the financial statements are prepared is consistent with the financial statements; and
- the strategic report and the directors' report have been prepared in accordance with applicable legal requirements.

WELLESLEY BRIDGING CO LIMITED

Statement of profit and loss and other comprehensive income for the year ended 31 December 2019

Independent Auditor's Report to the Members of Wellesley Bridging Co Limited (continued)

Matters on which we are required to report by exception

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, 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.

Responsibilities of directors

As explained more fully in the directors' responsibilities statement set out on page 1, the directors are 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 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.

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: <https://www.frc.org.uk/auditors/audit-assurance>. 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.



Rakesh Shaunak, *Senior Statutory Auditor*
For and on behalf of MHA MacIntyre Hudson, *Statutory Auditor*
6th Floor
2 London Wall Place
London, EC2Y 5AU
23 December 2020

WELLESLEY BRIDGING CO LIMITED

Statement of profit and loss and other comprehensive income for the year ended 31 December 2019

Statement of profit & loss	Notes	2019 £'000	2018 £'000
Interest income	5	217	197
Administrative expenses	6	(16)	(38)
Profit from operations		201	159
Income tax	7	4	-
Profit after tax - attributable to the equity holders of the Company		205	159
Other comprehensive income		-	-
Tax on other comprehensive income		-	-
Total other comprehensive income for the year, net of taxation		-	-
Total comprehensive income for the year, net of taxation		205	159

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 17 form an integral part of these financial statements.

WELLESLEY BRIDGING CO LIMITED

Statement of financial position as at 31 December 2019

	Notes	2019 £'000	2018 £'000
Assets			
<i>Non-current assets</i>			
Other receivables	9	543	539
		543	539
<i>Current assets</i>			
Loans and advances	8	2,294	2,074
Cash and cash equivalents		0	12
Total assets		2,837	2,625
Liabilities			
<i>Current liabilities</i>			
Other Liabilities	10	2,262	2,255
Total liabilities		2,262	2,255
Net assets		575	370
Equity			
Share capital	11	0	0
Retained earnings		575	370
Total equity		575	370

The notes on pages 11 to 17 are an integral part of these financial statements.

These financial statements were approved by the director on 22 December 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 2019

	Share capital £'000	Retained earnings £'000	Total equity £'000
Balance at 1 January 2019	0	370	370
Total comprehensive income for the year			
Profit for the year	-	205	205
Total comprehensive income for the year	-	205	205
Balance at 31 December 2019	0	575	575

	Share capital £'000	Retained earnings £'000	Total equity £'000
Balance at 1 January 2018	0	211	211
Total comprehensive income for the year			
Profit for the year	-	159	159
Total comprehensive income for the year	-	159	159
Balance at 31 December 2018	0	370	370

The issued share capital at the end of the current and preceding year totals £1, but as the financial statements are presented in £'000s it is rounded down to zero.

The notes on pages 11 to 17 are an integral part of these financial statements.

WELLESLEY BRIDGING CO LIMITED

Statement of cash flows for the year ended 31 December 2019

	2019 £'000	2018 £'000
Cash flows from operating activities		
Profit before taxation	201	159
Adjustments for non-cash items:		
Write back of refundable tax asset	4	-
Adjustments for working capital items:		
Increase in other assets	(4)	-
Increase in loans and advances	(220)	(197)
Increase in other liabilities	7	7
Net cash flows generated by operating activities	(12)	(31)
Net decrease in cash and cash equivalents	(12)	(31)
Cash and cash equivalents at the start of the year	12	43
Cash and cash equivalents at the end of the year	0	12

The notes on pages 11 to 17 are an integral part of these financial statements.

WELLESLEY BRIDGING CO LIMITED

Notes forming part of the financial statements for the year ended 31 December 2019

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 2018.

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 particular accounting policies adopted by the Directors are described below and have been applied consistently year on year.

2.2 New accounting standards

IFRS 16 – Leases, was endorsed by the EU in October 2018 and came into effect for accounting periods beginning on or after 1 January 2019.

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.

As the Company does not hold any lease arrangements, no adjustments were necessary.

There are several standards, amendments to standards, and interpretations which have been issued by the IASB that are effective in future accounting periods. The Company has decided not to early adopt any of them, and does not feel there will be a material impact caused by them.

The following amendments are effective for the period beginning 1 January 2020:

- IAS 1 (Presentation of Financial Statements) and IAS 8 (Accounting policies, changes in accounting estimates and errors) are both amended reflecting changes to the definition of "Material";
- IFRS 3 (Business combinations) is amended to reflect the definition of "Business"; and
- A revised conceptual framework for financial reporting.

In January 2020, the IASB issued amendments to IAS 1, which clarify the criteria used to determine whether liabilities are classified as current or non-current. These amendments clarify that current or non-current classification is based on whether an entity has a right at the end of the reporting period to defer settlement of the liability for at least twelve months after the reporting period. The amendment also clarifies that "settlement" includes the transfer of cash, goods, services, or equity instruments unless the obligation to transfer equity instruments arises from a conversion feature classified as an equity instruments separately from the liability component of a compound financial instruments. The amendments are effective for annual reporting periods beginning on or after 1 January 2022.

WELLESLEY BRIDGING CO LIMITED

Notes forming part of the financial statements for the year ended 31 December 2019

2.3 Going concern

The financial statements have been prepared on a going concern basis. The Directors have considered relevant information, including the annual budget, forecast future cash flows and the impact of subsequent events in making their assessment.

The COVID-19 pandemic and the ensuing economic shutdown has not had a significant impact on the company's operations, but this is kept under review.

In response to the COVID-19 pandemic, the Directors have performed a robust analysis of forecast future cash flows taking into account the potential impact on the business of possible future scenarios arising from the impact of COVID-19. This analysis also considers the effectiveness of available measures to assist in mitigating the impact.

Based on these assessments and having regard to the resources available to the entity, the Directors have concluded that there is no material uncertainty and that they can continue to adopt the going concern basis in preparing the annual report and accounts.

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.

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.

WELLESLEY BRIDGING CO LIMITED

Notes forming part of the financial statements for the year ended 31 December 2019

Financial Assets

The Company classifies its financial assets 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.

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 it 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.

WELLESLEY BRIDGING CO LIMITED

Notes forming part of the financial statements for the year ended 31 December 2019

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.

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 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 be the most important to the portrayal of the Company's financial condition are those relating to loan impairment provisions.

5 Interest income

	2019	2018
	£'000	£'000
Interest income	217	197

6 Administration expenses

	2019	2018
	£'000	£'000
Audit fees	10	8
Legal & professional fees	6	24
Other costs	0	6
	16	38

The Company does not employ any staff and the Director received no remuneration from the Company during the year, or prior year, as they are remunerated by other Group entities. The Director is considered to be the only key management personnel.

WELLESLEY BRIDGING CO LIMITED

Notes forming part of the financial statements
for the year ended 31 December 2019

7 Taxation

	2019 £'000	2018 £'000
Recognised in the Statement of Comprehensive Income	-	-
Current tax:		
UK corporation tax at 19% (2018: 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	205	159
Tax on profit on ordinary activities at standard corporation tax rate of 19% (2018: 19%)	39	30
Effects of:		
Expenses not deductible	-	-
Effects of group relief/other reliefs	(38)	(30)
Total tax credit	1	-

8 Loans and advances

	2019 £'000	2018 £'000
Gross loan	2,294	2,074
Amounts falling due: In the second to fifth year inclusive	2,294	2,074

The Company advanced a loan of £1,700,000 to a director of the parent company in September 2016. £43,111 was repaid in November 2016. The loan was due to be repaid in September 2017, however the term has been extended to 31 December 2020. Interest accrues at a monthly rate of 0.834%. The loan is the only asset held at amortised cost.

9 Other receivables

	2019 £'000	2018 £'000
Other assets	543	539

WELLESLEY BRIDGING CO LIMITED

Notes forming part of the financial statements for the year ended 31 December 2019

10 Liabilities

	2019	2018
	£'000	£'000
Amounts owed to group undertakings	2,247	2,245
Accruals	15	10
	2,262	2,255

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

	2019	2018
	£	£
1 issued ordinary share at £1 (2018: 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; and
- 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 its forward cashflow and ensures it matches its assets and liabilities.

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

	2019	2018
	£'000	£'000
Within one year	2,262	2,255

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:

	2019	2018
	£'000	£'000
Share capital	0	0
Retained earnings	575	370
Common equity capital	575	370
Total capital base	575	370

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

WELLESLEY BRIDGING CO LIMITED

Notes forming part of the financial statements for the year ended 31 December 2019

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:

	2019 £'000	2018 £'000
Balance owed to fellow subsidiaries	2,245	2,242
Balance owed to parent	2	2
Balance owed by parent	(0)	(0)

Balances due from key management personnel include accrued interest of £635k (2018: 417k). No interest payments were received during the year (2018: none).

The main loan asset of the Company is a loan made to the ultimate controlling party of the group, Graham Wellesley. The loan was made to Graham Wellesley in order that he could further subscribe for preference shares in Wellesley Group Investors Limited. Key changes are proposed to this loan, and more details can be seen on page 3.

14 Ultimate controlling party

Wellesley Group Limited, a company incorporated in England, is the immediate parent of the Company. Wellesley Group Investors Limited, the parent of Wellesley Group Limited, prepares consolidated financial statements which includes the results of the Company for the year. All these Companies are registered at: 6th Floor, St Albans House, 57/59 Haymarket, London, SW1Y 4QX.

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

15 Events after the statement of financial position date

During late 2019 and early 2020, the outbreak of a respiratory disease referred to as the coronavirus was first detected in China this has now been spread globally. On 30 January 2020, the International Health Regulations Emergency Committee of the World Health Organization declared the outbreak a "public health emergency of international concern". This issue remains live at the date of the approval of the financial statements.