

# **WELLESLEY BRIDGING CO LIMITED**

Audited Accounts

For the year ended 31 December 2017

Company Number 09592003



# WELLESLEY BRIDGING CO LIMITED

Report and financial statements  
For year ended 31 December 2017

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# WELLESLEY BRIDGING CO LIMITED

## Officers and advisers

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### Director

Andrew Turnbull

### Registered Office

6<sup>th</sup> Floor, St Albans House, 57/59 Haymarket, London, SW1Y 4QX

### Bankers

Barclays, Leicester, Leicestershire, LE87 2BB

### Company Registration Number

09592003

### Auditors

BDO LLP, 55 Baker Street, London, W1U 7EU

### Bankers

Barclays, Leicester, Leicestershire, LE87 2BB

### Legal Advisers

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

# WELLESLEY BRIDGING CO LIMITED

## Strategic Report For year ended 31 December 2017

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### 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 £170,993 (2016: £41,802) from interest income on a director's loan.

The Company incurred £9,888 (2016: £375) in administration expenses. Profit before tax for the year was £161,105 (2016: £41,427).


### Business Review

The Directors are pleased with the ongoing performance of the Company.

### 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 one director's loan receivable at the year end. The Company has a charge over the proceeds of the sale of a property owned by the director. An oversight committee of non-executive directors of Wellesley Group Investors Limited regularly convenes to monitor the director's loan.  
Total collateral in respect of loans and advances held at 31 December 2017 was £3.5m.



**Andrew Turnbull**  
Director

Approved by the Board of Directors and signed on behalf of the Board on 2 November 2018

# **WELLESLEY BRIDGING CO LIMITED**

## **Report of the Directors For year ended 31 December 2017**

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The Directors present the strategic report, directors' report and the financial statements of Wellesley Bridging Co Limited for the year ended 31 December 2017. The directors of the Company during the year were those listed on page 3.

### **Results and dividends**

The Company profit before taxation for the year was £161,105 (2016: £41,427). The taxation charge for the year was nil (2016: nil).

The directors do not recommend the payment of a final dividend (2016: £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 directors have considered financial projections for the two years from the date of approval of the financial statements which support the directors' view that the Company will continue to operate as a going concern.

The directors have 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 directors are 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

## Report of the Directors *(continued)* For year ended 31 December 2017

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### Statement of directors' responsibilities

The directors are responsible for preparing the strategic report, the directors' report and the financial statements in accordance with applicable law and regulations.

Company law requires the directors to prepare financial statements for each financial year. Under that law the directors have elected to prepare the group and company financial statements in accordance with International Financial Reporting Standards ("IFRSs") as adopted by the European Union. Under company law the directors must not approve the financial statements unless they are satisfied that they give a true and fair view of the state of affairs of the Company and of the profit or loss of the Company for that period.

In preparing these financial statements, the directors are required to:

- select suitable accounting policies and then apply them consistently;
- make 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 directors are responsible for keeping adequate accounting records that are sufficient to show and explain the Company's transactions and disclose with reasonable accuracy at any time the financial position of the Company and enable them to ensure that the financial statements comply with the Companies Act 2006. They are also responsible for safeguarding the assets of the Company and hence for taking reasonable steps for the prevention and detection of fraud and other irregularities.

### 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.

It was resolved to appoint BDO LLP as auditors. It is proposed to re-appoint BDO 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 ... 2 November 2018

# WELLESLEY BRIDGING CO LIMITED

## Independent auditor's report For year ended 31 December 2017

### INDEPENDENT AUDITOR'S REPORT TO MEMBERS OF WELLESLEY BRIDGING CO LIMITED

#### Opinion

We have audited the financial statements of Wellesley Bridging Co Limited for the year ended 31 December 2017 which comprise the statement of comprehensive income, statement of other comprehensive income, statement of financial position, statement of changes in equity, statement of cash flows 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 and International Financial Reporting Standards (IFRSs) as adopted by the European Union.

In our opinion, the financial statements:

- give a true and fair view of the state of the Company's affairs as at 31 December 2017 for the year then ended;
- 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 Group and the Parent 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.

#### Conclusions relating to going concern

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

- 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 Group or the Parent 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.

#### Other Matter

The corresponding figures for the year ended 31 December 2016 are unaudited.

#### Other information

The Directors are 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

# WELLESLEY BRIDGING CO LIMITED

## Independent auditor's report *(continued)* For year ended 31 December 2017

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 Directors' report for the financial year for which the financial statements are prepared is consistent with the financial statements; and
- the Strategic report and Directors' 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 and Director's 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 Company 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, 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 Group's and the Parent 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 Group or the Parent 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 at the Financial Reporting Council's website at:

<https://www.frc.org.uk/auditorsresponsibilities>. This description forms part of our auditor's report.



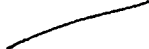
# WELLESLEY BRIDGING CO LIMITED

Independent auditor's report *(continued)*  
For year ended 31 December 2017

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## Use of our report

This report is made solely to the Parent 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 Parent 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 Parent Company and the Parent Company's members as a body, for our audit work, for this report, or for the opinions we have formed.

BDO LLP  


Leigh Treacy (Senior Statutory Auditor)  
For and on behalf of BDO LLP, statutory auditor  
London

2 November 2018

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

# WELLESLEY BRIDGING CO LIMITED

## Statement of profit and loss For year ended 31 December 2017

	Notes	2017 £	Unaudited 2016 £
Interest income	3	170,993	41,802
Administrative expenses	4	(9,888)	(375)
<b>Profit from operations</b>		<b>161,105</b>	<b>41,427</b>
Income tax	5	-	-
<b>Profit after tax - attributable to the equity holders of the Company</b>		<b>161,105</b>	<b>41,427</b>

## Statement of other comprehensive income For year ended 31 December 2017

	2017 £	Unaudited 2016 £
Profit after tax - attributable to the equity holders of the Company	161,105	41,427
<b>Total other comprehensive income for the year, net of taxation</b>	<b>-</b>	<b>-</b>
<b>Total comprehensive income for the year, net of taxation</b>	<b>161,105</b>	<b>41,427</b>

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

The accounting policies and notes set out on pages 14 to 23 form an integral part of these financial statements.


# WELLESLEY BRIDGING CO LIMITED

## Statement of financial position For year ended 31 December 2017

	Note	2017 £	Unaudited 2016 £
<b>Assets</b>			
<i>Non-current assets</i>			
Loans and advances	6	1,869,684	1,698,691
		<b>1,869,684</b>	<b>1,698,691</b>
<i>Current assets</i>			
Other receivables	7	1	1
Cash and cash equivalents		42,931	43,111
<b>Total assets</b>		<b>1,912,616</b>	<b>1,741,803</b>
<b>Liabilities</b>			
<i>Current liabilities</i>			
Liabilities	8	1,710,083	1,700,375
<b>Net assets</b>		<b>202,533</b>	<b>41,428</b>
<b>Equity</b>			
Share capital	9	1	1
Retained earnings		202,532	41,427
<b>Total equity</b>		<b>202,533</b>	<b>41,428</b>

The notes on pages 14 to 23 are an integral part of these financial statements.

These financial statements were approved by the Board of directors on 2 November 2018 and were signed on its behalf by:



**Andrew Turnbull**  
Director  
Company number 09592003

# WELLESLEY BRIDGING CO LIMITED

## Statement of changes in equity For year ended 31 December 2017

	Share capital £	Accumulated losses £	Total equity £
<b>Balance at 1 January 2017</b>	1	41,427	41,428
<b>Total comprehensive income for the year</b>			
Profit for the year	-	161,105	161,105
Other comprehensive income	-	-	-
<b>Total comprehensive income for the year</b>	<b>1</b>	<b>202,532</b>	<b>202,533</b>
<b>Transactions with owners recorded directly in equity:</b>			
Issue of shares	-	-	-
<b>Total contributions by and distributions to owners</b>	<b>-</b>	<b>-</b>	<b>-</b>
<b>Balance at 31 December 2017</b>	<b>1</b>	<b>202,532</b>	<b>202,533</b>
<b>Balance at 1 January 2016 (unaudited)</b>	1	-	1
<b>Total comprehensive income for the year</b>			
Profit for the year	-	41,427	41,427
Other comprehensive income	-	-	-
<b>Total comprehensive income for the year</b>	<b>1</b>	<b>41,427</b>	<b>41,428</b>
<b>Transactions with owners recorded directly in equity:</b>			
Issue of shares	-	-	-
<b>Total contributions by and distributions to owners</b>	<b>-</b>	<b>-</b>	<b>-</b>
<b>Balance at 31 December 2016 (unaudited)</b>	<b>1</b>	<b>41,427</b>	<b>41,428</b>

The notes on pages 14 to 23 are an integral part of these financial statements.

# WELLESLEY BRIDGING CO LIMITED

## Statement of cash flows For the year ended 31 December 2017

	2017 £	Unaudited 2016 £
<b>Cash flows from operating activities</b>		
Profit before taxation	161,105	41,427
Adjustments for working capital items:		
(Increase) in loans and advances	(170,993)	(1,698,691)
Increase in liabilities	9,708	375
<b>Net cash flows generated by operating activities</b>	<b>(180)</b>	<b>(1,656,889)</b>
<b>Cash flows from financing activities</b>		
Proceeds from loan with related party	-	1,700,000
<b>Net cash generated by financing activities</b>	<b>-</b>	<b>1,700,000</b>
<b>Net increase in cash and cash equivalents</b>	<b>(180)</b>	<b>43,111</b>
Cash and cash equivalents at the start of the year	43,111	-
Movement during year	(180)	43,111
<b>Cash and cash equivalents at the end of the year</b>	<b>42,931</b>	<b>43,111</b>

The notes on pages 14 to 23 are an integral part of these financial statements.

# WELLESLEY BRIDGING CO LIMITED

## Notes forming part of the audited financial statements For the year ended 31 December 2017

### 1 Nature of operations

Wellesley Bridging Co Limited 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 2016 are unaudited.

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.

#### 2.2 Future accounting developments

##### New standards and amendments

There have been no new standards having a material impact on the financial statements for the period. 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 9 – Financial instruments classification and measurement. Applicable for financial years beginning on or after 1 January 2018. IFRS 9 was endorsed by the EU in November 2016.
- IFRS 15 – Revenue from contracts with customers. Applicable for financial years beginning on or after 1 January 2018. IFRS 15 was endorsed by the EU in September 2016.
- IFRS 16 – Leases. Applicable for financial years beginning on or after 1 January 2019. IFRS 16 was endorsed by the EU in October 2017.

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

# WELLESLEY BRIDGING CO LIMITED

## Notes forming part of the audited financial statements For the year ended 31 December 2017

### 2 Basis of preparation *(continued)*

#### 2.2 Future accounting developments *(continued)*

##### **IFRS 9 Financial Instruments**

IFRS 9 Financial Instruments issued on 24 July 2014 is the IASB's replacement of IAS 39 Financial Instruments: Recognition and Measurement. The standard includes requirements for recognition and measurement, impairment, de-recognition and general hedge accounting.

The key changes relate to:

- Financial assets: Financial assets will be held at either fair value or amortised cost, except for equity investments not held for trading and certain debt instruments, which may be held at fair value through other comprehensive income;
- Financial liabilities: Gains and losses arising from changes in own credit on non-derivative financial liabilities designated at fair value through profit or loss will be excluded from the income statement and instead taken to other comprehensive income; and
- Impairment: Credit losses expected at the statement of financial position date (rather than only losses incurred in the year) on loans, debt securities and loan commitments not held at fair value through profit or loss will be reflected in impairment allowances.

Adoption is not mandatory until periods beginning on or after 1 January 2018. The standard was endorsed by the EU in September 2016.

Management have considered the impact of IFRS 9 Expected Credit Loss ("ECL") on its loan as at 1 January 2018 and have concluded that there will be no material impact of implementing the ECL model as at 1 January 2018 because the loan is collateralised.

##### **IFRS 15 Revenue from contracts with customers**

IFRS 15 Revenue will replace IAS 18 Revenue and IAS 11 Construction Contracts. It applies to all contracts with customers except leases, financial instruments and insurance contracts. IFRS 15 establishes the principles that an entity shall apply to report useful information to users of financial statements about the nature, amount, timing, and uncertainty of revenue and cash flows arising from a contract with a customer. Management consider the performance obligation defined in IFRS 15, in the context of contracts for acting as agent, to be the continual management of the loan portfolio. Management do not expect a material impact from IFRS 15 Revenue from Contracts with Customers.

##### **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. The Company holds operating leases for several printers. On review of IFRS 16 in respect of these leases, there will not be a material impact on the Company.

# WELLESLEY BRIDGING CO LIMITED

## Notes forming part of the audited financial statements For the year ended 31 December 2017

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### **2 Basis of preparation (continued)**

#### **2.3 Going concern**

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

The directors have reviewed financial projections and cash forecasts under various scenarios over a two-year period to the end of 2018, which illustrate adequate levels of liquidity and capital for this period. In summary, the directors are 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.

### **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 IAS 39. 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



# WELLESLEY BRIDGING CO LIMITED

Notes forming part of the audited financial statements  
For the year ended 31 December 2017

## 3 Significant accounting policies (*continued*)

### 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.

#### 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.

#### Impairment loss

On an on-going basis the Company assesses 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 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.

# WELLESLEY BRIDGING CO LIMITED

## Notes forming part of the audited financial statements For the year ended 31 December 2017

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### **3 Significant accounting policies (continued)**

#### **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.

##### **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 Equity instruments**

The Company classifies instruments as financial liabilities or equity instruments in accordance with the substance of the contractual terms of the instruments. Where an instrument contains no obligation on the Company to deliver cash or other financial assets or to exchange financial asset or financial liabilities with another party under conditions that are potentially unfavourable to the Company, or where the instrument will or may be settled in the Company's own equity instruments but includes no obligation to deliver a variable number of the Company's own equity instruments then it is treated as an equity instrument. Accordingly, the Company's share capital is presented as a component of equity within shareholders' funds. Any dividend or other distributions on equity instruments are recognised in equity. Related income tax is accounted for in accordance with IAS 12.

#### **3.5 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.

# **WELLESLEY BRIDGING CO LIMITED**

**Notes forming part of the audited financial statements  
For the year ended 31 December 2017**

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## **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.

# WELLESLEY BRIDGING CO LIMITED

Notes forming part of the audited financial statements  
For the year ended 31 December 2017

## 3 Interest income

Interest income	2017 £	Unaudited 2016 £
Interest income on director's loan	170,993	41,802
	<b>170,993</b>	<b>41,802</b>

## 4 Administration expenses

	2017 £	Unaudited 2016 £
Bank fees	180	-
Audit fees	7,848	-
Other costs	1,860	375
	<b>9,888</b>	<b>375</b>

## 5 Taxation

	2017 £	Unaudited 2016 £
Recognised in the Statement of Comprehensive Income	-	-
<b>Current tax:</b>		
UK corporation tax at 20%	-	-
<b>Total current tax</b>	-	-
<b>Deferred tax:</b>		
Origination and reversal of temporary difference	-	-
<b>Total deferred tax</b>	-	-
<b>Total tax credit</b>	-	-
<b>Reconciliation of tax charge:</b>		
Loss on ordinary activities before tax	161,105	41,427
Tax on loss on ordinary activities at standard corporation tax rate of 19.25% (2016: 20%)	31,013	8,285
Effects of:		
Expenses not deductible		75
Effects of group relief/other reliefs	(31,013)	(8,360)
<b>Total tax credit</b>	-	-

# WELLESLEY BRIDGING CO LIMITED

## Notes forming part of the audited financial statements For the year ended 31 December 2017

### 6 Loans and advances

	2017 £	Unaudited 2016 £
Gross loan	1,869,684	1,698,691
	<b>1,869,684</b>	<b>1,698,691</b>
Amounts falling due:		
Within one year	-	1,698,691
In the second to fifth year inclusive	1,869,684	-
After five years	-	-
	<b>1,869,684</b>	<b>1,698,691</b>

The Company advanced a loan of £1,700,000 to G Wellesley 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 2019. Interest accrues at a monthly rate of 0.834%.

### 7 Other receivables

	2017 £	Unaudited 2016 £
Amounts owed by related parties	1	1
	<b>1</b>	<b>1</b>

### 8 Liabilities

	2017 £	Unaudited 2016 £
Amounts owed to related parties	1,700,375	1,700,375
Accruals	9,708	-
	<b>1,710,083</b>	<b>1,700,375</b>

### 9 Share capital

	2017 £	Unaudited 2016 £
1 issued ordinary share at £1 (1 authorised ordinary share at £1)	1	1
	<b>1</b>	<b>1</b>

The ordinary share is unpaid at the year end.

# WELLESLEY BRIDGING CO LIMITED

## Notes forming part of the audited financial statements For the year ended 31 December 2017

### 10 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.

The following are owed to the Company from related parties:

	2017 £	Unaudited 2016 £
Amounts owed by related parties	1	1
	<u>1</u>	<u>1</u>

The following are owed by the Company to related parties:

	2017 £	Unaudited 2016 £
<i>Wellesley Finance Plc</i>		
Opening balance	1,700,000	-
Advances	-	1,700,000
Repayments	-	-
	<u>1,700,000</u>	<u>1,700,000</u>

The maximum balance during the year was £1,700,000 (2016: £1,700,000)

	2017 £	Unaudited 2016 £
<i>Wellesley Group Investors Limited</i>		
Opening balance	375	-
Advances	-	375
Repayments	-	-
	<u>375</u>	<u>375</u>

The maximum balance during the year was £375 (2016: £375)

# WELLESLEY BRIDGING CO LIMITED

Notes forming part of the audited financial statements  
For the year ended 31 December 2017

## 10 Related party transactions *(continued)*

The following are transactions and outstanding balances related to key management personnel (as defined by IAS 24 Related Party Disclosure) and all are due within 1 year:

	2017 £	Unaudited 2016 £
<i>Loan to Graham Wellesley</i>		
Opening balance	1,698,691	-
Advances	-	1,656,889
Repayments	-	-
Interest receivable	170,993	41,802
	<b>1,869,684</b>	<b>1,698,691</b>

## 11 Ultimate controlling party

Wellesley Group Limited is the immediate parent of the Company. The directors consider IFX Group Trust to be the ultimate controlling party.