

West Midlands Enterprise Limited

Report and Financial Statements

Year Ended 31 March 2016

Company Number 1616121

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West Midlands Enterprise Limited

Report and financial statements for the year ended 31 March 2016

Contents

Page:

1	Report of the directors
3	Profit and loss account
4	Balance sheet
5	Notes forming part of the financial statements

Directors

C R Beardwood OBE FCIPD
I M Booth BSc FCMA CGMA
P Daffern BSc ACA
A Hope JP
J R C Sayers
M R Seabrook LLB

Registered office

108 Richmond Road, Solihull, West Midlands, B92 7RY

Company number

1616121

Solicitors

Gowling WLG (UK) LLP, Two Snowhill, Birmingham, B4 6WR
Eversheds LLP, 115 Colmore Row, Birmingham, B3 3AL

Bankers

Barclays Bank plc, 15 Colmore Row, Birmingham, B3 2EP
Lloyds Bank plc, 125 Colmore Row, Birmingham, B3 3SD

West Midlands Enterprise Limited

Report of the directors for the year ended 31 March 2016

The directors present their report together with the unaudited financial statements for the year ended 31 March 2016.

Principal activities

The principal activities of the company during the year were the management of funds that provide risk capital to unquoted companies and the provision of consultancy services.

Directors

The directors, all of whom served throughout the year, were:

C R Beardwood OBE FCIPD
I M Booth BSc FCMA CGMA
P Daffern BSc ACA
A Hope JP
J R C Sayers
M R Seabrook LLB

In accordance with Articles 36, 37 and 40 of the company's Articles of Association, two ordinary directors retire by rotation at the Annual General Meeting and, being eligible, offer themselves for re-election. Those retiring are I M Booth and P Daffern.

Directors' responsibilities

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

Company law requires the directors to prepare financial statements for each financial year. Under that law the directors have elected to prepare the financial statements in accordance with United Kingdom Generally Accepted Accounting Practice and the provisions applicable to entities subject to the small companies regime. 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;
- 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.

West Midlands Enterprise Limited

Report of the directors for the year ended 31 March 2016 (continued)

Small Companies Regime and the Financial Reporting Standard for Smaller Entities (effective January 2015)

The Company satisfies the size criteria of a small company and therefore these financial statements have been prepared in accordance with the provisions applicable to entities subject to the small companies' regime and the Financial Reporting Standard for Smaller Entities (effective January 2015).

In preparing this Report of the Directors, advantage has been taken of the small companies' exemption.

By order of the board



P Daffern
Director

14 July 2016

West Midlands Enterprise Limited

Profit and loss account for the year ended 31 March 2016

	Note	2016	2015
Turnover	3	217,035	676,199
Operating expenses	4	256,468	912,347
Operating loss		(39,433)	(236,148)
Provision release / (provision)	6	73,685	(251)
Profit / (loss) on ordinary activities before interest		34,252	(236,399)
Interest receivable	7	5,016	8,720
Profit / (loss) on ordinary activities before and after taxation for the financial year		39,268	(227,679)

All recognised gains and losses in the current and prior year are included in the profit and loss account.

The notes on pages 5 to 15 form part of these financial statements.

West Midlands Enterprise Limited

Balance sheet at 31 March 2016

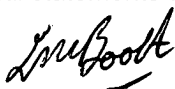
Company Number 1616121	Note	2016 £	2016 £	2015 £	2015 £
Fixed assets					
Tangible assets	9		-		230
Fixed asset investments	10		<u>102</u>		<u>105</u>
			102		335
Current assets					
Debtors – due within one year	11	61,438		162,921	
Debtors – due after more than one year	11	<u>247,064</u>		<u>285,843</u>	
Total debtors		308,502		448,764	
Cash at bank and in hand		<u>739,990</u>		<u>1,217,898</u>	
Total current assets		1,048,492		1,666,662	
Creditors: amounts falling due within one year	12	<u>137,658</u>		<u>295,329</u>	
Net current assets			910,834		1,371,333
Total assets less current liabilities			<u>910,936</u>		<u>1,371,668</u>
Capital and reserves					
Capital	14		795,578		1,550,578
Profit and loss account	16		<u>115,358</u>		<u>(178,910)</u>
Members' funds	17		<u>910,936</u>		<u>1,371,668</u>

For the year ending 31 March 2016 the company was entitled to exemption from the requirement to have an audit under section 477 of the Companies Act 2006 ("the Act") relating to small companies. The members have not required the company to obtain an audit in accordance with section 476 of the Act. The directors acknowledge their responsibilities for complying with the requirements of the Act with respect to accounting records and for preparing accounts which give a true and fair view of the state of affairs of the company as at the end of the financial year and of its profit or loss for the financial year in accordance with the requirements of sections 394 and 395 and which otherwise comply with the requirements of the Act relating to accounts, so far as applicable to the company.

These financial statements have been prepared in accordance with the provisions applicable to small companies within Part 15 of the Companies Act 2006 and the Financial Reporting Standard for Smaller Entities (effective January 2015).

The financial statements were approved by the board of directors on 14 July 2016.

I M Booth
Director



The notes on pages 5 to 15 form part of these financial statements

West Midlands Enterprise Limited

Notes forming part of the financial statements for the year ended 31 March 2016

1 Company status

West Midlands Enterprise Limited is a company limited by guarantee. At 31 March 2016 there was one member, WME Group Limited, which has undertaken to contribute an amount not exceeding one pound in the event of the company being unable to meet its liabilities in the event of it being wound up.

2 Accounting policies

The financial statements have been prepared under the historical cost convention and in accordance with the Financial Reporting Standard for Smaller Entities (effective January 2015). Financial statement disclosures are in accordance with the provisions applicable to entities subject to the small companies' regime.

Previously the Company prepared its financial statements in accordance with United Kingdom Generally Accepted Accounting Practice and this is the first year of applying the Financial Reporting Standard for Smaller Entities (effective January 2015). There was no change in the comparative figures as a result of this change in reporting framework.

The following principal accounting policies have been applied:

Consolidated financial statements

The financial statements contain information about West Midlands Enterprise Limited as an individual company and do not contain consolidated financial information as the parent of a group. The company has taken advantage of the small companies' exemption not to produce consolidated financial statements.

Funding

Grants made to the company are treated as follows:

- (a) Grants, the objective of which were to provide capital for the company, were credited to the capital of the company.
- (b) Grants which are received with reference to specified categories of revenue expenditure are credited to the profit and loss account in the same period in which the revenue expenditure to which they relate is charged.

Turnover

Turnover comprises fees from fund management activities and consultancy services, excluding VAT. Turnover is recognised when, and to the extent that, the company obtains the right to consideration in exchange for its performance.

Where the value of consultancy contracts accounted for within turnover exceeds the value of invoices raised at the year-end, the excess is included in debtors as "Accrued income". Outstanding liabilities related to these contracts are included as accruals within current liabilities.

Income from subsidiary undertakings

Dividends from subsidiary undertakings are accounted for when these are received. Interest on short-term deposits and loans is credited on an accruals basis.

West Midlands Enterprise Limited

Notes forming part of the financial statements for the year ended 31 March 2016 (*continued*)

2 Accounting policies (*continued*)

Deferred taxation

Deferred tax is recognised in respect of all timing differences that have originated but not reversed at the balance sheet date where transactions or events have occurred at that date that will result in an obligation to pay more, or right to pay less or to receive more, tax.

Deferred tax is measured on an undiscounted basis at the tax rates that are expected to apply in the periods in which timing differences reverse, based on tax rates and laws enacted or substantively enacted at the balance sheet date.

Deferred tax assets are recognised to the extent that, on the basis of all available evidence, it can be regarded as more likely than not that there will be suitable taxable profits from which the future reversal of the underlying timing differences can be deducted.

Tangible fixed assets

Tangible fixed assets are stated at cost less depreciation. Depreciation is provided to write off the cost of the assets over their estimated useful lives. The rates of depreciation are as follows:

Plant and equipment	- 33% per annum
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Pension Costs

The company operated a group personal pension plan charging contributions to the profit and loss account as they became payable in accordance with the rules of the scheme.

Operating Leases

Rentals paid under operating leases were charged to income on a straight-line basis over the lease term.

Foreign Currencies

Assets and liabilities denominated in foreign currencies are translated at the rate of exchange ruling at the balance sheet date. Transactions in foreign currencies are recorded at the rate ruling at the date of the transaction. All differences are taken through the profit and loss account.

Related party disclosures

The company is a wholly owned subsidiary of WME Group Limited and has taken advantage of the exemption under the Financial Reporting Standard for Smaller Entities (effective January 2015) not to disclose transactions with WME Group Limited or other wholly owned subsidiaries within the group.

West Midlands Enterprise Limited

Notes forming part of the financial statements
for the year ended 31 March 2016 (continued)

3 Turnover

The proportion of turnover that is attributable to markets outside the United Kingdom is 6.4% (2015: 4.2%).

4 Operating expenses

The operating expenses comprise:

	2016 £	2015 £
Administration expenses	41,509	36,075
Salaries	-	42,422
Social security costs	-	18,796
Other pension costs	-	8,479
Redundancy costs	-	39,537
Depreciation	175	476
Operating lease rentals: plant and machinery	-	234
Operating lease rentals: other	-	18,289
Auditors' remuneration	-	-
Fees paid to former auditors for taxation and other services	3,515	9,391
Directors' emoluments (see note 5)	18,665	318,215
Sub-contract consultancy services	192,604	420,433
	256,468	912,347

5 Directors' remuneration

	2016 £	2015 £
Aggregate fees and emoluments	14,577	163,668
Pension contributions	4,088	34,643
Redundancy costs	-	119,904

There were two directors in the company's group personal pension scheme during the year (2015: 2).

6 Provision release / (provision)

	2016 £	2015 £
Group company debtor provision release	73,685	6,306
Other investment provision	-	(6,557)
	73,685	(251)

West Midlands Enterprise Limited

Notes forming part of the financial statements
for the year ended 31 March 2016 (*continued*)

7 Interest receivable

	2016 £	2015 £
Bank interest receivable	5,016	8,720

8 Taxation on profit / (loss) on ordinary activities

The tax assessed for the year is different to the standard rate of corporation tax in the UK applied to profit / (loss) before tax.

	2016 £	2015 £
Profit / (loss) on ordinary activities before tax	39,268	(227,679)
Profit / (loss) on ordinary activities multiplied by the standard rate of corporation tax in the UK of 20% (2015: 21%)	7,854	(47,813)
Effect of:		
Expenses not deductible for tax purposes	57	1,493
Depreciation less than capital allowances	(3,461)	(4,379)
Non-taxable income	(14,737)	(1,324)
Other short term timing differences	(818)	80
Unutilised tax losses carried forward	11,105	51,943
Current tax charge for the year	-	-

The company has losses of £3,305,599 (2015: £3,250,075) available to be carried forward. In addition to this amount, the company has capital losses carried forward of £31 (2015: £30).

West Midlands Enterprise Limited

Notes forming part of the financial statements
for the year ended 31 March 2016 *(continued)*

9 Tangible Fixed Assets

	Plant, Equipment & Vehicles £
<i>Cost</i>	
At 1 April 2015	1,425
Disposals	(1,425)
At 31 March 2016	-
<i>Depreciation</i>	
At 1 April 2015	1,195
Provided for the year	175
Disposals	(1,370)
At 31 March 2016	-
<i>Net book value</i>	
At 31 March 2016	-
At 31 March 2015	230

10 Fixed asset investments

	Subsidiaries £	Other unlisted investments £	Total £
<i>Cost</i>			
At 1 April 2015	205	6,557	6,762
Disposals	(2)	-	(2)
At 31 March 2016	203	6,557	6,760
<i>Provisions</i>			
At 1 April 2015	100	6,557	6,657
Provided for the year	1	-	1
At 31 March 2016	101	6,557	6,658
<i>Net book value</i>			
At 31 March 2016	102	-	102
At 31 March 2015	105	-	105

West Midlands Enterprise Limited

Notes forming part of the financial statements
for the year ended 31 March 2016 *(continued)*

10 Fixed asset investments *(continued)*

Subsidiary undertakings

The subsidiary undertakings in which the company had an interest at the year-end are as follows:

<i>Subsidiary undertakings</i>	Class of share capital held	Proportion of share capital held	Nature of business
West Midlands Enterprise (Investments) Limited*	100 Ordinary shares of £1 each	100%	Corporate Investment
Lothian Fifty (852) Limited*	1 Ordinary share of £1	100%	Dormant
Lothian Fifty (890) Limited*	1 Ordinary share of £1	100%	Dormant
WMEB Consultants Limited*	100 Ordinary shares of £1 each	100%	Dormant
South East Growth Fund Managers Limited	2 Ordinary shares of £1 each	100%	Investment Fund General Partner
North West Equity Fund Managers Limited*	2 Ordinary shares of £1 each	100%	Investment Fund General Partner
WM Enterprise Limited	2 Ordinary shares of £1 each	100%	Dormant
WMEB (Fund Managers) Limited	100 ordinary shares of £1 each	100%	Investment Fund General Partner

* These companies are direct subsidiaries of West Midlands Enterprise Limited.

The subsidiaries are all registered in England & Wales with the exception of Lothian Fifty (852) Limited and Lothian Fifty (890) Limited, which are both registered in Scotland. Lothian Fifty (852) Limited was dissolved on 26 April 2016.

West Midlands Enterprise Limited

Notes forming part of the financial statements
for the year ended 31 March 2016 (*continued*)

10 Fixed asset investments (*continued*)

The following figures have been extracted from unaudited financial statements for the year ended 31 March 2016:

	Aggregate share capital and reserves		Profit for the year	
	2016 £	2015 £	2016 £	2015 £
West Midlands Enterprise (Investments) Limited	(5,632,038)	(5,705,768)	73,730	6,306
Lothian Fifty (852) Limited	1	1	-	-
Lothian Fifty (890) Limited	1	1	-	-
WMEB Consultants Limited	100	100	-	-
South East Growth Fund Managers Limited	2,218	2,218	-	-
North West Equity Fund Managers Limited	2,226	2,226	-	-
WM Enterprise Limited	2	2	-	-
WMEB (Fund Managers) Limited	100	100	-	-

West Midlands Enterprise Limited

Notes forming part of the financial statements
for the year ended 31 March 2016 *(continued)*

11 Debtors

	2016 £	2015 £
Amounts receivable within one year		
Trade debtors	764	49,791
Amounts owed by related parties	-	43
Other debtors	12,320	36,730
Prepayments	-	1,905
Accrued income	48,354	74,452
	61,438	162,921
Amounts receivable after more than one year		
Amounts owed by group companies	247,064	285,843
Total debtors	308,502	448,764

12 Creditors: amounts falling due within one year

	2016 £	2015 £
Trade creditors	66,779	46,990
Amounts owed to related parties	501	15,177
Taxation and social security	-	7,767
Pension contributions	-	4,088
Other creditors	103	102
Accruals	69,775	182,240
Deferred income	500	38,965
	137,658	295,329

West Midlands Enterprise Limited

Notes forming part of the financial statements
for the year ended 31 March 2016 (*continued*)

13 Deferred Taxation

	2016 £	2015 £
Accelerated capital allowances	(14,332)	(19,465)
Pension provision	-	(817)
Tax losses	(595,008)	(650,021)
	(609,340)	(670,303)

The above potential deferred tax assets have not been recognised in the financial statements as, on the basis of the available evidence, they are not regarded as recoverable in the foreseeable future.

14 Capital

	2016 £	2015 £
Capital grants received by the company		
At 1 April 2015	1,550,578	2,050,578
Transfer to profit and loss account	(755,000)	(500,000)
	795,578	1,550,578

In addition to the transfer to the profit and loss account, as disclosed above, a transfer of £250,000 was made after the year end.

15 Pension commitments

The company operated a Group Personal Pension Scheme through to 30 April 2015.

The total pension costs for the company in respect of its activities amounted to £4,088 (2015: £43,122).

The pension creditor was £nil (2015: £4,088).

West Midlands Enterprise Limited

Notes forming part of the financial statements
for the year ended 31 March 2016 (*continued*)

16 Reserves

	Profit and loss account £
At 1 April 2015	(178,910)
Profit for the year	39,268
Transfer from capital account	755,000
Distribution paid	(500,000)
	<hr/>
At 31 March 2016	115,358
	<hr/>

17 Reconciliation of movements in members' funds

	2016 £	2015 £
Profit / (loss) for the year	39,268	(227,679)
Distribution paid	(500,000)	(639,550)
	<hr/>	<hr/>
Net deductions from members' funds	(460,732)	(867,229)
Opening members' funds	1,371,668	2,238,897
	<hr/>	<hr/>
Closing members' funds	910,936	1,371,668
	<hr/>	<hr/>

In addition to distributions paid during the year, as disclosed above, distributions of £300,000 were proposed and paid after the year end.

West Midlands Enterprise Limited

Notes forming part of the financial statements
for the year ended 31 March 2016 (*continued*)

18 Related party disclosures

GKF Wealth Management Limited

A subsidiary of the company, West Midlands Enterprise (Investments) Limited, owned 25% of the share capital of GKF Wealth Management Limited up to 6 May 2015, on which day it disposed of its entire shareholding.

The company was charged fees of £18,087 up to 6 May 2015 (2015: £516,029) by GKF Wealth Management Limited for sub-contracted services.

The company charged fees of £5,291 up to 6 May 2015 (2015: £97,109) to GKF Wealth Management Limited for services and costs.

At the year end, the company owed £nil in respect of fees charged up to 6 May 2015 (31 March 2015: £14,674) to GKF Wealth Management Limited.

RKP Accountancy Services Limited

During the year the company received accountancy services to the value of £24,423 from RKP Accountancy Services Limited, a company in which Mr P Daffern is a director. As at 31 March 2016, a balance of £13,899 was outstanding and is included within creditors.

19 Ultimate parent company

The company's ultimate parent company and ultimate controlling party is WME Group Limited, a company registered in England and Wales. Copies of the ultimate parent's financial statements may be obtained from 108 Richmond Road, Solihull, B92 7RY.