

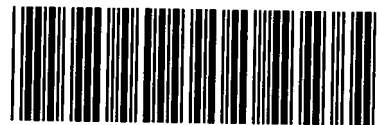
West Midlands Enterprise Limited

Report and Financial Statements

Year Ended 31 March 2014

Company Number 1616121

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West Midlands Enterprise Limited

Report and financial statements for the year ended 31 March 2014

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Directors

C R Beardwood OBE FCIPD (Non-executive Chairman)
I M Booth BSc FCMA CGMA (Chief Executive)
P Daffern BSc ACA (Finance Director)
A Hope JP
J R C Sayers
M R Seabrook LLB

Registered office

Wellington House, 31/34 Waterloo Street, Birmingham, B2 5TJ

Company number

1616121

Solicitors

Wragge Lawrence Graham & Co LLP, 55 Colmore Row, Birmingham, B3 2AS
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 2014

The directors present their report together with the unaudited financial statements for the year ended 31 March 2014.

Principal activities

The principal activities of the company are the management of funds that provide risk capital to unquoted companies and the provision of a range of consultancy and other services.

Directors

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

C R Beardwood OBE FCIPD (Non-executive Chairman)
I M Booth BSc FCMA CGMA (Chief Executive)
P Daffern BSc ACA (Finance Director)
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 C R Beardwood and A Hope.

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 (United Kingdom Accounting Standards and applicable law). Under company law the directors must not approve the financial statements unless they are satisfied that they give a true and fair view of the state of affairs of the company and of the profit or loss of the company for that period.

In preparing 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 2014 (continued)

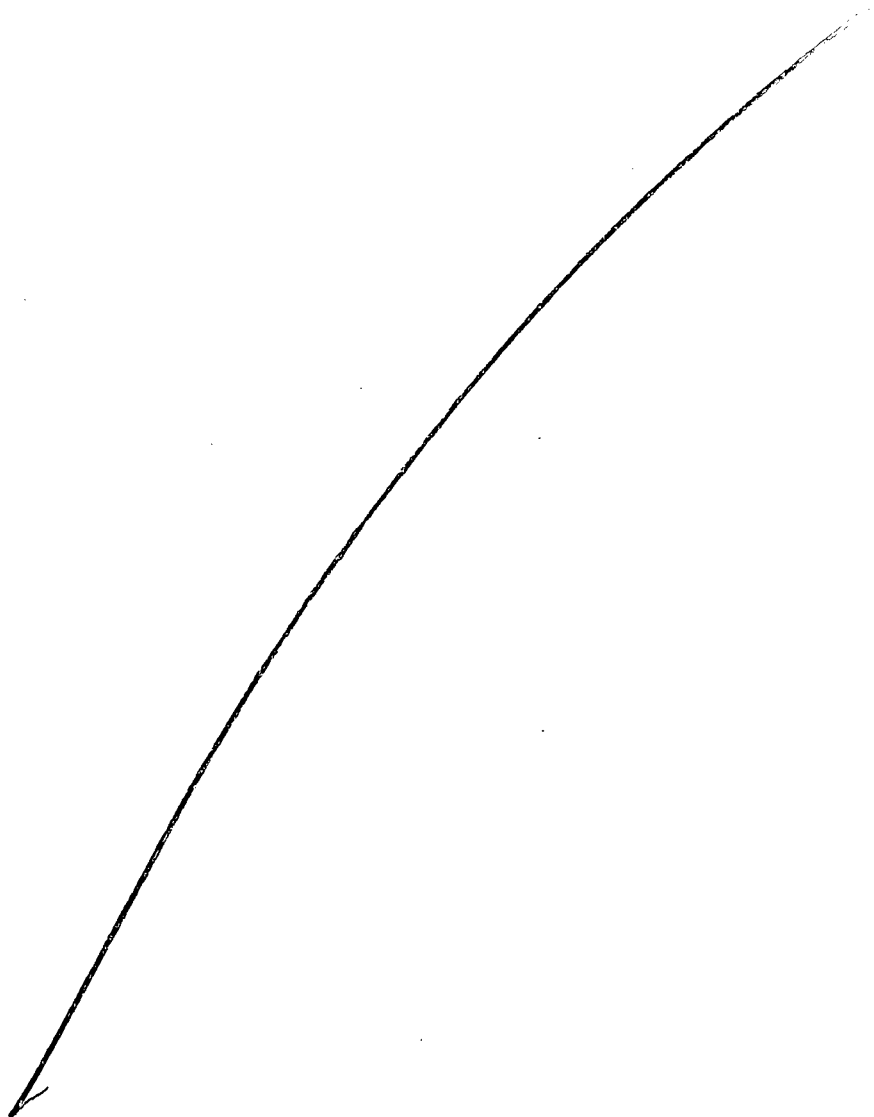
In preparing this directors' report advantage has been taken of the small companies' exemption.

By order of the board



P Daffern
Director

18 July 2014



West Midlands Enterprise Limited

Profit and loss account for the year ended 31 March 2014

	Note	2014	2013
Turnover	3	1,093,782	1,446,580
Operating expenses	4	<u>1,256,369</u>	<u>1,548,693</u>
Operating loss		(162,587)	(102,113)
Group company debtor provision release	6	<u>158,930</u>	<u>149,378</u>
(Loss)/profit on ordinary activities before interest and other income		(3,657)	47,265
Interest receivable	7	17,086	32,907
Investment income		525	-
Profit on ordinary activities before and after taxation for the financial year		<u>13,954</u>	<u>80,172</u>

All amounts relate to continuing activities.

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

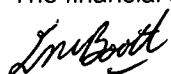
Balance sheet at 31 March 2014

Company Number 1616121	Note	2014 £	2014 £	2013 £	2013 £
Fixed assets					
Tangible assets	9		706		5,815
Fixed asset investments	10		6,761		6,761
			<u>7,467</u>		<u>12,576</u>
Current assets					
Debtors – due within one year	11	78,098		471,290	
Debtors – due after more than one year	11				
		<u>470,368</u>		<u>1,508,936</u>	
Total debtors		<u>548,466</u>		<u>1,980,226</u>	
Cash at bank and in hand		<u>1,931,412</u>		<u>1,744,744</u>	
Total current assets		<u>2,479,878</u>		<u>3,724,970</u>	
Creditors: amounts falling due within one year	12	<u>248,448</u>		<u>1,078,063</u>	
Net current assets			<u>2,231,430</u>		<u>2,646,907</u>
Total assets less current liabilities			<u>2,238,897</u>		<u>2,659,483</u>
Provisions for liabilities	14		-		160,447
			<u>2,238,897</u>		<u>2,499,036</u>
Capital and reserves					
Capital	15		2,050,578		2,050,578
Profit and loss account	17		188,319		448,458
Members' funds	18		<u>2,238,897</u>		<u>2,499,036</u>

For the year ending 31 March 2014 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 the preparation of the accounts.

These financial statements have been prepared in accordance with the provisions applicable to companies subject to the small companies' regime.

The financial statements were approved by the board of directors on 18 July 2014.



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 2014

1 Company status

West Midlands Enterprise Limited is a company limited by guarantee. At 31 March 2014 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.

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, consultancy services and other 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 2014 (*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:

Short leasehold buildings	- over the life of the lease
Plant and equipment	- 33% per annum

Pension Costs

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

Operating Leases

Rentals paid under operating leases are 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.

Cash flow statement

The company has taken advantage of the exemption conferred by Financial Reporting Standard 1 'Cash Flow Statements (Revised 1996)' not to prepare a cash flow statement on the grounds that it is a 'small' company under the Companies Act 2006.

West Midlands Enterprise Limited

Notes forming part of the financial statements for the year ended 31 March 2014 (*continued*)

2 Accounting policies (*continued*)

Share based payments

When share options are awarded to employees, the fair value of the options at the date of grant is charged to the income statement over the vesting period. Non-marketing vesting conditions are taken into account by adjusting the number of equity instruments expected to vest at each balance sheet date so that, ultimately, the cumulative amount recognised over the vesting period is based on the number of options that eventually vest. Marketing vesting conditions are factored into the fair value of the options granted. As long as all other vesting conditions are satisfied, a charge is made irrespective of whether the marketing vesting conditions are satisfied. The cumulative expense is not adjusted for failure to achieve a marketing vesting condition.

Where the terms and conditions of options are modified before they vest, the increase in fair value of the options, measured immediately before and after the modification, is also charged to the income statement over the remaining vesting period. Where equity instruments are granted to persons other than employees, the income statement is charged with the fair value of goods and services received.

The charge for the year would not be material.

Related party disclosures

The company is a wholly owned subsidiary of WME Group Limited and has taken advantage of the exemption conferred by Financial Reporting Standard 8 'Related party disclosures' not to disclose transactions with WME Group Limited or other wholly owned subsidiaries within the group.

3 Turnover

The proportion of turnover that is attributable to markets outside the United Kingdom is 1.3% (2013: 2.9%).

4 Operating expenses

The operating expenses comprise:

	2014 £	2013 £
Administration expenses	37,369	42,131
Salaries	86,367	409,918
Social security costs	55,592	111,416
Other pension costs	16,741	61,298
Depreciation	4,236	20,894
Operating lease rentals: plant and machinery	1,880	5,707
Operating lease rentals: other	67,147	209,373
Auditors' remuneration	-	-
Fees paid to former auditors for taxation and other services	4,064	4,073
Directors' emoluments (see note 5)	221,689	269,532
Sub-contract consultancy services	761,284	414,351
	1,256,369	1,548,693

West Midlands Enterprise Limited

Notes forming part of the financial statements
for the year ended 31 March 2014 (*continued*)

5 Directors' remuneration

	2014 £	2013 £
Aggregate fees and emoluments	187,120	230,872
Pension contributions	34,569	38,660

There were two directors in the company's group personal pension scheme during the year (2013: 2).

6 Group company debtor provision release

	2014 £	2013 £
Group company debtor provision release	158,930	149,378

7 Interest receivable

	2014 £	2013 £
Bank interest receivable	17,086	32,907

West Midlands Enterprise Limited

Notes forming part of the financial statements for the year ended 31 March 2014 (*continued*)

8 Taxation on profit on ordinary activities

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

	2014 £	2013 £
Profit on ordinary activities before tax	13,954	80,172
Profit on ordinary activities multiplied by the standard rate of corporation tax in the UK of 23% (2013: 24%)	3,209	19,241
Effect of:		
Expenses not deductible for tax purposes	(35,811)	1,268
Depreciation less than capital allowances	(5,238)	(3,434)
Non-taxable income	(121)	(35,850)
Other short term timing differences	(3,557)	2,600
Group relief	3,427	4,511
Unutilised tax losses carried forward	38,091	11,664
Current tax charge for the year	-	-

The company has losses of £3,002,732 (2013: £2,837,126) available to be carried forward. In addition to this amount, the company has capital losses carried forward of £30 (2013: £30)

West Midlands Enterprise Limited

Notes forming part of the financial statements
for the year ended 31 March 2014 (*continued*)

9 Tangible Fixed Assets

	Short Leasehold Building £	Plant, Equipment & Vehicles £	Total £
<i>Cost</i>			
At 1 April 2013	178,021	538,298	716,319
Additions	-	1,002	1,002
Disposals	(178,021)	(491,381)	(669,402)
At 31 March 2014	-	47,919	47,919
<i>Depreciation</i>			
At 1 April 2013	174,674	535,830	710,504
Provided for the year	3,347	889	4,236
Disposals	(178,021)	(489,506)	(667,527)
At 31 March 2014	-	47,213	47,213
<i>Net book value</i>			
At 31 March 2014	-	706	706
At 31 March 2013	3,347	2,468	5,815

10 Fixed asset investments

	Subsidiaries £	Other unlisted investments £	Total £
<i>Cost</i>			
At 1 April 2013 and 31 March 2014	304	6,557	6,861
<i>Provisions</i>			
At 1 April 2013 and 31 March 2014	100	-	100
<i>Net book value</i>			
At 31 March 2014	204	6,557	6,761
At 31 March 2013	204	6,557	6,761

West Midlands Enterprise Limited

Notes forming part of the financial statements for the year ended 31 March 2014 (continued)

10 Fixed asset investments (continued)

Subsidiary undertakings

The principal undertakings in which the company's interest at the year end is 20% or more are as follows:

Subsidiary undertakings	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	99 Ordinary shares of £1 each	99%	Dormant
Percipient Capital Limited	1 Ordinary share of £1	100%	Dormant
South East Growth Fund Managers Limited	1 Ordinary share of £1	50%	Investment Fund General Partner
North West Equity Fund Managers Limited	1 Ordinary share of £1	50%	Investment Fund General Partner

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.

Unless otherwise stated, the following figures have been extracted from unaudited financial statements for the year ended 31 March 2014:

	Aggregate share capital and reserves		Profit for the year	
	2014	2013	2014	2013
	£	£	£	£
West Midlands Enterprise (Investments) Limited	(5,712,074)	(5,871,004)	158,930	149,378
Lothian Fifty (852) Limited	1	1	-	-
Lothian Fifty (890) Limited	1	1	-	-
WMEB Consultants Limited	100	100	-	-
Percipient Capital Limited	1	1	-	-
South East Growth Fund Managers Limited	2,218	1,219	999	967
North West Equity Fund Managers Limited	2,226	1,227	999	967

West Midlands Enterprise Limited

Notes forming part of the financial statements
for the year ended 31 March 2014 (*continued*)

11 Debtors

	2014 £	2013 £
Amounts receivable within one year		
Trade debtors	41,179	72,115
Amounts owed by group companies	43	269,926
Other debtors	2,329	1,970
Prepayments	23,955	82,263
Accrued income	10,592	45,016
	78,098	471,290
Amounts receivable after more than one year		
Amounts owed by group companies	470,368	1,508,936
	548,466	1,980,226

12 Creditors: amounts falling due within one year

	2014 £	2013 £
Trade creditors	85,346	114,850
Amounts owed to group companies	32,555	607,086
Taxation and social security	13,651	164,496
Pension contributions	3,705	19,170
Other creditors	200	96
Accruals	84,778	162,960
Deferred income	28,213	9,405
	248,448	1,078,063

West Midlands Enterprise Limited

Notes forming part of the financial statements
for the year ended 31 March 2014 (*continued*)

13 Deferred Taxation

	2014 £	2013 £
Accelerated capital allowances	(23,635)	(32,441)
Pension provision	(741)	(4,409)
Tax losses	(600,553)	(652,546)
	<hr/>	<hr/>
	(624,929)	(689,396)
	<hr/>	<hr/>

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 Provisions for liabilities

	Other Provisions £
At 1 April 2013	160,447
Utilised in year	(160,447)
	<hr/>
At 31 March 2014	-
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The provision was for an onerous lease and dilapidations on a leasehold property.

15 Capital

	2014 £	2013 £
Capital grants received by the company		
At 1 April 2013	2,050,578	3,050,578
Transfer to profit and loss account	-	(1,000,000)
	<hr/>	<hr/>
At 31 March 2014	2,050,578	2,050,578
	<hr/>	<hr/>

West Midlands Enterprise Limited

Notes forming part of the financial statements for the year ended 31 March 2014 (*continued*)

16 Pension commitments

Throughout the year, the company operated a Group Personal Pension Scheme.

The total pension costs for the company in respect of its activities amounted to £51,310 (2013: £86,529).

The pension creditor was £3,705 (2013: £19,170).

17 Reserves

	Profit and loss account £
At 1 April 2013	448,458
Profit for the year	13,954
Distribution paid	(274,093)
	<hr/>
At 31 March 2014	188,319
	<hr/>

18 Reconciliation of movements in members' funds

	2014 £	2013 £
Profit for the year	13,954	80,172
Distribution paid	(274,093)	(1,000,000)
	<hr/>	<hr/>
Net (deductions from)/additions to members' funds	(260,139)	(919,828)
Opening members' funds	2,499,036	3,418,864
	<hr/>	<hr/>
Closing members' funds	2,238,897	2,499,036
	<hr/>	<hr/>

West Midlands Enterprise Limited

Notes forming part of the financial statements for the year ended 31 March 2014 (continued)

19 Commitments under operating leases

The company had annual commitments under non-cancellable operating leases as set out below:

	Land and buildings 2014 £	Other 2014 £	Land and buildings 2013 £	Other 2013 £
Operating leases which expire:				
Within one year	18,342	234	46,864	790
In two to five years	-	-	-	-
	18,342	234	46,864	790

20 Related party disclosures

Coventry Venture Capital Limited

A subsidiary of the company, West Midlands Enterprise (Investments) Limited, owned 82% of the equity capital of Coventry Venture Capital Limited at the year end.

Current account balance due to Coventry Venture Capital Limited at 31 March 2014: £28,522 (2013: £106,681).

21 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 Wellington House, 31/34 Waterloo Street, Birmingham, B2 5TJ.