

West Midlands Enterprise Limited

Report and Financial Statements

Year Ended 31 March 2015

Company Number 1616121

SATURDAY



A4KNW56J

A09

21/11/2015

#16

COMPANIES HOUSE

West Midlands Enterprise Limited

Report and financial statements for the year ended 31 March 2015

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

Wragge Lawrence Graham & Co 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 2015

The directors present their report together with the unaudited financial statements for the year ended 31 March 2015

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
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 J R C Sayers and M R Seabrook

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 2015 (continued)

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

By order of the board

A handwritten signature in black ink, appearing to be 'P. Daffern', with a long, wavy horizontal line extending to the right.

**P Daffern
Director**

21 July 2015

West Midlands Enterprise Limited

Profit and loss account for the year ended 31 March 2015

	Note	2015	2014
Turnover	3	676,199	1,093,782
Operating expenses	4	912,347	1,256,369
Operating loss		(236,148)	(162,587)
(Provision) / provision release	6	(251)	158,930
Loss on ordinary activities before interest and other income		(236,399)	(3,657)
Interest receivable	7	8,720	17,086
Investment income		-	525
(Loss) / profit on ordinary activities before and after taxation for the financial year		(227,679)	13,954

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 16 form part of these financial statements

West Midlands Enterprise Limited

Balance sheet at 31 March 2015

Company Number 1616121	Note	2015 £	2015 £	2014 £	2014 £
Fixed assets					
Tangible assets	9		230		706
Fixed asset investments	10		105		6,761
			335		7,467
Current assets					
Debtors – due within one year	11	162,921		78,098	
Debtors – due after more than one year	11	285,843		470,368	
Total debtors		448,764		548,466	
Cash at bank and in hand		1,217,898		1,931,412	
Total current assets		1,666,662		2,479,878	
Creditors amounts falling due within one year	12	295,329		248,448	
Net current assets			1,371,333		2,231,430
Total assets less current liabilities			1,371,668		2,238,897
Capital and reserves					
Capital	14		1,550,578		2,050,578
Profit and loss account	16		(178,910)		188,319
Members' funds	17		1,371,668		2,238,897

For the year ending 31 March 2015 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 21 July 2015.



I M Booth
Director

The notes on pages 5 to 16 form part of these financial statements.

West Midlands Enterprise Limited

Notes forming part of the financial statements for the year ended 31 March 2015

1 Company status

West Midlands Enterprise Limited is a company limited by guarantee. At 31 March 2015 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 2015 (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 2015 (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 4.2% (2014 1.3%).

4 Operating expenses

The operating expenses comprise

	2015 £	2014 £
Administration expenses	36,075	37,369
Salaries	42,422	86,367
Social security costs	18,796	55,592
Other pension costs	8,479	16,741
Redundancy costs	39,537	-
Depreciation	476	4,236
Operating lease rentals: plant and machinery	234	1,880
Operating lease rentals: other	18,289	67,147
Auditors' remuneration	-	-
Fees paid to former auditors for taxation and other services	9,391	4,064
Directors' emoluments (see note 5)	318,215	221,689
Sub-contract consultancy services	420,433	761,284
	912,347	1,256,369

West Midlands Enterprise Limited

Notes forming part of the financial statements
for the year ended 31 March 2015 *(continued)*

5 Directors' remuneration

	2015 £	2014 £
Aggregate fees and emoluments	163,668	187,120
Pension contributions	34,643	34,569
Redundancy costs	119,904	-

There were two directors in the company's group personal pension scheme during the year (2014 2)

6 (Provision) / provision release

	2015 £	2014 £
Group company debtor provision release	6,306	158,930
Other investment provision	(6,557)	-
	(251)	158,930

7 Interest receivable

	2015 £	2014 £
Bank interest receivable	8,720	17,086

West Midlands Enterprise Limited

Notes forming part of the financial statements for the year ended 31 March 2015 (continued)

8 Taxation on (loss) / profit on ordinary activities

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

	2015 £	2014 £
(Loss) / profit on ordinary activities before tax	(227,679)	13,954
(Loss) / profit on ordinary activities multiplied by the standard rate of corporation tax in the UK of 21% (2014 23%)	(47,813)	3,209
Effect of		
Expenses not deductible for tax purposes	1,493	(35,811)
Depreciation less than capital allowances	(4,379)	(5,238)
Non-taxable income	(1,324)	(121)
Other short term timing differences	80	(3,557)
Group relief	-	3,427
Unutilised tax losses carried forward	51,943	38,091
Current tax charge for the year	-	-

The company has losses of £3,250,075 (2014 £3,002,732) available to be carried forward. In addition to this amount, the company has capital losses carried forward of £30 (2014 £30)

West Midlands Enterprise Limited

Notes forming part of the financial statements
for the year ended 31 March 2015 (*continued*)

9 Tangible Fixed Assets

	Plant, Equipment & Vehicles £
<i>Cost</i>	
At 1 April 2014	47,919
Disposals	(46,494)
At 31 March 2015	1,425
<i>Depreciation</i>	
At 1 April 2014	47,213
Provided for the year	476
Disposals	(46,494)
At 31 March 2015	1,195
<i>Net book value</i>	
At 31 March 2015	230
At 31 March 2014	706

10 Fixed asset investments

	Subsidiaries £	Other unlisted investments £	Total £
<i>Cost</i>			
At 1 April 2014	304	6,557	6,861
Disposals	(99)	-	(99)
At 31 March 2015	205	6,557	6,762
<i>Provisions</i>			
At 1 April 2014	100	-	100
Provided for the year	-	6,557	6,557
At 31 March 2015	100	6,557	6,657
<i>Net book value</i>			
At 31 March 2015	105	-	105
At 31 March 2014	204	6,557	6,761

West Midlands Enterprise Limited

Notes forming part of the financial statements for the year ended 31 March 2015 (continued)

10 Fixed asset investments (continued)

Subsidiary undertakings

The 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*	100 Ordinary shares of £1 each	100%	Dormant
Percipient Capital Limited*	1 Ordinary share of £1	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
GKF Wealth Management Limited#	1,250 ordinary shares of £1 each	25%	Wealth management and fund management

* These companies are direct subsidiaries of West Midlands Enterprise Limited

This company is an indirect quasi-subsiary 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

After the year end, in May 2015, the company's indirect shareholding in GKF Wealth Management Limited was sold for £115,000

West Midlands Enterprise Limited

Notes forming part of the financial statements
for the year ended 31 March 2015 (continued)

10 Fixed asset investments (continued)

The following figures have been extracted from unaudited financial statements for the year ended 31 March 2015

	Aggregate share capital and reserves		Profit for the year	
	2015	2014	2015	2014
	£	£	£	£
West Midlands Enterprise (Investments) Limited	(5,705,768)	(5,712,074)	6,306	158,930
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	2,218	-	999
North West Equity Fund Managers Limited	2,226	2,226	-	999
WM Enterprise Limited	2	2	-	-
WMEB (Fund Managers) Limited	100	100	-	-
GKF Wealth Management Limited#	516,427	319,666	252,559	402,852

West Midlands Enterprise Limited

Notes forming part of the financial statements
for the year ended 31 March 2015 (*continued*)

11 Debtors

	2015 £	2014 £
Amounts receivable within one year		
Trade debtors	49,791	41,179
Amounts owed by related parties	43	43
Other debtors	36,730	2,329
Prepayments	1,905	23,955
Accrued income	74,452	10,592
	162,921	78,098
Amounts receivable after more than one year		
Amounts owed by group companies	285,843	470,368
	448,764	548,466

12 Creditors: amounts falling due within one year

	2015 £	2014 £
Trade creditors	46,990	85,346
Amounts owed to related parties	15,177	32,555
Taxation and social security	7,767	13,651
Pension contributions	4,088	3,705
Other creditors	102	200
Accruals	182,240	84,778
Deferred income	38,965	28,213
	295,329	248,448

West Midlands Enterprise Limited

Notes forming part of the financial statements
for the year ended 31 March 2015 (*continued*)

13 Deferred Taxation

	2015 £	2014 £
Accelerated capital allowances	(19,465)	(23,635)
Pension provision	(817)	(741)
Tax losses	(650,021)	(600,553)
	(670,303)	(624,929)

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

	2015 £	2014 £
Capital grants received by the company		
At 1 April 2014	2,050,578	2,050,578
Transfer to profit and loss account	(500,000)	-
	1,550,578	2,050,578

In addition to the transfer to the profit and loss account, as disclosed above, a transfer of £755,000 was made after the year end

15 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 £43,122 (2014 £51,310)

The pension creditor was £4,088 (2014 £3,705)

West Midlands Enterprise Limited

Notes forming part of the financial statements
for the year ended 31 March 2015 (continued)

16 Reserves

	Profit and loss account £
At 1 April 2014	188,319
Loss for the year	(227,679)
Transfer from capital account	500,000
Distribution paid	(639,550)
At 31 March 2015	(178,910)

17 Reconciliation of movements in members' funds

	2015 £	2014 £
(Loss) / profit for the year	(227,679)	13,954
Distribution paid	(639,550)	(274,093)
Net deductions from members' funds	(867,229)	(260,139)
Opening members' funds	2,238,897	2,499,036
Closing members' funds	1,371,668	2,238,897

In addition to distributions paid during the year, as disclosed above, distributions of £500,000 were proposed and paid after the year end

18 Commitments under operating leases

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

	Land and buildings 2015 £	Other 2015 £	Land and buildings 2014 £	Other 2014 £
Operating leases which expire				
Within one year	-	-	18,342	234
In two to five years	-	-	-	-
	-	-	18,342	234

West Midlands Enterprise Limited

Notes forming part of the financial statements
for the year ended 31 March 2015 (*continued*)

19 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 at the year end

The company was charged fees of £516,029 (2014 £736,558) by GKF Wealth Management Limited for sub-contracted services

The company charged fees of £97,109 (2014 £138,574) to GKF Wealth Management Limited for services and costs. In addition, the company charged £nil (2014 £6,624) interest on a loan

At the year end, the company owed £14,674 (2014 £3,527) to GKF Wealth Management Limited

20 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