

Limited Company Registration No. 09867215

## **Beechbrook UK SME Credit Limited**

### **Unaudited Annual Report and Financial Statements for the Year Ended 31 March 2022**

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**Beechbrook UK SME Credit Limited**  
Annual Report and Unaudited Financial Statements  
For the Year Ended 31 March 2022

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**Beechbrook UK SME Credit Limited**

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**Directors' Report**

The Directors present the unaudited financial statements of Beechbrook UK SME Credit Limited (the "Company") for the year ended 31 March 2022.

**Principal activities**

The purpose of the company is to originate, arrange and monitor loans on behalf of its parent company, Beechbrook Capital LLP (the "LLP"). The LLP is a manager and advisor of third party investment funds and is authorised and regulated by the Financial Conduct Authority ("FCA") with firm reference number OC337678. The company is an FCA authorised and approved representative of the LLP with the firm reference number 0735951.

**Basis of preparation**

These unaudited financial statements have been prepared on a going concern basis. The company has adopted FRS102, The Financial Reporting Standard applicable in the UK and Republic of Ireland ("FRS102"), section 1A which is applicable to small companies.

**Results and dividends**

The results of the year are set out in the Statement of Comprehensive Income on page 4. During the year, no dividends were declared or paid (2021: Nil). The Directors do not recommend the payment of a dividend.

**Directors**

The Directors of the Company during the year were Nick Fenn and Paul Shea. Jon Herbert resigned on 28 May 2021.

**Statement of directors' responsibilities with regards to the financial statements**

Company law requires the Directors to prepare financial statements for each financial year, which give a true and fair view of the state of the affairs of the Company as the financial year end and of the profit or loss of the Company for that year. In preparing these financial statements, the Directors are required to:

- Select suitable accounting policies and then apply them consistently;
- Make judgements and estimates that are reasonable and prudent;
- State whether applicable UK Accounting Standard, including FRS 102, have been followed; and
- Prepare financial statements on the going concern basis unless it is inappropriate to presume that the Company will continue in business.

The Directors acknowledges their responsibility are responsible for keeping proper accounting records that disclose with reasonable accuracy at any time the financial position of the Company. They are also responsible for safeguarding the assets of the Company and hence for taking reasonable steps for the prevention and detection of fraud, error and non-compliance with law and regulations.

**Annual General Meeting**

The Directors dispensed of the requirement to hold an annual general meeting.

By order of the Board,

DocuSigned by:  
*Paul Shea*  
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Paul Shea  
Director

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**Statement of Comprehensive Income**

	Notes	Year to 31 March 2022	Year to 31 March 2021
		£	£
<b>INCOME</b>			
Net management fees	5	1,245,680	1,624,779
Investment income		50,953	25,378
<b>TOTAL NET INCOME</b>		<u>1,296,633</u>	<u>1,650,157</u>
Administrative fees	6	(1,381,397)	(1,667,408)
<b>TOTAL EXPENSES</b>		<u>(1,381,397)</u>	<u>(1,667,408)</u>
<b>LOSS ON ORDINARY ACTIVITIES BEFORE TAXATION</b>		<b>(84,764)</b>	<b>(17,251)</b>
Taxation	9	-	(1,391)
<b>LOSS FOR THE FINANCIAL YEAR</b>		<u><b>(84,764)</b></u>	<u><b>(18,642)</b></u>
Other Comprehensive Income:			
Unrealised Gain on Investments	5	35,263	28,816
<b>TOTAL COMPREHENSIVE INCOME</b>		<u><b>(49,501)</b></u>	<u><b>10,174</b></u>

The Statement of Comprehensive Income has been prepared on the basis that all operations are continuing.

There are no recognised gains or losses other than those recorded through the Statement of Comprehensive Income.

The accompanying notes on pages 7 - 11 form an integral part of the financial statements.

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**Statement of Financial Position**

	Notes	As at 31 March 2022	As at 31 March 2021
		£	£
<b>FIXED ASSETS</b>			
Investments	7	599,287	596,022
		<u>599,287</u>	<u>596,022</u>
<b>CURRENT ASSETS</b>			
Debtors	8	165,315	10,609
Cash and cash equivalents	3(v)	366,335	364,151
		<u>531,650</u>	<u>374,760</u>
<b>CURRENT LIABILITIES</b>			
Creditors: Amounts falling due within one year	10	(439,443)	(343,195)
		<u>(439,443)</u>	<u>(343,195)</u>
<b>NON-CURRENT LIABILITIES</b>			
Creditors: Amounts falling due after one year	11	(277,408)	(164,000)
		<u>(277,408)</u>	<u>(164,000)</u>
<b>NET CURRENT (LIABILITIES) / ASSETS</b>		<u>92,207</u>	<u>31,565</u>
<b>TOTAL ASSETS LESS TOTAL LIABILITIES</b>		<u><b>414,086</b></u>	<u><b>463,587</b></u>
<b>CAPITAL AND RESERVES</b>			
Share Capital		90,000	90,000
Revaluation Reserve		87,099	51,836
Retained Earnings		<u>236,987</u>	<u>321,751</u>
<b>Shareholders' funds</b>		<u><b>414,086</b></u>	<u><b>463,587</b></u>

For the year ending 31 March 2022, the company was entitled to exemption from audit under section 477 of the Companies Act 2006 relating to small companies.

The Directors have not required the company to obtain an audit in accordance with section 476 of the Companies Act 2006 (the "Act").

The Directors acknowledge their responsibilities for complying with the requirements of the Act with respect to accounting records and for the preparation of accounts.

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

The financial statements were approved by the Directors and authorised for issue on .....

DocuSigned by:

*Paul Shea*

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Paul Shea  
Director

The accompanying notes on pages 7 - 11 form an integral part of the financial statements.

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**Statement of Changes in Equity**

	Share Capital	Retained Earnings	Revaluation Reserve	Total
	£	£	£	£
At 31 March 2020	90,000	340,393	23,020	453,413
(Loss) for the year	-	(18,642)	-	(18,642)
Unrealised gain on Investment	-	-	28,816	28,816
At 31 March 2021	90,000	321,751	51,836	463,587
(Loss) for the year	-	(84,764)	-	(84,764)
Unrealised gain on Investment	-	-	35,263	35,263
At 31 March 2022	90,000	236,987	87,099	414,086

The accompanying notes on pages 7 - 11 form an integral part of the financial statements.

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**Notes to the Financial Statements**

**1 Statutory information**

Beechbrook UK SME Credit Limited is a private company limited by shares, domiciled in England and Wales with registration number 09867215. The registered office is at 2nd Floor 43-45 Dorset Street, London, W1U 7NA.

**2 Statement of compliance and basis of preparation**

These financial statements have been prepared under United Kingdom Accounting Standards, and in accordance with the provisions of FRS 102 Section 1A for small entities and the Companies Act 2006 as applied to qualifying small companies.

The financial statements have been prepared on a going concern basis under the historical costs convention. The financial statements are prepared in Sterling which is the functional currency of the Company. Monetary amounts are rounded to the nearest £.

**3 Summary of significant accounting policies**

The principal accounting policies applied in the preparation of these financial statements are set out below.

**(i) Going Concern**

These financial statements have been prepared on a going concern basis. As at 31 March 2022, the Company had net assets of £414,086 (2021: £463,587). Accordingly, the Directors continue to adopt the going concern basis of accounting in preparing the financial statements.

**(ii) Income**

Income represents amounts receivable for management fees and is recognised on an accruals basis in the Statement of Comprehensive Income.

**(iii) Interest expense and similar charges**

Interest expenses and similar charges are recognised on an accruals basis.

**(iv) Tangible Fixed Assets**

Tangible fixed assets are included at cost less depreciation. Depreciation has been calculated to write-off the cost of the tangible fixed asset over the useful lives as follows:

Fixtures, fittings and equipment	20% straight line
Computer equipment	33⅓% straight line

**(v) Cash and cash equivalents**

Cash and cash equivalents include cash in hand, deposits held with banks, other short-term liquid investments with original maturities of three months or less, and bank overdrafts. Bank overdrafts are shown with borrowings in current liabilities.

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**(vi) Basic financial assets**

Basic financial assets, which include debtors and cash and bank balances, are initially measured at transaction price including transaction costs and are subsequently carried at amortised cost using the effective interest method unless the arrangement constitutes a financing transaction, where the transaction is measured at the present value of the future receipts discounted at a market rate of interest. Financial assets classified as receivable within one year are not amortised.

**(vii) Deferred Tax**

FRS102 requires deferred tax assets or liabilities to be recognised on all timing differences between the recognition of gains and losses in the accounts and their recognition for tax purposes. Deferred taxation is calculated on an un-discounted basis at the tax rates which are expected to apply in the periods when the timing differences will reverse.

Deferred tax assets are recognised only to the extent that the directors consider that it is more likely than not that there will be suitable taxable profits from which the future reversal of the underlying tax asset can be deducted.

**(viii) Classification of financial liabilities**

Financial liabilities and equity instruments are classified according to the substance of the contractual arrangements entered into. An equity instrument is any contract that evidences a residual interest in the assets of the limited liability partnership after deducting all of its liabilities.

Basic financial liabilities, including creditors, bank loans, loans from fellow group companies and preference shares that are classified as debt, are initially recognised at transaction price unless the arrangement constitutes a financing transaction, where the debt instrument is measured at the present value of the future receipts discounted at a market rate of interest. Financial liabilities classified as payable within one year are not amortised.

Debt instruments are subsequently carried at amortised cost, using the effective interest rate method.

Trade creditors are obligations to pay for goods or services that have been acquired in the ordinary course of business from suppliers. Amounts payable are classified as current liabilities if payment is due within one year or less. If not, they are presented as non-current liabilities. Trade creditors are recognised initially at transaction price and subsequently measured at amortised cost using the effective interest method.

**(ix) Employee benefits**

The costs of short-term employee benefits are recognised as a liability and an expense, unless those costs are required to be recognised as part of the cost of stock or fixed assets.

**(x) Retirement benefits and post retirement payments to members**

The Company operates a defined contribution scheme for the benefits of its employees. Contributions payable are charged to the statement of income in the year they are payable.

**(xi) Investments**

Investments comprise the company's unquoted co-investment interest as a limited partner in Beechbrook UK SME II LP and Beechbrook UK SME III LP (together "the Funds"). The value of the investment represents its pro-rata share of net assets that would be attributable at 31 March 2022 of the Fund.

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**(xi) Investments (continued)**

The investment is valued in compliance with the principles of the International Private Equity and Venture Capital Valuation Guidelines ("IPEV") as amended at 31 March 2020, the basis of which is fair value.

FRS 102 establishes a fair value hierarchy that splits the inputs to valuation techniques used to measure fair value into three levels. The fair value hierarchy gives the highest priority to quoted prices (unadjusted) in active markets for identical assets or liabilities (Level I inputs) and the lowest priority to unobservable inputs (Level III inputs). Market prices observability is impacted by a number of factors, including the type of investment and the characteristics specific to the investment. Investments are readily available active quoted prices, either for the identical instrument or similar instruments, generally will have a higher degree of market price observability and a lesser degree of judgement used in measuring fair value.

Investments measured and reported at fair value are classified and disclosed utilising inputs from one or more of the following categories:

Level I – Quoted (bid) price for an identical asset in an active market;

Level II – Price of a recent transaction for an identical asset. If necessary, the price is adjusted to reflect updated economic conditions or if evidence suggest that a recent transaction was not at fair value; and

Level III – If there is no market and no suitable recent transactions then a valuation technique is used to determine the arm's length price for the asset. If a realisable, commonly used valuation method exists in that market, then that technique is used.

The fair values of the company's investment in the Fund represents the pro rata share of the Fund's net asset value. This information is obtained directly from the Fund's financial statements as at the reporting date of the company.

The General Partner has concluded that the investment in the Fund should be classified as using significant Level III inputs. There have been no transfers between levels during the reporting period.

The Fund, being the General Partner's sole investment, is a closed investment vehicle which provides for no liquidity or redemption option, and is not readily marketable.

**4 Judgements and key sources of estimation uncertainty**

In the application of the limited liability partnership's accounting policies, the Directors are required to make judgements, estimates and assumptions about the carrying amount of assets and liabilities that are not readily apparent from other sources. The estimates and associated assumptions are based on historical experience and other factors that are considered to be relevant. Actual results may differ from these estimates.

The estimates and underlying assumptions are reviewed on an ongoing basis. Revisions to accounting estimates are recognised in the period in which the estimate is revised where the revision affects only that period, or in the period of the revision and future periods where the revision affects both current and future periods.

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**5 Income**

Fee income is comprised of net management fees due in the year, an analysis of the Company's income is as follows:

	<b>31 March 2022</b>	<b>31 March 2021</b>
	<b>£</b>	<b>£</b>
Net management fees	2,045,680	2,274,779
Recharge to LLP	(800,000)	(650,000)
<b>Total net income</b>	<b><u>1,245,680</u></b>	<b><u>1,624,779</u></b>

<b>Income analysed by geographical market</b>	<b>31 March 2022</b>	<b>31 March 2021</b>
	<b>£</b>	<b>£</b>
<b>UK</b>	<b><u>1,245,680</u></b>	<b><u>1,624,779</u></b>

**6 Expenses**

	<b>31 March 2022</b>	<b>31 March 2021</b>
	<b>£</b>	<b>£</b>
All expenses are accounted for on an accruals basis.		
Salaries & employee costs	1,098,525	1,370,856
Premises costs	44,738	39,115
Travel & entertaining	26,961	12,588
Insurance	14,821	16,851
Legal & professional costs	156,661	181,076
Loan interest	10,174	18,756
Other	29,517	28,166
<b>Total administrative expenses</b>	<b><u>1,381,397</u></b>	<b><u>1,667,408</u></b>

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<b>7 Investments</b>	<b>31 March 2022</b>	<b>31 March 2021</b>
	<b>£</b>	<b>£</b>
<b>Unlisted Securities:</b>		
Fund Investments	<u>599,287</u>	<u>596,022</u>

The investment has been classified as Level III and there have been no transfers between Levels during the year ended 31 March 2022 and 31 March 2021.

	<b>31 March 2022</b>	<b>31 March 2021</b>
	<b>£</b>	<b>£</b>
As at the beginning of the year	596,022	499,483
Drawdowns / (Additions) during the year	(31,998)	67,723
Unrealised gain on investments	35,263	28,816
<b>Investments at the end of the year</b>	<b><u>599,287</u></b>	<b><u>596,022</u></b>

<b>8 Debtors</b>	<b>31 March 2022</b>	<b>31 March 2021</b>
	<b>£</b>	<b>£</b>
Prepayments	9,992	7,535
Directors' Loan Accounts	152,250	-
Other	3,074	3,074
	<u>165,316</u>	<u>10,609</u>

<b>9 Taxation</b>	<b>31 March 2022</b>	<b>31 March 2021</b>
	<b>£</b>	<b>£</b>
UK corporation tax on profits for the current period	-	(16,802)
<b>Deferred taxation</b>		
Origination and reversal of timing differences	<u>-</u>	<u>18,193</u>
	<u>-</u>	<u>1,391</u>

The actual charge for the year can be reconciled to the expected credit for the year based on the profit or loss and the standard rate of tax as follows:

	<b>31 March 2022</b>	<b>31 March 2021</b>
	<b>£</b>	<b>£</b>
Profit before taxation	<u>(84,764)</u>	<u>(17,251)</u>
Expected tax liability based on the standard rate of corporation tax in the UK of 19% (2021: 19%)	-	300
Tax effect of expenses that are not deductible in determining taxable profit:		
Disallowed expenses	7,021	1,083
Depreciation	-	8
<b>Tax charge for the year</b>	<b><u>-</u></b>	<b><u>1,391</u></b>

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**10 Creditors: amounts falling due within one year**

	31 March 2022	31 March 2021
	£	£
Deferred Income	427,283	46,600
Accruals	8,150	105,000
Amount owed to Parent Company	-	189,041
Corporation Tax	-	(2,195)
Other creditors	4,010	4,749
	<u>439,443</u>	<u>343,195</u>

**11 Creditors: amounts falling due after one year**

	31 March 2022	31 March 2021
	£	£
Bank borrowings	277,408	164,000
	<u>277,408</u>	<u>164,000</u>

On 20 December 2019, the Company became party to a £1.3m RCF facility with the Royal Bank of Scotland International. As at 31 March 2022, it had utilised £277.4k (2021: £164k) of the facility.

**12 Retirement benefit schemes**Defined contribution schemes

The Company makes fixed contributions to the personal pension schemes maintained by qualifying staff members and managed on their behalf by an independently administered fund. The Company has no rights or obligations in relation to the assets held in these schemes beyond its contractual obligation to make monthly contributions for so long as staff members qualify. The pension cost charge represents contributions payable by the Company to the schemes.

The charge to profit or loss in respect of defined contribution schemes was £29,546 (2021: £35,705).

**13 Related Party Transactions**

At 31 March 2022, the company owed £Nil (2021: £189,041) to Beechbrook Capital LLP.

**14 Ultimate Controlling Party**

The Directors consider Beechbrook Capital LLP, as the majority shareholder of the Company, to be the ultimate controlling party.

**15 Post balance sheet events**

There are no post balance sheet events to report.