

**FINANCE WALES INVESTMENTS (4)  
LIMITED**

**Report and Financial Statements**

**31 March 2007**

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**REPORT AND FINANCIAL STATEMENTS 2007**

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**OFFICERS AND PROFESSIONAL ADVISERS**

**DIRECTORS**

C Jones (Chairman)  
S Lloyd-Jones  
P Wright

**SECRETARY**

M J Davies

**REGISTERED OFFICE**

Oakleigh House  
Park Place  
Cardiff  
CF10 3DQ

**BANKERS**

Barclays Bank Plc  
PO Box 69  
Queen Street  
Cardiff  
CF10 1SG

**SOLICITORS**

Eversheds LLP  
1 Callaghan Square  
Cardiff  
CF10 5BT

**AUDITORS**

Deloitte & Touche LLP  
Chartered Accountants  
Cardiff

**DIRECTORS' REPORT (continued)**

The directors present their annual report and the audited financial statements for the year ended 31 March 2007

The directors' report has been prepared in accordance with the special provisions relating to small companies under section 246 (4) of the Companies Act 1985

**BUSINESS REVIEW AND PRINCIPAL ACTIVITIES**

The principal activity of the company is to provide investment support for the creative industries as part of a three-year National Assembly for Wales strategy. The main purposes of these investments are to

- stimulate growth in the creative industries in Wales by attracting more productions to Wales,
- help Welsh companies to compete more effectively, and
- improve a producer's ability to create and retain intellectual assets

The company will continue to facilitate the provision of financial services for the foreseeable future

No amounts were written off during the current or prior period

The directors do not recommend the payment of a dividend

**DIRECTORS AND THEIR INTERESTS**

The current directors of the company are as shown on page 1

None of the directors who served during the financial period had any interests in the shares of the company or any other group company at the beginning or the end of the financial period

**AUDITORS**

In the case of each of the persons who are directors of the company at the date when this report is approved

- so far as each of the directors is aware, there is no relevant audit information (as defined in the Companies Act 1985) of which the company's auditors are unaware, and
- each of the directors has taken all the steps that they ought to have taken as a director to make themselves aware of any relevant audit information (as defined) and to establish that the company's auditors are aware of that information

This confirmation is given and should be interpreted in accordance with the provisions of s234ZA of the Companies Act 1985

Deloitte & Touche LLP have indicated their willingness to continue in office as the company's auditors and a resolution for their reappointment will be proposed at the forthcoming Annual General Meeting

Approved by the Board of Directors  
and signed on behalf of the Board



M J Davies  
Company Secretary

Date 25 July 2007

**STATEMENT OF DIRECTORS' RESPONSIBILITIES**

The directors are responsible for preparing the annual 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). The financial statements are required by law to give a true and fair view of the state of affairs of the company and the profit or loss of the company for that period. In preparing those financial statements, the directors are required to

- (a) select suitable accounting policies and then apply them consistently,
- (b) make judgements and estimates that are reasonable and prudent,
- (c) state whether applicable United Kingdom accounting standards have been followed, and
- (d) 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 proper accounting records which disclose with reasonable accuracy at any time the financial position of the company and to enable them to ensure that the financial statements comply with the Companies Act 1985. They are also responsible for the system of internal control, for safeguarding the assets of the company and hence for taking reasonable steps for the prevention and detection of fraud and other irregularities.

## **INDEPENDENT AUDITORS' REPORT TO THE MEMBER OF FINANCE WALES INVESTMENTS (4) LIMITED**

We have audited the financial statements of Finance Wales Investments (4) Limited for the year ended 31 March 2007 which comprise the profit and loss account, the balance sheet and the related notes 1 to 12. These financial statements have been prepared under the accounting policies set out therein.

This report is made solely to the company's member in accordance with section 235 of the Companies Act 1985. Our audit work has been undertaken so that we might state to the company's member those matters we are required to state to it in an auditors' 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 company and the company's member for this report, or for the opinions we have formed.

### **Respective responsibilities of directors and auditors**

The directors' responsibilities for preparing the financial statements in accordance with applicable law and United Kingdom Accounting Standards (United Kingdom Generally Accepted Accounting Practice) are set out in the statement of directors' responsibilities.

Our responsibility is to audit the financial statements in accordance with relevant legal and regulatory requirements and International Standards on Auditing (UK and Ireland).

We report to you our opinion as to whether the financial statements give a true and fair view and are properly prepared in accordance with the Companies Act 1985. We also report to you whether in our opinion the information given in the directors' report is consistent with the financial statements.

In addition we report to you if, in our opinion, the company has not kept proper accounting records, if we have not received all the information and explanations we require for our audit, or if information specified by law regarding directors' remuneration and other transactions is not disclosed.

We read the directors' report and consider the implications for our report if we become aware of any apparent misstatements within it.

### **Basis of audit opinion**

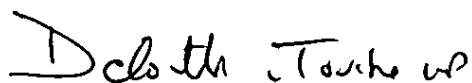
We conducted our audit in accordance with International Standards on Auditing (UK and Ireland) issued by the Auditing Practices Board. An audit includes examination, on a test basis, of evidence relevant to the amounts and disclosures in the financial statements. It also includes an assessment of the significant estimates and judgements made by the directors in the preparation of the financial statements, and of whether the accounting policies are appropriate to the company's circumstances, consistently applied and adequately disclosed.

We planned and performed our audit so as to obtain all the information and explanations which we considered necessary in order to provide us with sufficient evidence to give reasonable assurance that the financial statements are free from material misstatement, whether caused by fraud or other irregularity or error. In forming our opinion we also evaluated the overall adequacy of the presentation of information in the financial statements.

### **Opinion**

In our opinion:

- the financial statements give a true and fair view, in accordance with United Kingdom Generally Accepted Accounting Practice, of the state of the company's affairs as at 31 March 2007 and of its loss for the year then ended,
- the financial statements have been properly prepared in accordance with the Companies Act 1985, and
- the information given in the directors' report is consistent with the financial statements.



**Deloitte & Touche LLP**  
Chartered Accountants and Registered Auditors  
Cardiff, United Kingdom

Date 30 July 2007

# FINANCE WALES INVESTMENTS (4) LIMITED

## PROFIT AND LOSS ACCOUNT Year ended 31 March 2007

	Note	£	2007 £	£	2006 £
<b>TURNOVER</b>	1		68,406		32,500
Administrative expenses					
Bad debts provided and amounts written off loan receivables		(282,568)		(53,000)	
Other administrative expenses		(285,170)		(271,616)	
Total administrative expenses			(567,738)		(324,616)
Other operating income			114,236		207,698
<b>OPERATING LOSS</b>	2		(385,096)		(84,418)
Interest receivable and similar income	3		102,528		31,418
<b>LOSS ON ORDINARY ACTIVITIES BEFORE TAXATION</b>			(282,568)		(53,000)
Tax on loss on ordinary activities	5		-		-
<b>LOSS FOR THE FINANCIAL YEAR</b>			(282,568)		(53,000)

All activities derive from continuing operations

There have been no recognised gains and losses for the current or the prior financial year other than as stated in the profit and loss account and, accordingly, no separate statement of total recognised gains and losses is presented

# FINANCE WALES INVESTMENTS (4) LIMITED

## BALANCE SHEET

31 March 2007

	Note	£	2007 £	£	2006 £
<b>CURRENT ASSETS</b>					
Debtors amounts falling due within one year	6	6,949		-	
Debtors amounts falling due after more than one year	6	1,342,273		212,000	
Cash at bank and in hand		2,031,545		1,625,709	
		<u>3,380,767</u>		<u>1,837,709</u>	
<b>CREDITORS: amounts falling due within one year</b>	7	<u>(8,279)</u>		<u>(62,131)</u>	
<b>NET CURRENT ASSETS</b>			<u>3,372,488</u>		<u>1,775,578</u>
<b>TOTAL ASSETS LESS CURRENT LIABILITIES</b>			3,372,488		1,775,578
<b>CREDITORS: amounts falling due after more than one year</b>	8		(3,678,065)		(1,792,301)
<b>ACCRUALS AND DEFERRED INCOME</b>	9		<u>(29,990)</u>		<u>(36,276)</u>
<b>NET LIABILITIES</b>			<u>(335,567)</u>		<u>(52,999)</u>
<b>CAPITAL AND RESERVES</b>					
Called up share capital	10		1		1
Profit and loss account			<u>(335,568)</u>		<u>(53,000)</u>
<b>TOTAL SHAREHOLDER'S DEFICIT</b>	11		<u>(335,567)</u>		<u>(52,999)</u>

These financial statements were approved by the Board of Directors on 25 July 2007  
Signed on behalf of the Board of Directors

*S Lloyd-Jones*

S Lloyd-Jones - Director

**NOTES TO THE FINANCIAL STATEMENTS**

**Year ended 31 March 2007**

**1. ACCOUNTING POLICIES**

The financial statements are prepared in accordance with applicable United Kingdom accounting standards. The particular accounting policies adopted, which have been applied consistently throughout the current and the prior financial year, are described below.

**Accounting convention**

The financial statements are prepared under the historical cost convention.

**Turnover**

Turnover represents interest receivable on loans, application fees and arrangement fees.

**Cash flow statement**

The company has taken advantage of the exemption not to prepare a cash flow statement under FRS 1 as a consolidated cash flow statement is produced in the ultimate parent company's financial statements.

**Interest receivable**

Interest received on loans is allocated over the period of the loan in proportion to the capital amount outstanding and credited to the profit and loss account accordingly.

**Related party transactions**

In accordance with the exemption conferred by paragraph 17 of FRS 8 "Related party disclosures" the company has not disclosed transactions with other group companies.

**Taxation**

Current tax is provided at amounts expected to be paid (or recovered) using the tax rates and laws that have been enacted or substantively enacted at the balance sheet date.

Deferred tax is provided in full on timing differences that result in an obligation at the balance sheet date to pay more tax, or a right to pay less tax, at a future date, at rates expected to apply when they crystallise based on current tax rates and law. Timing differences arise from the inclusion of items of income and expenditure in taxation computations in periods different from those in which they are included in the financial statements.

Deferred tax assets are recognised to the extent that it is regarded as more likely than not that they will be recovered. Deferred tax assets and liabilities are not discounted.

**Grant income**

Grants for the partial funding of investments, which are received in advance of defrayal, are treated as deferred income. Such income is amortised to the profit and loss account when investments are made and the conditions set out in the offer documentation have been met. Income taken is equal to the level of grant utilised in making investments.

Grants received to fund operational and administrative costs are treated as other income and recognised in the profit and loss account in the period in which the expenditure was incurred.

## FINANCE WALES INVESTMENTS (4) LIMITED

### NOTES TO THE FINANCIAL STATEMENTS

Year ended 31 March 2007

#### 2. OPERATING LOSS

	2007 £	2006 £
Operating loss is after charging		
Auditors' remuneration – audit	1,550	3,000

#### 3. INTEREST RECEIVABLE AND SIMILAR INCOME

	2007 £	2006 £
Bank interest	102,528	31,418

#### 4. INFORMATION REGARDING DIRECTORS AND EMPLOYEES

None of the directors received any emoluments from the company in the current or the prior financial year. It is not practicable to allocate their remuneration between their services as directors of this company and other group companies. Further details of directors' remuneration are presented in the financial statements of Finance Wales plc.

The directors were the only employees of the company during the current and the prior financial year.

**NOTES TO THE FINANCIAL STATEMENTS**  
**Year ended 31 March 2007**

**5. TAX ON LOSS ON ORDINARY ACTIVITIES**

	2007 £	2006 £
<b>Current taxation</b>		
United Kingdom corporation tax		
Current tax on income for the year at 30% (2006 - 30%)	-	-
	<u>          </u>	<u>          </u>
The difference between the current taxation shown above and the amount calculated by applying the standard rate of UK corporation tax to the loss before tax is as follows		
	£	£
Loss on ordinary activities before tax	(282,568)	(53,000)
	<u>          </u>	<u>          </u>
Tax on loss on ordinary activities before tax at 30% (2006 - 30%)	84,770	15,900
<b>Factors affecting charge for the year</b>		
Expenses not deductible for tax purposes	-	(103)
Movement in short-term timing differences not recognised	(84,770)	(15,900)
Rate differences	-	103
	<u>          </u>	<u>          </u>
<b>Current tax charge for the year</b>	-	-
	<u>          </u>	<u>          </u>

The tax rate used for tax on profit on ordinary activities is the standard rate for UK corporation tax, currently 30%. The tax charge in future periods may be affected by the expected reduction in the main rate of corporation tax from 30% to 28%.

A deferred tax asset has not been recognised in respect of timing differences relating to provisions of £100,670 (2006 - £15,900). The asset would be recovered if there were sufficient future profits to absorb all such assets.

# FINANCE WALES INVESTMENTS (4) LIMITED

## NOTES TO THE FINANCIAL STATEMENTS

Year ended 31 March 2007

### 6. DEBTORS

	2007 £	2006 £
Due within one year		
Other debtors	6,949	-
	<u>6,949</u>	<u>-</u>
Due after more than one year		
Loans receivable after one year	1,342,273	212,000
	<u>1,342,273</u>	<u>212,000</u>

### 7. CREDITORS: AMOUNTS FALLING DUE WITHIN ONE YEAR

	2007 £	2006 £
Trade creditors	6,146	15,541
Amounts owed to group companies	92	-
Amounts owed to parent company	2,041	46,590
	<u>8,279</u>	<u>62,131</u>

### 8. CREDITORS: AMOUNTS FALLING DUE AFTER MORE THAN ONE YEAR

	2007 £	2006 £
Amounts owed to immediate parent company	3,678,065	1,792,301
	<u>3,678,065</u>	<u>1,792,301</u>

The amounts owed to the immediate parent company are unsecured, interest-free and repayable on demand. However, the immediate parent company has confirmed that it does not intend to seek repayment within the next year.

### 9. ACCRUALS AND DEFERRED INCOME

	2007 £	2006 £
Accruals	29,990	36,276
	<u>29,990</u>	<u>36,276</u>

### 10. CALLED UP SHARE CAPITAL

	2007 £	2006 £
Authorised and allotted		
1,000 ordinary shares of £1 each	1,000	1,000
	<u>1,000</u>	<u>1,000</u>
Called up and fully paid		
1 ordinary share of £1	1	1
	<u>1</u>	<u>1</u>

**NOTES TO THE FINANCIAL STATEMENTS**

**Year ended 31 March 2007**

**11. RECONCILIATION OF MOVEMENT IN SHAREHOLDER'S DEFICIT**

	2007 £	2006 £
Loss for the financial year	(282,568)	(53,000)
Issue of share capital	-	1
	<hr/>	<hr/>
Net increase in shareholder's deficit	(282,568)	(52,999)
Opening shareholder's deficit	(52,999)	-
	<hr/>	<hr/>
Closing shareholder's deficit	<u>(335,567)</u>	<u>(52,999)</u>

**12. ULTIMATE PARENT COMPANIES AND CONTROLLING PARTY**

The company's immediate parent undertaking is Finance Wales plc, a company incorporated in Great Britain. Finance Wales plc is the parent of the smallest group of which the company is a member and for which consolidated financial statements are prepared. Copies of the group financial statements of Finance Wales Public Limited Company are available from Companies House, Crown Way, Mandy, Cardiff, CF14 3UZ.

On 1 April 2006, the Welsh Development Agency was merged with the Welsh Assembly Government. Finance Wales plc now regards the Welsh Assembly Government as the ultimate controlling party.