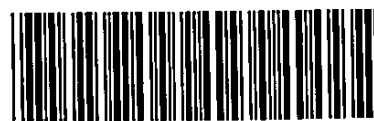


FW CAPITAL LIMITED

Report and Financial Statements

31 March 2012

TUESDAY



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REPORT AND FINANCIAL STATEMENTS 2012

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OFFICERS AND PROFESSIONAL ADVISERS

DIRECTORS

S Lloyd-Jones
P Wright
K O'Leary
D Staziker

SECRETARY

J Oates

REGISTERED OFFICE

Oakleigh House
Park Place
Cardiff
CF10 3DQ

BANKERS

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

AUDITOR

Deloitte LLP
Cardiff

DIRECTORS' REPORT

The directors present their annual report and the audited financial statements for the year ended 31 March 2012

This directors' report has been prepared in accordance with the provisions applicable to small companies entitled to the small companies' exemption

BUSINESS REVIEW AND PRINCIPAL ACTIVITIES

Building on the success of winning of a contract to manage a £20 million equity fund in the North East of England, in the period the company secured a further contract to manage a £35 million loan fund in the North West of England. It is intended that the company will tender for further contracts related to fund management activity

FW Capital Investment has to 31st March 2012, managed investments into funds as follows

	No.	Value £
North East Growth Fund	17	5,360,000
North West Loans Fund	40	6,090,000
	<u>57</u>	<u>11,450,000</u>

The company is authorised and regulated by the Financial Services Authority (FSA) in the conduct of fund management activity

Going concern

The current economic environment is challenging. The company works closely with SMEs and will continue to work with the management at investee companies to support and help them manage the effects of the current economic environment

The company is financed through fees received for the provision of fund management services and receives no subsidy from the remainder of the group

The group's business activities, together with the factors likely to affect its future development, performance and position, its financial position at the balance sheet date, its cash flows and the liquidity position, are set out in the Directors' report on pages 2 to 7 within the financial statements of Finance Wales plc. In addition, note 23 of the Finance Wales plc financial statements includes the group's objectives and policies and processes around managing capital risk, its financial risk management objectives, and its exposure to market, credit and liquidity risk. The relevant information for FW Capital Limited is set out within the Directors' report

The group's forecasts and projections, taking account of reasonably possible changes in trading performance and the financial support of the Welsh Government, show that the group will be able to operate within the level of its current facility over the next 12 months from signing

Finance Wales plc's ultimate parent, the Welsh Ministers, acting through the Welsh Government has indicated in a letter of support that it will continue to provide both revenue and capital support at a level sufficient to enable Finance Wales to continue as a going concern, until at least 30 September 2013

The group's forecasts and projections, taking account of reasonably possible changes in trading performance and the financial support of the Welsh Government, show that the group will be able to operate within the level of its current facility over the next 12 months. The group's forecasts include a forecast in respect of this company

After making enquiries and taking account of the factors noted above, the directors have a reasonable expectation that the company will have access to adequate resources to continue in existence for the foreseeable future. Accordingly, they continue to adopt the going concern basis in preparing the financial statements

PRINCIPAL RISKS AND UNCERTAINTIES

The principal risks and uncertainties in the business are detailed in the sections below. Appropriate policies to prevent Money Laundering including Know Your Customer are in place, in accordance with current best practice

DIRECTORS' REPORT (continued)

FINANCIAL RISK MANAGEMENT OBJECTIVES AND POLICIES

The principal business of the company is fund management activity and making investments into small and medium sized enterprises on behalf of others. As such, exposure to and management of portfolio risk is an inherent feature of this activity, particularly given the area of the market in which the company operates. It is not anticipated that this risk will materially increase during the next 12 months.

The company's activities expose it to a number of financial risks including cash flow risk, credit risk and liquidity risk.

The use of financial derivatives is governed by the company's policies approved by the Board of directors, which provide written principles on the use of financial derivatives to manage these risks. The company does not use derivative financial instruments for speculative purposes.

REGULATORY RISK

The company is required to adhere to the policies and procedures approved by the Financial Services Authority and faces penalties for failing to comply. Appropriate processes are in place to ensure that relevant compliance is maintained.

DIRECTORS

The current directors of the company, who served throughout the financial year unless stated otherwise, are as shown on page 1.

AUDITOR

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 of which the company's auditor is 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 and to establish that the company's auditor is aware of that information.

This confirmation is given and should be interpreted in accordance with the provisions of s418 of the Companies Act 2006.

Deloitte LLP have indicated their willingness to be reappointed for another term and appropriate arrangements have been put in place for them to be deemed reappointed as auditors in the absence of an AGM.

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



J Oates
Company Secretary

DIRECTORS' RESPONSIBILITIES STATEMENT

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). 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 judgments and accounting estimates that are reasonable and prudent, and
- 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.

INDEPENDENT AUDITOR'S REPORT TO THE MEMBER OF FW CAPITAL LIMITED

We have audited the financial statements of FW Capital Limited for the year ended 31 March 2012 which comprise the Profit and Loss Account, the Balance Sheet and the related notes 1 to 10. The financial reporting framework that has been applied in their preparation is applicable law and United Kingdom Accounting Standards (United Kingdom Generally Accepted Accounting Practice).

This report is made solely to the company's member in accordance with Chapter 3 of Part 16 of the Companies Act 2006. 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 auditor's 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 our audit work, for this report, or for the opinions we have formed.

Respective responsibilities of directors and auditor

As explained more fully in the Directors' Responsibilities Statement, the directors are responsible for the preparation of the financial statements and for being satisfied that they give a true and fair view. Our responsibility is to audit and express an opinion on the financial statements in accordance with applicable law and International Standards on Auditing (UK and Ireland). Those standards require us to comply with the Auditing Practices Board's Ethical Standards for Auditors.

Scope of the audit of the financial statements

An audit involves obtaining evidence about the amounts and disclosures in the financial statements sufficient to give reasonable assurance that the financial statements are free from material misstatement, whether caused by fraud or error. This includes an assessment of whether the accounting policies are appropriate to the company's circumstances and have been consistently applied and adequately disclosed, the reasonableness of significant accounting estimates made by the directors, and the overall presentation of the financial statements. In addition, we read all the financial and non-financial information in the annual report to identify material inconsistencies with the audited financial statements. If we become aware of any apparent material misstatements or inconsistencies we consider the implications for our report.

Opinion on financial statements

In our opinion the financial statements

- give a true and fair view of the state of the company's affairs as at 31 March 2012 and of its profit for the year then ended,
- have been properly prepared in accordance with United Kingdom Generally Accepted Accounting Practice, and
- have been prepared in accordance with the requirements of the Companies Act 2006.

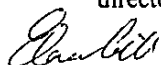
Opinion on other matter prescribed by the Companies Act 2006

In our opinion the information given in the directors' report for the financial year for which the financial statements are prepared is consistent with the financial statements.

Matters on which we are required to report by exception

We have nothing to report in respect of the following matters where the Companies Act 2006 requires us to report to you if, in our opinion

- adequate accounting records have not been kept, or returns adequate for our audit have not been received from branches not visited by us, or
- the financial statements are not in agreement with the accounting records and returns, or
- certain disclosures of directors' remuneration specified by law are not made, or
- we have not received all the information and explanations we require for our audit, or
- the directors were not entitled to take advantage of the small companies exemption in preparing the directors' report.



Elanor Gill (Senior statutory auditor)
for and on behalf of Deloitte LLP
Chartered Accountants and Statutory Auditor
Cardiff, United Kingdom

Date 4th July 2012

PROFIT AND LOSS ACCOUNT

Year ended 31 March 2012

	Note	2012 £	2011 £
TURNOVER	1	1,656,279	820,694
Administrative expenses		(1,220,646)	(611,140)
OPERATING PROFIT	2	<u>435,633</u>	<u>209,554</u>
PROFIT ON ORDINARY ACTIVITIES BEFORE TAXATION		435,633	209,554
Tax on profit/(loss) on ordinary activities	4	<u>-</u>	<u>-</u>
PROFIT FOR THE FINANCIAL PERIOD		<u><u>435,633</u></u>	<u><u>209,554</u></u>

All activities derive from continuing operations

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

FW CAPITAL LIMITED

BALANCE SHEET

31 March 2012

	Note	2012 £	2011 £
CURRENT ASSETS			
Debtors amounts falling due within one year	5	65,699	40,518
Cash at bank and in hand		821,948	356,563
		<u>887,647</u>	<u>397,081</u>
CREDITORS: amounts falling due within one year	6	<u>(24,261)</u>	<u>(6,668)</u>
NET CURRENT ASSETS		<u>863,386</u>	<u>390,413</u>
TOTAL ASSETS LESS CURRENT LIABILITIES		863,386	390,413
ACCRUALS AND DEFERRED INCOME	7	<u>(89,648)</u>	<u>(52,308)</u>
NET ASSETS		<u>773,738</u>	<u>338,105</u>
CAPITAL AND RESERVES			
Called up share capital	8	145,000	145,000
Profit and loss account		<u>628,738</u>	<u>193,105</u>
SHAREHOLDER'S FUNDS	9	<u>773,738</u>	<u>338,105</u>

The financial statements of FW Capital Limited, registered number 07078439, were approved by the Board of Directors and authorised for issue on 3 July 2012

Signed on behalf of the Board of Directors



S Lloyd Jones Director

NOTES TO THE FINANCIAL STATEMENTS**Year ended 31 March 2012****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 financial year and the prior financial period, are described below.

Accounting convention

The financial statements are prepared under the historical cost convention.

Going concern

The current economic environment is challenging. The company works closely with SMEs and will continue to work with the management at investee companies to support and help them manage the effects of the current economic environment.

The company is financed through fees received for the provision of fund management services and receives no subsidy from the remainder of the group.

The group's business activities, together with the factors likely to affect its future development, performance and position, its financial position at the balance sheet date, its cash flows and the liquidity position, are set out in the Directors' report on pages 2 to 7 within the financial statements of Finance Wales plc. In addition, note 23 of the Finance Wales plc financial statements includes the group's objectives and policies and processes around managing capital risk, its financial risk management objectives, and its exposure to market, credit and liquidity risk. The relevant information for FW Capital Limited is set out within the Directors' report.

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Finance Wales plc's ultimate parent, the Welsh Ministers, acting through the Welsh Government has indicated in a letter of support that it will continue to provide both revenue and capital support at a level sufficient to enable Finance Wales to continue as a going concern, until at least 30 September 2013.

The group's forecasts and projections, taking account of reasonably possible changes in trading performance and the financial support of the Welsh Government, show that the group will be able to operate within the level of its current facility over the next 12 months. The group's forecasts include a forecast in respect of this company.

After making enquiries and taking account of the factors noted above, the directors have a reasonable expectation that the company will have access to adequate resources to continue in existence for the foreseeable future. Accordingly, they continue to adopt the going concern basis in preparing the financial statements.

Turnover

Turnover represents interest receivable on loans, application fees and arrangement fees. All turnover arises in the UK on loans made to SMEs and management charges to fellow group companies. Turnover is recognised over the period to which it relates.

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.

NOTES TO THE FINANCIAL STATEMENTS

Year ended 31 March 2012

1. ACCOUNTING POLICIES (continued)

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

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, where 100% of the voting rights are controlled by the group

2. OPERATING PROFIT

	Year ended 31 March 2012 £	Year ended 31 March 2011 £
Operating profit is after charging		
Auditor's remuneration – audit	9,466	3,640

3. INFORMATION REGARDING DIRECTORS AND EMPLOYEES

None of the directors received any emoluments from the company in the current financial year or the prior financial period. 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 financial year and the prior financial period

NOTES TO THE FINANCIAL STATEMENTS
Year ended 31 March 2012

4. TAX ON PROFIT/(LOSS) ON ORDINARY ACTIVITIES

	Year ended 31 March 2012 £	Year ended 31 March 2011 £
Current taxation		
United Kingdom corporation tax		
Current tax on income for the financial period at 26% (2011 – 28%)	-	-
	<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 profit/(loss) before tax is as follows		
	£	£
Profit/(loss) on ordinary activities before tax	435,633	209,554
	<u>435,633</u>	<u>209,554</u>
Tax at 26% (2011 – 28%) thereon	(113,265)	(58,675)
	<u>(113,265)</u>	<u>(58,675)</u>
Factors affecting charge for the financial period		
Tax losses not recognised	-	-
Group relief not paid for	113,265	54,069
Utilisation of tax losses	-	4,606
	<u>113,265</u>	<u>58,675</u>
Current tax charge for the financial period	-	-
	<u>-</u>	<u>-</u>

A deferred tax asset has not been recognised in respect of excess management expenses of £Nil (2011 – £4,606) The asset would be recovered if there were sufficient future profits to absorb all such assets

The reduction in the mainstream corporation tax rate from 26% to 24% from 1 April 2012, to 23% from 1 April 2013 and further to 22% from 1 April 2014 is not anticipated to materially affect the future tax charge

5. DEBTORS

	2012 £	2011 £
Due within one year		
Trade debtors	65,679	40,498
Intercompany debtors	20	20
	<u>65,699</u>	<u>40,518</u>

NOTES TO THE FINANCIAL STATEMENTS
Year ended 31 March 2012

6 CREDITORS: AMOUNTS FALLING DUE WITHIN ONE YEAR

	2012 £	2011 £
Trade creditors	15,761	5,087
Due to parent company	-	1,581
Other Creditors	8,500	-
	<u>24,261</u>	<u>6,668</u>

7. ACCRUALS AND DEFERRED INCOME

	2012 £	2011 £
Accruals	<u>89,648</u>	<u>52,308</u>

8. CALLED UP SHARE CAPITAL

	2012 £	2011 £
Authorised 145,000 ordinary shares of £1 each	<u>145,000</u>	<u>145,000</u>
Allotted, called up and fully paid 145,000 ordinary shares of £1 each	<u>145,000</u>	<u>145,000</u>

9. RECONCILIATION OF MOVEMENT IN SHAREHOLDER'S FUNDS

	2012 £	2011 £
Profit/ for the financial period	435,633	209,554
Issue of share capital	-	-
Net increase in shareholder's funds	<u>435,633</u>	<u>209,554</u>
Opening shareholder's funds	<u>338,105</u>	<u>128,551</u>
Closing shareholder's funds	<u>773,738</u>	<u>338,105</u>

10. ULTIMATE PARENT COMPANY 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 and largest 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 plc are available from Companies House, Crown Way, Mandy, Cardiff CF14 3UZ.

Finance Wales plc regards the Welsh Ministers, acting through the Welsh Government (formerly the Welsh Assembly Government), as the ultimate controlling party.