

FW CAPITAL LIMITED

Report and Financial Statements

31 March 2014

TUESDAY



A3CMMA2P

A09

22/07/2014

#49

COMPANIES HOUSE

REPORT AND FINANCIAL STATEMENTS 2014

CONTENTS	Page
Officers and professional advisers	1
Directors' report	2
Directors' responsibilities statement	4
Independent auditor's report	5
Profit and loss account	6
Balance sheet	7
Notes to the financial statements	8

OFFICERS AND PROFESSIONAL ADVISERS

DIRECTORS

S Lloyd-Jones
P Wright
K O'Leary
D Staziker
M Owen
W Anthony (Resigned 31st May 2013)

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 (continued)

The directors present their annual report and the audited financial statements for the year ended 31 March 2014.

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

At the beginning of the financial year the company was managing three contracts: a £17 million equity fund in the North East of England, a £35 million loan fund in the North West of England and a £10 million mezzanine fund also in the North West. A further £10 million of funds secured in the North West has been outsourced to Enterprise Ventures. During the year the company, having secured the management of a £10 million Loan Guarantee Fund centred around the Stockton-on-Tees area, launched this in July 2013. It is intended that the company will tender for further contracts related to fund management activity.

FW Capital Limited has, to 31 March 2014, managed investments into funds as follows:

	2014		2013	
	No.	Value £	No.	Value £
North East Growth Fund	38	14,210,000	28	8,560,000
North West Loans Fund	145	20,487,400	95	14,121,000
North West Mezzanine Fund	7	3,200,000	1	750,000
Tees Valley Catalyst Fund	2	1,000,000	-	-
	<u>192</u>	<u>38,897,400</u>	<u>124</u>	<u>23,431,000</u>

The company is authorised and regulated by the Financial Conduct Authority (FCA) in the conduct of fund management activity.

Going concern

The current economic environment is challenging. The company works closely with Small and Medium Sized Enterprises ("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 fund management service arrangements, together with the management arrangement with the company's immediate parent undertaking, is structured such that the company will not make losses for the foreseeable future subject to compliance with both arrangements. The directors expect the company to comply with such arrangements for the foreseeable future.

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.

DIVIDENDS

The directors do not recommend the payment of a dividend (2013 - £nil).

DIRECTORS

The current directors of the company, who served throughout the financial year, are as shown on page 1. W Anthony resigned as a director on 31 May 2013.

DIRECTORS' REPORT (continued)

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 section 418 of the Companies Act 2006.

The company has elected to dispense with the obligation to appoint auditors annually and, accordingly, Deloitte LLP will be its auditor for the forthcoming financial year under the provisions of section 386(2) of the Companies Act 2006.

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



J Oates
Company Secretary

14 July 2014

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 2014 which comprise the Profit and Loss Account, the Balance Sheet and the related notes 1 to 11. 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 and to identify any information that is apparently materially incorrect based on, or materially inconsistent with, the knowledge acquired by us in the course of performing the audit. 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 2014 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 from preparing a Strategic Report or 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 16 July 2014

PROFIT AND LOSS ACCOUNT
Year ended 31 March 2014

	Note	2014 £	2013 £
TURNOVER	1	2,497,807	1,722,429
Administrative expenses		(1,969,037)	(1,439,981)
OPERATING PROFIT	2	<u>528,770</u>	<u>282,448</u>
PROFIT ON ORDINARY ACTIVITIES BEFORE TAXATION		528,770	282,448
Tax on profit on ordinary activities	4	<u>-</u>	<u>-</u>
PROFIT FOR THE FINANCIAL YEAR	9	<u><u>528,770</u></u>	<u><u>282,448</u></u>

All results 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. Accordingly, no separate statement of total recognised gains and losses is presented.

BALANCE SHEET
As at 31 March 2014

	Note	2014 £	2013 £
CURRENT ASSETS			
Debtors: amounts falling due within one year	5	159,906	107,697
Debtors: amounts falling due after more than one year	5	100,270	-
Cash at bank and in hand		1,489,436	1,033,015
		<u>1,749,612</u>	<u>1,140,712</u>
CREDITORS: amounts falling due within one year	6	<u>(30,689)</u>	<u>(12,282)</u>
NET CURRENT ASSETS		<u>1,718,923</u>	<u>1,128,430</u>
TOTAL ASSETS LESS CURRENT LIABILITIES		<u>1,718,923</u>	<u>1,128,430</u>
ACCRUALS AND DEFERRED INCOME	7	<u>(133,967)</u>	<u>(72,244)</u>
NET ASSETS		<u>1,584,956</u>	<u>1,056,186</u>
CAPITAL AND RESERVES			
Called up share capital	8	145,000	145,000
Profit and loss account	9	1,439,956	911,186
SHAREHOLDER'S FUNDS	10	<u>1,584,956</u>	<u>1,056,186</u>

The financial statements of FW Capital Limited, registered number 07078439, were approved by the Board of Directors and authorised for issue on 14 July 2014.

Signed on behalf of the Board of Directors



S Lloyd-Jones
 Director

BALANCE SHEET**As at 31 March 2014****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.

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 fund management service arrangements, together with the management arrangement with the company's immediate parent undertaking, is structured such that the company will not make losses for the foreseeable future subject to compliance with both arrangements. The directors expect the company to comply with such arrangements for the foreseeable future.

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.

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.

BALANCE SHEET**As at 31 March 2014****2. OPERATING PROFIT**

	2014 £	2013 £
Operating profit is after charging		
Auditor's remuneration – audit	16,340	10,867
	<u>16,340</u>	<u>10,867</u>

3. 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 and Finance Wales Investments Limited.

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

4. TAX ON PROFIT ON ORDINARY ACTIVITIES

	2014 £	2013 £
Current taxation		
United Kingdom corporation tax:		
Current tax on income for the year at 23% (2013 – 24%)	-	-
	<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 before tax is as follows:

	£	£
Profit on ordinary activities before tax	528,770	282,448
	<u>528,770</u>	<u>282,448</u>
Tax at 23% (2013 – 24%) thereon	121,617	(67,788)
	<u>121,617</u>	<u>(67,788)</u>
Factors affecting charge for the year		
Tax losses not recognised	1,969	-
Group relief not paid for	(123,586)	67,788
	<u>1,969</u>	<u>67,788</u>
Current tax charge for the year	-	-
	<u>-</u>	<u>-</u>

A deferred tax asset has not been recognised in respect of excess management expenses of £nil (2013 - £nil). The asset would be recognised if there were sufficient future profits to absorb all such assets.

The reduction in the mainstream corporation tax rate from 23% to 21% from 1 April 2014 and further to 20% from 1 April 2015 is not anticipated to materially affect the future tax charges.

BALANCE SHEET**As at 31 March 2014****5. DEBTORS**

	2014	2013
	£	£
Due within one year:		
Trade debtors	107,066	23,675
Inter-company debtors	49,315	81,785
Other debtors	3,525	2,237
	<u>159,906</u>	<u>107,697</u>
	£	£
Due after one year:		
Inter-company debtors	<u>100,270</u>	<u>-</u>

6. CREDITORS: AMOUNTS FALLING DUE WITHIN ONE YEAR

	2014	2013
	£	£
Trade creditors	13,939	5,282
Other creditors	16,750	7,000
	<u>30,689</u>	<u>12,282</u>

7. ACCRUALS AND DEFERRED INCOME

	2014	2013
	£	£
Accruals	<u>133,967</u>	<u>72,244</u>

8. CALLED UP SHARE CAPITAL

	2014	2013
	£	£
Authorised share capital		
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>

BALANCE SHEET
As at 31 March 2014

9. STATEMENT OF MOVEMENTS ON RESERVES

	Profit and loss account £
At 1 April 2013	911,186
Profit for the financial year	528,770
At 31 March 2014	<u>1,439,956</u>

10. RECONCILIATION OF MOVEMENT IN SHAREHOLDER'S FUNDS

	2014 £	2013 £
Profit for the financial year	528,770	282,448
Net increase in shareholder's funds	528,770	282,448
Opening shareholder's funds	1,056,186	773,738
Closing shareholder's funds	<u>1,584,956</u>	<u>1,056,186</u>

11. 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, Maindy, 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.