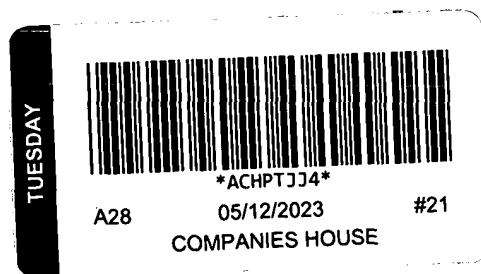


**FWC CIP LIMITED  
(FORMERLY KNOWN AS NORTH  
WEST LOANS LIMITED)**

**Annual Report and Financial Statements**

**For the year ended 31 March 2023**



**ANNUAL REPORT AND FINANCIAL STATEMENTS FOR THE YEAR ENDED 31  
MARCH 2023**

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**OFFICERS AND PROFESSIONAL ADVISERS**

**DIRECTORS**

D Staziker  
G Thorley  
M Owen  
G Guest  
J Whitfield

**SECRETARY**

E Hitchings

**REGISTERED OFFICE**

Unit J  
Yale Business Village  
Ellice Way  
Wrexham  
LL13 7YL

**BANKERS**

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

**AUDITOR**

Mazars LLP  
Statutory Auditor  
30 Old Bailey  
London  
EC4M 7AU

## **DIRECTORS' REPORT**

The directors present their annual report and the audited financial statements for the year ended 31 March 2023. 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**

The principal activity of the Company is to act as the carried interest partner for the Tees Valley Catalyst Fund Limited Partnership, the North East Property Limited Partnership, the NPIF NW Debt Limited Partnership, the NPIF TVC Limited Partnership and the Management Succession (Wales) Limited Partnership. The Company will potentially receive a share of any residual profits at the time of winding up such Limited Partnerships in accordance with the fund management service arrangements to which the Company is party.

The North West Funds for Business Loans Limited Partnership and the North West Mezzanine Loans Limited Partnership, for which the Company also acted as carried interest partner, terminated on 31 December 2022.

The directors expect the general level of activity to remain consistent in the forthcoming year.

The financial position of the Company is set out in the balance sheet on page 9.

### **GOING CONCERN**

The directors have made an assessment of going concern, taking into account both current performance and the Company's outlook which considered the impact of macroeconomic uncertainties and financial market turmoil, the impact of the cost of living crisis, the conflict in Ukraine, and the UK's exit from the European Union.

The Company operates on a breakeven basis with any expenditure incurred recharged to its parent company, FW Capital Limited. The directors concluded that they have a reasonable expectation that the Company has adequate resources to continue in operational existence for at least the next 12 months from the date of signing this report.

The going concern assessment for the Development Bank of Wales Group covers all its subsidiaries so all inputs and assumptions used to support our conclusion can be found within the publicly available Group financial statements of Development Bank of Wales. The going concern assessment period covers the period to 30 September 2024, 12 months subsequent to signing the annual report and financial statements for the year ended 31 March 2023.

The directors concluded that they have a reasonable expectation that the Company has adequate resources to continue in operational existence for the next 12 months at least, from the date of signing this report. Accordingly, they continue to adopt the going concern basis in preparing the annual report and financial statements.

### **FINANCIAL RISK MANAGEMENT OBJECTIVES AND POLICIES**

The Company is part of the Development Bank of Wales Group. The Group's objectives, policies and processes around managing capital risk, its financial risk management objectives; and its exposure to market, credit and liquidity risk can be found in Note 19 of the Development Bank of Wales plc financial statements.

### **DIRECTORS**

The directors of the Company, who served throughout the financial year and subsequently to the date of this report unless stated otherwise, are as shown on page 1.

### **DIRECTORS' INDEMNITIES**

The Development Bank of Wales Group has made qualifying third-party indemnity provisions for the benefit of all directors, the cost of which was not recharged to the Company. These were in force during the financial year and remained in force at the date of approval of the financial statements.

### **SUBSEQUENT EVENTS**

With effect from 11 May 2023, the name of the Company was changed from North West Loans Limited to FWC CIP Limited.

On 5 July 2023, the Company agreed to act as investor and carried interest partner for the SWIF – Debt Area B Limited Partnership, which will provide debt funding to SMEs in the northern part of the South West of England.

There are no other subsequent events to report.

## **DIRECTORS' REPORT**

### **AUDITOR**

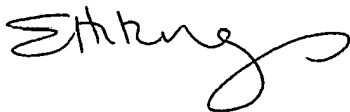
In the case of each of the persons who are directors of the Company at the date when this report is approved:

- 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 have 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.

Development Bank of Wales plc (the "Group") of which the Company is a subsidiary, has a policy of tendering the external audit every five years. The last time the audit was tendered was during 2021 when Mazars LLP were appointed.

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



E Hitchings  
Company Secretary  
13 October 2023

## **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), including FRS 101 Reduced Disclosure Framework. 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; 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 MEMBERS OF FWC CIP LIMITED**

### **Opinion**

We have audited the financial statements of FWC CIP Limited (the 'company') for the year ended 31 March 2023 which comprise the Profit and loss account, Balance sheet, Statement of changes in equity, and Notes to the financial statements, including a Summary of significant accounting policies.

The financial reporting framework that has been applied in their preparation is applicable law and United Kingdom Accounting Standards, including FRS 101 "Reduced Disclosure Framework" (United Kingdom Generally Accepted Accounting Practice).

In our opinion, the financial statements:

- give a true and fair view of the state of the company's affairs as at 31 March 2023 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.

### **Basis for opinion**

We conducted our audit in accordance with International Standards on Auditing (UK) (ISAs (UK)) and applicable law. Our responsibilities under those standards are further described in the "Auditor's responsibilities for the audit of the financial statements" section of our report. We are independent of the company in accordance with the ethical requirements that are relevant to our audit of the financial statements in the UK, including the FRC's Ethical Standard, and we have fulfilled our other ethical responsibilities in accordance with these requirements. We believe that the audit evidence we have obtained is sufficient and appropriate to provide a basis for our opinion.

### **Conclusions relating to going concern**

In auditing the financial statements, we have concluded that the directors' use of the going concern basis of accounting in the preparation of the financial statements is appropriate.

Based on the work we have performed, we have not identified any material uncertainties relating to events or conditions that, individually or collectively, may cast significant doubt on the company's ability to continue as a going concern for a period of at least twelve months from when the financial statements are authorised for issue.

Our responsibilities and the responsibilities of the directors with respect to going concern are described in the relevant sections of this report.

### **Other information**

The other information comprises the information included in the annual report, other than the financial statements and our auditor's report thereon. The directors are responsible for the other information contained within the annual report. Our opinion on the financial statements does not cover the other information and, except to the extent otherwise explicitly stated in our report, we do not express any form of assurance conclusion thereon.

Our responsibility is to read the other information and, in doing so, consider whether the other information is materially inconsistent with the financial statements, or our knowledge obtained in the course of the audit, or otherwise appears to be materially misstated. If we identify such material inconsistencies or apparent material misstatements, we are required to determine whether this gives rise to a material misstatement in the financial statements themselves. If, based on the work we have performed, we conclude that there is a material misstatement of this other information, we are required to report that fact.

We have nothing to report in this regard.

## **INDEPENDENT AUDITOR'S REPORT TO THE MEMBERS OF FWC CIP LIMITED**

### **Opinions on other matters prescribed by the Companies Act 2006**

In our opinion, based on the work undertaken in the course of the audit:

- the information given in the directors' report for the financial year for which the financial statements are prepared is consistent with the financial statements; and
- the directors' report has been prepared in accordance with applicable legal requirements.

### **Matters on which we are required to report by exception**

In light of the knowledge and understanding of the company and its environment obtained in the course of the audit, we have not identified material misstatements in the directors' report.

We have nothing to report in respect of the following matters in relation to which 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.
- the directors were not entitled to prepare the financial statements in accordance with the small companies' regime and take advantage of the small companies' exemption in preparing the directors' report and from the requirement to prepare a strategic report.

### **Responsibilities of Directors**

As explained more fully in the directors' responsibilities statement set out on page 4 of the annual report, the directors are responsible for the preparation of the financial statements and for being satisfied that they give a true and fair view, and for such internal control as the directors determine is necessary to enable the preparation of financial statements that are free from material misstatement, whether due to fraud or error.

In preparing the financial statements, the directors are responsible for assessing the company's ability to continue as a going concern, disclosing, as applicable, matters related to going concern and using the going concern basis of accounting unless the directors either intend to liquidate the company or to cease operations, or have no realistic alternative but to do so.

### **Auditor's responsibilities for the audit of the financial statements**

Our objectives are to obtain reasonable assurance about whether the financial statements as a whole are free from material misstatement, whether due to fraud or error, and to issue an auditor's report that includes our opinion. Reasonable assurance is a high level of assurance but is not a guarantee that an audit conducted in accordance with ISAs (UK) will always detect a material misstatement when it exists. Misstatements can arise from fraud or error and are considered material if, individually or in the aggregate, they could reasonably be expected to influence the economic decisions of users taken on the basis of the financial statements.

The extent to which our procedures are capable of detecting irregularities, including fraud is detailed below.

Irregularities, including fraud, are instances of non-compliance with laws and regulations. We design procedures in line with our responsibilities, outlined above, to detect material misstatements in respect of irregularities, including fraud.

Based on our understanding of the company and its industry, we considered that non-compliance with the following laws and regulations might have a material effect on the financial statements: employment regulation, health and safety regulation and anti-money laundering regulation.



## INDEPENDENT AUDITOR'S REPORT TO THE MEMBERS OF FWC CIP LIMITED

To help us identify instances of non-compliance with these laws and regulations, and in identifying and assessing the risks of material misstatement in respect to non-compliance, our procedures included, but were not limited to:

- Inquiring of management and, where appropriate, those charged with governance, as to whether the company is in compliance with laws and regulations, and discussing their policies and procedures regarding compliance with laws and regulations;
- Inspecting correspondence, if any, with relevant licensing or regulatory authorities;
- Communicating identified laws and regulations to the engagement team and remaining alert to any indications of non-compliance throughout our audit; and
- Considering the risk of acts by the company which were contrary to applicable laws and regulations, including fraud.

We also considered those laws and regulations that have a direct effect on the preparation of the financial statements, such as tax legislation, pension legislation and the Companies Act 2006.

In addition, we evaluated the directors' and management's incentives and opportunities for fraudulent manipulation of the financial statements, including the risk of management override of controls, and determined that the principal risks related to posting manual journal entries to manipulate financial performance, management bias through judgements and assumptions in significant accounting estimates, and significant one-off or unusual transactions.

Our audit procedures in relation to fraud included but were not limited to:

- Making enquiries of the directors and management on whether they had knowledge of any actual, suspected or alleged fraud;
- Gaining an understanding of the internal controls established to mitigate risks related to fraud;
- Discussing amongst the engagement team the risks of fraud; and
- Addressing the risks of fraud through management override of controls by performing journal entry testing.

There are inherent limitations in the audit procedures described above and the primary responsibility for the prevention and detection of irregularities including fraud rests with management. As with any audit, there remained a risk of non-detection of irregularities, as these may involve collusion, forgery, intentional omissions, misrepresentations or the override of internal controls.

A further description of our responsibilities for the audit of the financial statements is located on the Financial Reporting Council's website at [www.frc.org.uk/auditorsresponsibilities](http://www.frc.org.uk/auditorsresponsibilities). This description forms part of our auditor's report.

### Use of the audit report

This report is made solely to the company's members as a body 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 members those matters we are required to state to them 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 members as a body for our audit work, for this report, or for the opinions we have formed.



Pauline Pélissier  
(Senior Statutory Auditor) for and on behalf of Mazars LLP  
Chartered Accountants and Statutory Auditor  
30 Old Bailey  
London  
EC4M 7AU  
13 October 2023

**PROFIT AND LOSS ACCOUNT**  
**For the year ended 31 March 2023**

	Note	2023 £	2022 £
<b>Turnover</b>	3	155,763	-
Other administrative expenses		-	-
<b>RESULT BEFORE TAXATION</b>		155,763	-
Tax on result	6	-	-
<b>RESULT FOR THE FINANCIAL YEAR ATTRIBUTABLE TO OWNERS OF THE COMPANY</b>		155,763	-

All activities derive from continuing operations.

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

**BALANCE SHEET**  
**As at 31 March 2023**

	Note	2023 £	2022 £
<b>NON-CURRENT ASSETS</b>			
Financial assets at fair value	7	400,295	375,294
Trade and other receivables	8	499,990	474,990
		<u>900,285</u>	<u>850,284</u>
<b>CURRENT ASSETS</b>			
Cash at bank and in hand	9	<u>155,764</u>	<u>1</u>
<b>CREDITORS: amounts falling due within one year</b>	10	<u>(155,763)</u>	<u>-</u>
<b>NET CURRENT ASSETS</b>		<u>1</u>	<u>1</u>
<b>TOTAL ASSETS LESS CURRENT LIABILITIES</b>		<u>900,286</u>	<u>850,285</u>
<b>CREDITORS: amounts falling due after more than one year</b>	10	<u>(744,522)</u>	<u>(850,284)</u>
<b>NET ASSETS</b>		<u>155,764</u>	<u>1</u>
<b>CAPITAL AND RESERVES</b>			
Called up share capital	11	<u>1</u>	<u>1</u>
Profit and loss account		<u>155,763</u>	<u>-</u>
<b>TOTAL SHAREHOLDERS' FUNDS</b>		<u>155,764</u>	<u>1</u>

The financial statements of FWC CIP Limited, registered number 07397297, were approved by the Board of Directors and authorised for issue on 13 October 2023.

Signed on its behalf by



D Staziker  
Director

**STATEMENT OF CHANGES IN EQUITY**  
**For the year ended 31 March 2023**

	<b>Called up share capital £</b>	<b>Profit and loss account £</b>	<b>Total £</b>
<b>Balance at 1 April 2021</b>	1	-	1
Total comprehensive income for the year	-	-	-
<b>Balance at 31 March 2022</b>	<u>1</u>	<u>-</u>	<u>1</u>
Total comprehensive income for the year	-	155,763	155,763
<b>Balance at 31 March 2023</b>	<u>1</u>	<u>155,763</u>	<u>155,764</u>

## NOTES TO THE FINANCIAL STATEMENTS

### For the year ended 31 March 2023

#### 1. ACCOUNTING POLICIES

The principal accounting policies are summarised below. They have been applied consistently throughout the current and prior financial year.

##### **Basis of accounting**

FWC CIP Limited is a Company incorporated in the United Kingdom under the Companies Act 2006. The Company is a private Company limited by shares and is registered in England and Wales. The address of the registered office is given on page 1. The nature of the Company's operations and its principal activities are set out in the Directors' report on page 2.

The Company meets the definition of a qualifying entity under FRS 100 (Financial Reporting Standard 100) issued by the Financial Reporting Council. These financial statements were prepared in accordance with FRS 101 (Financial Reporting Standard 101) Reduced Disclosure Framework as issued by the Financial Reporting Council.

The financial statements are presented in Sterling (£). This is the functional currency of the entity.

The financial statements have been prepared on the historical cost basis and on a going concern basis as discussed in the Directors' report on page 2, except for the revaluation of certain financial instruments that are measured at revalued amounts or fair values at the end of each reporting period, as explained in the accounting policies below. Historical cost is generally based on the fair value of the consideration given in exchange for the goods and services. The principal accounting policies adopted are set out below.

Fair value is the price that would be received to sell an asset or paid to transfer a liability in an orderly transaction between market participants at the measurement date, regardless of whether that price is directly observable or estimated using another valuation technique. In estimating the fair value of an asset or liability, the Company takes into account the characteristics of the asset or liability if market participants would take those characteristics into account when pricing the asset or liability at the measurement date. Fair value for measurement purposes in these financial statements is determined on such a basis. In addition, for financial reporting purposes fair value measurements are categorised into level 1, 2 or 3 based on the degree to which the inputs to the fair value measurements are observable and the significance of the inputs to the fair value measurement in its entirety, which are described as follows:

- Level 1 inputs are quoted prices (unadjusted) in active markets for identical assets or liabilities that the entity can access at the measurement date;
- Level 2 inputs are inputs, other than quoted prices included within level 1, that are observable for the asset or liability, either directly or indirectly; and
- Level 3 inputs are unobservable inputs for the asset or liability.

As permitted by FRS 101, the Company has taken advantage of the disclosure exemptions available under that standard in relation to financial instruments, the presentation of a statement of cash flows, and standards not yet effective. In accordance with the exemption conferred by paragraph 8 (j) of FRS 101 Reduced Disclosure Framework the Company has not disclosed transactions with other Group companies, where 100% of the voting rights are controlled by the Group. The Company is not a financial institution and has therefore taken advantage of the exemption from the disclosure requirements of IFRS 13 Fair Value Measurement, other than those required by law.

Where required, equivalent disclosures are given in the Group financial statements of Development Bank of Wales plc. The Group financial statements of Development Bank of Wales plc are available to the public and can be obtained as set out in Note 13.

##### **Taxation**

##### **Current tax**

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 by the balance sheet date. The tax currently payable is based on taxable profit for the year. Taxable profit differs from net profit as reported in the income statement because it excludes items of income or expense that are taxable or deductible in other years and it further excludes items that are never taxable or deductible.

## NOTES TO THE FINANCIAL STATEMENTS

### For the year ended 31 March 2023

#### 1. ACCOUNTING POLICIES (continued)

##### **Taxation (continued)**

##### ***Deferred tax***

Deferred tax is the tax expected to be payable or recoverable on differences between the carrying amount of assets and liabilities in the financial statements and the corresponding tax bases used in the computation of taxable profit and is accounted for using the balance sheet liability method. Deferred tax liabilities are generally recognised for all taxable temporary differences and deferred tax assets are recognised to the extent that it is probable that taxable profits will be available against which deductible temporary differences can be utilised. Such assets and liabilities are not recognised if the temporary difference arises from the initial recognition of goodwill or from the initial recognition (other than in a business combination) of other assets and liabilities in a transaction that affects neither the taxable profit nor the accounting profit.

The carrying amount of deferred tax assets is reviewed at each balance sheet date and reduced to the extent that it is no longer probable that sufficient taxable profits will be available to allow all or part of the asset to be recovered.

Deferred tax is calculated at the tax rates that are expected to apply in the period when the liability is settled, or the asset is realised based on tax laws and rates that have been enacted or substantively enacted at the balance sheet date.

The measurement of deferred tax liabilities and assets reflects the tax consequences that would follow from the manner in which the Company expects, at the end of the reporting period, to recover or settle the carrying amount of its assets and liabilities.

Deferred tax assets and liabilities are offset when there is a legally enforceable right to set off current tax assets against current tax liabilities and when they relate to income taxes levied by the same taxation authority and the Company intends to settle its current tax assets and liabilities on a net basis.

##### ***Current tax and deferred tax for the year***

Current and deferred tax are recognised in the profit and loss account, except when they relate to items that are recognised in other comprehensive income or directly in equity, in which case, the current and deferred tax are also recognised in other comprehensive income or directly in equity respectively.

##### **Financial instruments**

Financial assets and financial liabilities are recognised in the Company's balance sheet when the Company becomes a party to the contractual provisions of the relevant instrument.

Recognised financial assets and financial liabilities are initially measured at fair value. Transaction costs that are directly attributable to the acquisition or issue of financial assets and financial liabilities (other than financial assets and financial liabilities at fair value through the profit and loss (FVTPL)) are added or deducted from the fair value of the financial assets or financial liabilities, as appropriate, on initial recognition. Transaction costs directly attributable to the acquisition of financial assets or financial liabilities at FVTPL are recognised immediately in the profit and loss account.

##### ***Financial assets***

All recognised financial assets that are within the scope of IFRS 9 are required to be subsequently measured at amortised cost or fair value on the basis of the entity's business model for managing the financial assets and the contractual cash flow characteristics of the financial assets.

Specifically:

- debt instruments that are held within a business model whose objective is to collect the contractual cash flows, and that have contractual cash flows that are solely payments of principal and interest on the principal amount outstanding (SPPI), are subsequently measured at amortised cost; and
- all equity investments are subsequently measured at FVTPL.

**NOTES TO THE FINANCIAL STATEMENTS****For the year ended 31 March 2023****1. ACCOUNTING POLICIES (continued)****Financial instruments (continued)*****Financial assets at FVTPL***

Financial assets at FVTPL are:

- assets with contractual cash flows that are not solely payments of principal and interest;
- assets that are held in a business model other than held to collect contractual cash flows or held to collect and sell; or
- assets designed as FVTPL using the fair value option.

These assets are measured at fair value, with any gains/losses arising on re-measurement recognised in the profit and loss account.

***Impairment***

No impairment loss is recognised on equity investments.

***Write-off***

Financial assets are written off when the Company has no reasonable expectations of recovering the financial asset (either in its entirety or a portion of it). This is the case when the Company determines that the borrower does not have assets or sources of payment that could generate sufficient cash flows to repay the amounts subject to write-off. A write-off constitutes a derecognition event. The Company may apply enforcement activities to financial assets written off. Recoveries resulting from the Company's enforcement activities will result in impairment gains being recognised in the profit and loss account.

***Financial liabilities and equity***

Debt and equity instruments are classified as either financial liabilities or equity instruments according to the substance of the contractual arrangements.

***Financial liabilities***

Financial liabilities are recognised as either financial liabilities at FVTPL or other financial liabilities. Other financial liabilities, including borrowings, are initially measured at fair value, net of transaction costs. Other financial liabilities are subsequently measured at amortised cost using the effective interest method.

***Equity instruments***

An equity instrument is any contract that evidences a residual interest in the assets of the Company after deducting all of its liabilities. Equity instruments issued by the Company are recorded at the proceeds received, net of direct issue costs.

***Cash and cash equivalents***

Cash and cash equivalents comprise cash on hand and demand deposits, and are subject to an insignificant risk of changes in value.

***Turnover***

Turnover represents a share of residual profits the Company receives at the time of winding up the Limited Partnerships for which it acts as the carried interest partner. All turnover relates to one class of business and arises in the UK. Revenue is measured based on the consideration specified in the fund management service arrangements to which the Company is party.

## NOTES TO THE FINANCIAL STATEMENTS

### For the year ended 31 March 2023

#### 2. CRITICAL ACCOUNTING JUDGEMENTS AND KEY SOURCES OF ESTIMATION UNCERTAINTY

In the application of the Company's accounting policies, which are described in Note 1 above, the directors are required to make judgements, estimates and assumptions about the carrying amounts 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 if the revision affects only that period, or in the period of the revision and future periods if the revision affects both current and future periods.

##### **Critical judgements in applying the Company's accounting policies**

The directors do not consider there to be any critical accounting judgements that could cause a material difference compared to the figures as disclosed in the Annual Report and Financial Statements.

##### **Key sources of estimation uncertainty**

The key assumptions concerning the future, and other key sources of estimation uncertainty at the balance sheet date, that have a significant risk of causing a material adjustment to the carrying amounts of assets and liabilities within the next financial year are discussed below.

##### ***Fair value measurement and valuation process***

In estimating the fair value of a financial asset or liability, the Company uses market-observable data to the extent that it is available. Where such level 1 inputs are not available the Company uses valuation models including discounted cash flow analysis and valuation models to determine the fair value of its financial instruments. The valuation techniques for level 3 financial instruments involve management judgement and estimates the extent of which depends on the complexity of the instrument.

Where relevant, multiple valuation approaches may be used in arriving at an estimate of fair value for an individual asset. The fair value of the Company's investment in Limited Partnerships as at 31 March 2022 is derived from the amounts the Company expects to receive at the point each fund terminates in line with respective Limited Partnership agreements. Expected cash flows can change significantly as defaults arise in the underlying portfolios held in these funds.

Further details of the Company's level 3 financial instruments and the valuation techniques used are set out in Note 7.

#### 3. TURNOVER

An analysis of the Company's turnover is as follows:

	2023 £	2022 £
Carried interest received	155,763	-

The carried interest in the North West Fund for Business Loans LP was received following the termination of the fund on 31 December 2022 and dissolution of the partnership.

#### 4. AUDITOR'S REMUNERATION

The fees payable to the Company's auditor for the statutory audit of the Company's annual financial statements of £3,615 (2022: £3,280) have been paid by FW Capital Limited and were not recharged.



**NOTES TO THE FINANCIAL STATEMENTS****For the year ended 31 March 2023****5. INFORMATION REGARDING DIRECTORS AND EMPLOYEES**

None of the directors received any emoluments from the Company in the current or 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 Development Bank of Wales plc and DBW FM Limited.

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

**6. TAX ON RESULT**

	<b>2023</b>	<b>2022</b>
	<b>£</b>	<b>£</b>
<b>Current taxation</b>		
UK corporation tax charge for the year	-	-
	<u>          </u>	<u>          </u>
The charge for the year can be reconciled to the result in the profit and loss account as follows:		
	<b>£</b>	<b>£</b>
Result before tax	155,763	-
	<u>          </u>	<u>          </u>
Tax on result at standard UK corporation tax rate of 19% (2022 - 19%)	29,595	-
<b>Effects of:</b>		
Income not taxable	(29,595)	-
	<u>          </u>	<u>          </u>
<b>Total taxation charge</b>	-	-
	<u>          </u>	<u>          </u>

There is no difference between the current taxation and the amount calculated by applying the standard rate of UK corporation tax to the result before tax.

The main rate of corporation tax is 19%. From 1 April 2023 the main rate of corporation tax will be 25% and this rate has been used to calculate deferred tax in these financial statements.

**7. FINANCIAL ASSETS AT FAIR VALUE**

	<b>2023</b>	<b>2022</b>
	<b>£</b>	<b>£</b>
Financial assets at fair value	400,295	375,294
	<u>          </u>	<u>          </u>

Included within the balance of financial assets at fair value is the Company's investment in Limited Partnerships setup to hold various investment funds. This fair value is derived from the amounts the Company expects to receive at the point each fund terminates in line with respective Limited Partnership agreements (level 3 hierarchy as defined below).

The Company hierarchy for measuring at fair value disclosures is as follows:

Level	Hierarchy for fair value disclosures
1.	Quoted prices (unadjusted) in active markets for identical assets or liabilities.
2.	Inputs other than quoted prices included within level 1 that are observable for the asset or liability either directly or indirectly.
3.	Inputs for the asset or liability that are not based on observable market data. Investments in non-quoted securities are valued using various valuation techniques that require significant management judgement in determining appropriate assumptions, including earnings multiples and estimated future cash flows, using a recent valuation of the business for a funding round, or using a recent offer from a prospective purchaser.

The Company does not hold more than 20% of the equity in any company.

**NOTES TO THE FINANCIAL STATEMENTS**  
**For the year ended 31 March 2023**

**8. TRADE AND OTHER RECEIVABLES**

	2023	2022
	£	£
<b>Non-current assets:</b>		
Amounts due from other group companies	499,990	474,990

Amounts due from other group companies are interest free and no formal repayment terms have been set.

**9. CASH AND CASH EQUIVALENTS**

	2023	2022
	£	£
Cash and cash equivalents	155,764	1

Cash and cash equivalents comprise cash, short-term bank deposits with an original maturity of 3 months or less.

**10. CREDITORS**

	2023	2022
	£	£
<b>Current liabilities:</b>		
Amounts owed to other group undertakings	155,763	-
<b>Non-current liabilities:</b>		
Amounts owed to other group undertakings	744,522	850,284

Amounts owed to other group companies due after more than 5 years are interest free and no formal repayment terms have been set.

**11. CALLED UP SHARE CAPITAL**

	2023	2022
	£	£
<b>Authorised and allotted</b>		
1 ordinary share of £1 each	1	1
<b>Allotted, called up and fully paid</b>		
1 ordinary share of £1 each	1	1

The Company has one class of ordinary shares which carry no right to fixed income

## NOTES TO THE FINANCIAL STATEMENTS

### For the year ended 31 March 2023

#### 12. STRUCTURED ENTITIES

Structured entities include entities that are designed so that voting or similar rights are not the dominant factor in deciding who controls the entity, such as when the relevant activities are directed by means of a contractual relationship. The Company holds investments in 5 funds, acting as carried interest partner, where the investing activities of the funds are managed by another group company, through its investment management and other agreements with them, it considers them to be structured entities.

These funds, setup as Limited Partnerships, provide investment support to Small and Medium Enterprises (“SMEs”) in certain areas of England. The Company does not sponsor these entities and has no contractual obligation or intention to reimburse any expenses of the funds in the future. The Company has contributed a nominal amount of capital into the funds, with the majority of capital invested in the funds being received from external investors.

The Company’s interests in these funds at 31 March, are as follows:

	2023 £	2022 £
Financial assets at fair value	400,295	375,294
Trade and other receivables	99,990	99,990
	<u>500,285</u>	<u>475,284</u>

The Company’s maximum exposure to losses related to the funds is represented by the total of its investment in the funds and amounts due from funds, as shown above.

#### 13. ULTIMATE PARENT COMPANY AND CONTROLLING PARTY

The Company’s immediate parent undertaking is DBW Managers Limited, a company incorporated in the United Kingdom. Development Bank of Wales plc is the smallest group within which the Company is a member, and for which consolidated financial statements are prepared. Welsh Ministers is the largest group within which the Group results are consolidated. The registered office address of Development Bank of Wales plc is Unit J, Yale Business Village, Ellice Way, Wrexham, LL13 7YL. Copies of the Group financial statements of Development Bank of Wales plc are available from Companies House, Crown Way, Maindy, Cardiff, CF14 3UZ. The consolidated financial statements of Welsh Ministers may be obtained from its registered address, Cathays Park, Cardiff, CF10 3NQ.

Development Bank of Wales plc regards the Welsh Ministers, acting through the Welsh Government, as the ultimate parent company and ultimate controlling party.