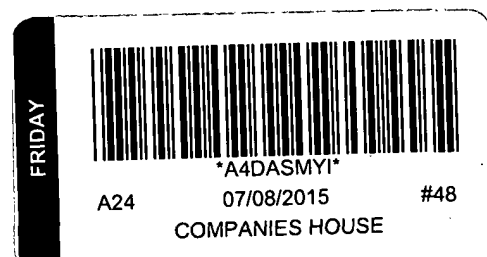


**FINANCE WALES INVESTMENTS (10)
LIMITED**

Report and Financial Statements

31 March 2015



FINANCE WALES INVESTMENTS (10) LIMITED

REPORT AND FINANCIAL STATEMENTS 2015

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OFFICERS AND PROFESSIONAL ADVISERS

DIRECTORS

S Lloyd Jones
K O'Leary
P Wright (resigned 31 October 2014)
M Owen

SECRETARY

J Oates

REGISTERED OFFICE

1 Capital Quarter
Tyndall Street
Cardiff
CF10 4BZ

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 2015.

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 the provision of financial services to Small and Medium Enterprises ("SMEs").

The company has raised £6 million to invest in Small and Medium Enterprises across Wales.

Following a competitive procurement exercise, the Welsh Council for Voluntary Action (WCVA) was appointed to deliver £1million of the fund to third sector organisations (organisations with social or charitable goals). Following a review performed during the year, this has been reduced to £0.8m in the financial year.

During the year, the company made 35 loan investments totalling £1,001,500 (2014: 45 loan investments totalling £1,424,234).

Going concern

The current economic environment remains challenging. The company provides financial services to SMEs and is working closely with management at investee companies to support and help them manage the effects of the current economic environment.

The company is financed through grant funding provided by the Welsh Government.

The Finance Wales Group comprises Finance Wales plc acting as the holding company and its subsidiaries, which provide financial services to SMEs. The relevant information for Finance Wales Investments (10) Limited is set out within the Finance Wales plc Strategic report which addresses 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. 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.

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 2016.

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 the audit report. 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.

DIVIDENDS

The directors do not recommend the payment of a dividend (2014 - £nil).

DIRECTORS

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

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 Group has a policy of tendering the external audit every five years. The last time the audit was tendered was in 2010 when the incumbents Deloitte were reappointed. The external audit will be put out to tender during 2015.

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

A handwritten signature in black ink, appearing to read 'J Oates', with a stylized flourish at the end.

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 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 MEMBER OF FINANCE WALES INVESTMENTS (10) LIMITED

We have audited the financial statements of Finance Wales Investments (10) Limited for the year ended 31 March 2015 which comprise the Profit and Loss Account, the Balance Sheet and the related notes 1 to 13. 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 2015 and of its loss 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.

Delyth Jones

Delyth Jones (Senior Statutory Auditor)

for and on behalf of Deloitte LLP

Chartered Accountants and Statutory Auditor
Cardiff, United Kingdom

22 July 2015

FINANCE WALES INVESTMENTS (10) LIMITED

PROFIT AND LOSS ACCOUNT

Year ended 31 March 2015

	Note	£	2015 £	£	2014 £
TURNOVER	1		210,941		128,230
Administrative expenses:					
Bad debts provided and amounts written off loan receivables		(291,704)		(178,550)	
Other administrative expenses		(247,228)		(243,362)	
			<u>(538,932)</u>		<u>(421,912)</u>
OPERATING LOSS	2		(327,991)		(293,682)
Interest receivable and similar income	3		<u>9,279</u>		<u>33,686</u>
LOSS ON ORDINARY ACTIVITIES BEFORE TAXATION			(318,712)		(259,996)
Tax on loss on ordinary activities	5		<u>-</u>		<u>-</u>
LOSS FOR THE FINANCIAL YEAR	11		<u>(318,712)</u>		<u>(259,996)</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 and, accordingly, no separate statement of total recognised gains and losses is presented.

FINANCE WALES INVESTMENTS (10) LIMITED

BALANCE SHEET As at 31 March 2015

	Note	£	2015 £	2014 £
CURRENT ASSETS				
Debtors: amounts falling due within one year	6	414,000	319,574	
Debtors: amounts falling due after more than one year	6	1,447,202	1,189,924	
Cash at bank and in hand	7	3,544,182	4,203,803	
		<u>5,405,384</u>	<u>5,713,301</u>	
CREDITORS: amounts falling due within one year		<u>(6,697)</u>	<u>(4,696)</u>	
			5,398,687	5,708,605
NET CURRENT ASSETS			5,398,687	5,708,605
CREDITORS: amounts falling due after more than one year			(7,710)	(6,603)
ACCRUALS AND DEFERRED INCOME	9		(18,312)	(10,625)
NET ASSETS			<u>5,372,665</u>	<u>5,691,377</u>
CAPITAL AND RESERVES				
Public equity	8		6,000,000	6,000,000
Called up share capital	10		1	1
Profit and loss account	11		(627,336)	(308,624)
SHAREHOLDER'S FUNDS	12		<u>5,372,665</u>	<u>5,691,377</u>

The financial statements of Finance Wales Investments (10) Limited, registered number 7986246, were approved by the Board of Directors and authorised for issue on 15 July 2015.

Signed on behalf of the Board of Directors



S Lloyd Jones
Director

NOTES TO THE FINANCIAL STATEMENTS

Year ended 31 March 2015

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 remains challenging. The company provides financial services to SMEs and is working closely with management at investee companies to support and help them manage the effects of the current economic environment.

The company is financed through grant funding provided by the Welsh Government and European Structural Funds.

The Finance Wales Group comprises Finance Wales plc acting as the holding company and its subsidiaries, which provide financial services to SMEs. 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 Strategic report 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 Finance Wales Investments (10) Limited is set out within the Finance Wales plc Strategic report.

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 2016.

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 the audit report. 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

All turnover relates to one class of business and arises in the UK. Turnover represents interest receivable on loans, application and arrangement fees. 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.

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.

NOTES TO THE FINANCIAL STATEMENTS

Year ended 31 March 2015

1. ACCOUNTING POLICIES (continued)

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.

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.

Public equity

The Welsh Ministers, acting through the Welsh Government, have this period provided funds for investment purposes. Some of this Welsh Government funding was made as Public Dividend Capital (PDC) whilst the remainder was classified as Grant in Aid or Core Funding for Investment purposes.

The funding was to invest in the long-term sustainability of Finance Wales and within the Welsh Government's own accounting arrangements the funds are regarded as being an investment. Finance Wales treats the funds as "Public Equity". This is in line with the treatment adopted by other publicly owned bodies.

Financial liabilities and equity instruments are classified according to the substance of the contractual arrangements entered into. An equity instrument is any contract that evidences 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.

2. OPERATING LOSS

	2015	2014
	£	£
Operating loss is after charging		
Fees payable to the company's auditor for the audit of the company's annual accounts	3,111	3,125
	<u> </u>	<u> </u>

3. INTEREST RECEIVABLE AND SIMILAR INCOME

	2015	2014
	£	£
Bank interest	9,279	33,686
	<u> </u>	<u> </u>

4. INFORMATION REGARDING DIRECTORS AND EMPLOYEES

The directors received no 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 the 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.

NOTES TO THE FINANCIAL STATEMENTS

Year ended 31 March 2015

5. TAX ON LOSS ON ORDINARY ACTIVITIES

	2015	2014
	£	£
Current taxation		
United Kingdom corporation tax:		
Current tax on income for the year at 21% (2014 - 23%)	-	-
	<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	(318,712)	(259,996)
	<u> </u>	<u> </u>
Tax at 21% (2014 - 23%)	(66,930)	(59,799)
	<u> </u>	<u> </u>
Factors affecting charge for the year		
Deferred tax not provided	8,594	-
Losses arising in the year not recognised	58,336	-
Movement in short-term timing differences not recognised	-	28,845
Increase in tax losses	-	30,954
	<u> </u>	<u> </u>
Current tax charge for the year	-	-
	<u> </u>	<u> </u>

A deferred tax asset has not been recognised in respect of timing differences relating to provisions of £40,981 (2014 - £32,796), non-trade financial losses of £38,907 (2014 - £15,445) and excess management expenses of £45,579 (2014 - £13,484). The asset would be recognised if there were sufficient suitable future profits to absorb all such assets.

The reduction in the mainstream corporation tax rate from 21% to 20% from 1 April 2015 is not anticipated to materially affect the future tax charge.

6. DEBTORS

	2015	2014
	£	£
Due within one year:		
Loans receivable	413,965	319,574
Other debtors	35	-
	<u> </u>	<u> </u>
	414,000	319,574
	<u> </u>	<u> </u>
Due after more than one year:		
Loans receivable	1,447,202	1,189,924
	<u> </u>	<u> </u>

7. CASH AT BANK AND IN HAND

Cash at bank and in hand is restricted to making investments in accordance with the company's principal investing activities.

FINANCE WALES INVESTMENTS (10) LIMITED

NOTES TO THE FINANCIAL STATEMENTS

Year ended 31 March 2015

8. PUBLIC EQUITY

	2015 £	2014 £
Public equity invested by ultimate parent company	<u>6,000,000</u>	<u>6,000,000</u>

9. ACCRUALS AND DEFERRED INCOME

	2015 £	2014 £
Accruals	<u>18,312</u>	<u>10,625</u>

10. CALLED UP SHARE CAPITAL

	2015 £	2014 £
Authorised share capital		
1,000 Ordinary shares of £1 each	<u>1,000</u>	<u>1,000</u>
Allotted, called up and fully paid		
1 Ordinary share of £1	<u>1</u>	<u>1</u>

11. STATEMENT OF MOVEMENTS ON RESERVES

	Profit and loss account £
At 1 April 2014	(308,624)
Loss for the financial period	<u>(318,712)</u>
At 31 March 2015	<u>(627,336)</u>

NOTES TO THE FINANCIAL STATEMENTS

Year ended 31 March 2015

12. RECONCILIATION OF MOVEMENT IN SHAREHOLDER'S FUNDS

	2015	2014
	£	£
Loss for the financial period	(318,712)	(259,996)
Net decrease in shareholder's funds	(318,712)	(259,996)
Opening shareholder's funds	5,691,377	5,951,373
Closing shareholder's funds	<u>5,372,665</u>	<u>5,691,377</u>

13. 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 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.