

**NW LOANS LIMITED**

**Annual Report and Financial Statements**

**For the year ended 31 March 2019**



**ANNUAL REPORT AND FINANCIAL STATEMENTS FOR THE YEAR ENDED 31  
MARCH 2019**

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**OFFICERS AND PROFESSIONAL ADVISERS**

**DIRECTORS**

D Staziker  
G Thorley  
M Owen  
R Hunter (appointed 21 August 2019)  
N Maguinness (appointed 21 August 2019)

**SECRETARY**

J Oates

**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**

Deloitte LLP  
Statutory Auditor  
Cardiff  
United Kingdom

## **DIRECTORS' REPORT**

The directors present their Annual Report and Financial Statements for the year ended 31 March 2019.

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 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 manages a fund of £35 million to invest in Small and Medium Enterprises in the North West of England.

The results for the financial year are set out on page 8. This Company was not set up to generate a surplus, rather as a vehicle to manage the relevant transactions in respect of the North West Business Finance Limited contract; this is expected to continue. Since its inception the fund has invested £33,853,400 in 197 companies (2018 - £33,853,400 in 197 companies) and is fully invested. The financial position of the Company is set out in the balance sheet on page 9.

### **GOING CONCERN**

The directors reviewed the Company's working capital requirements and funds available for investment in the 18 months ending 30 September 2020. The directors were satisfied that sufficient investment funds were available to meet investment demand forecast to 30 September 2020 and that there were no performance issues with any of the Company's fund management contracts. The directors were also satisfied that there would be sufficient surplus generated by the services business and associated working capital to cover all operating expenses to 30 September 2020.

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 from the date of signing this report. Accordingly, they continue to adopt the going concern basis in preparing the annual report and 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.

### **POLITICAL DONATIONS**

The company made no political donations during 2019 (2018: nil)

### **SUBSEQUENT EVENTS**

There are no subsequent events to 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.

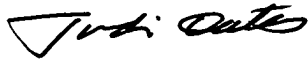
This confirmation is given and should be interpreted in accordance with the provisions of s418 of the Companies Act 2006.

## DIRECTORS' REPORT

### AUDITOR (continued)

The Group has a policy of tendering the external audit every five years. The audit was last tendered during 2016 when the incumbents Deloitte LLP were reappointed.

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

A handwritten signature in black ink, appearing to read 'J Oates', written in a cursive style.

J Oates  
Company Secretary

## **DIRECTORS' RESPONSIBILITIES STATEMENT**

The directors are responsible for preparing the Annual Report and 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 NW LOANS LIMITED**

### **Report on the audit of the financial statements**

#### **Opinion**

In our opinion the financial statements of NW Loans Limited (the 'company'):

- give a true and fair view of the state of the company's affairs as at 31<sup>st</sup> March 2019 and of its result for the year then ended;
- have been properly prepared in accordance with United Kingdom Generally Accepted Accounting Practice, including Financial Reporting Standard 101 "Reduced Disclosure Framework"; and
- have been prepared in accordance with the requirements of the Companies Act 2006.

We have audited the financial statements which comprise:

- the profit and loss account;
- the balance sheet;
- the statement of changes in equity; and
- the related notes 1 to 8.

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

#### **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 Financial Reporting Council's (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**

We are required by ISAs (UK) to report in respect of the following matters where:

- the directors' use of the going concern basis of accounting in preparation of the financial statements is not appropriate; or
- the directors have not disclosed in the financial statements any identified material uncertainties that may cast significant doubt about the company's ability to continue to adopt the going concern basis of accounting for a period of at least twelve months from the date when the financial statements are authorised for issue.

We have nothing to report in respect of these matters.

#### **Other information**

The directors are responsible for the other information. The other information comprises the information included in the annual report, other than the financial statements and our auditor's report thereon. 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.

## **INDEPENDENT AUDITOR'S REPORT TO THE MEMBERS OF NW LOANS LIMITED**

### **Other information (continued)**

In connection with our audit of the financial statements, 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 audit or otherwise appears to be materially misstated. If we identify such material inconsistencies or apparent material misstatements, we are required to determine whether there is a material misstatement in the financial statements or a material misstatement of the other information. 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 respect of these matters.

### **Responsibilities of directors**

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, 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 these financial statements.

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

### **Report on other legal and regulatory requirements**

### **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.

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



**INDEPENDENT AUDITOR'S REPORT TO THE MEMBERS OF  
NW LOANS LIMITED**

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

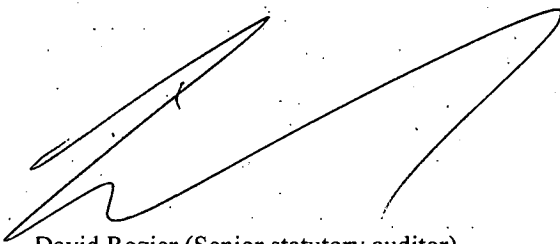
Under the Companies Act 2006 we are required to report in respect of the following matters if, in our opinion:

- 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' exemptions in preparing the directors' report and from the requirement to prepare a strategic report.

We have nothing to report in respect of these matters.

**Use of our 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.



David Rozier (Senior statutory auditor)

For and on behalf of Deloitte LLP

Statutory Auditor

Cardiff, United Kingdom

25 October 2019

**PROFIT AND LOSS ACCOUNT**  
**For the year ended 31 March 2019**

	Note	2019 £	2018 £
<b>TURNOVER</b>	3	192,682	336,057
Other administrative expenses	4	<u>(192,682)</u>	<u>(336,057)</u>
<b>RESULT ON ORDINARY ACTIVITIES BEFORE TAXATION</b>		-	-
Tax on result	6	<u>-</u>	<u>-</u>
<b>RESULT FOR THE FINANCIAL YEAR ATTRIBUTABLE TO OWNER OF THE COMPANY</b>		<u>-</u>	<u>-</u>

All activities derive from continuing operations.

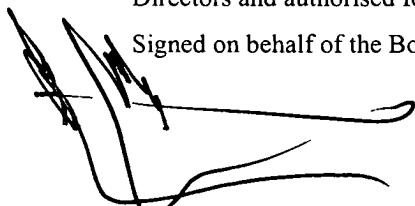
There have been no recognised gains or losses for the current or prior financial year other than as stated in the profit and loss account. Accordingly, no separate Statement of Comprehensive Income is presented.

**BALANCE SHEET**  
**As at 31 March 2019**

		2019 £	2018 £
<b>CURRENT ASSETS</b>	<b>Note</b>		
Cash at bank and in hand		1	1
<b>NET CURRENT ASSETS</b>		1	1
<b>NET ASSETS</b>		1	1
<b>CAPITAL AND RESERVES</b>			
Called up share capital	7	1	1
Profit and loss account		-	-
<b>SHAREHOLDER'S FUNDS</b>		1	1

The financial statements of NW Loans Limited, registered number 07321359, were approved by the Board of Directors and authorised for issue on 23 September 2019.

Signed on behalf of the Board of Directors



G Thorley  
 Director

**STATEMENT OF CHANGES IN EQUITY**  
**As at 31 March 2019**

	<b>Called up share capital £</b>	<b>Profit and loss account £</b>	<b>Total £</b>
<b>Balance at 1 April 2017</b>	1	-	1
Total comprehensive income for the financial year	-	-	-
	<hr/>	<hr/>	<hr/>
<b>Balance at 31 March 2018</b>	1	-	1
	<hr/>	<hr/>	<hr/>
Total comprehensive income for the financial year	-	-	-
	<hr/>	<hr/>	<hr/>
<b>Balance at 31 March 2019</b>	1	-	1
	<hr/>	<hr/>	<hr/>

## NOTES TO THE FINANCIAL STATEMENTS

### For the year ended 31 March 2019

#### 1. ACCOUNTING POLICIES

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

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

NW Loans 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 have been prepared on the historical cost basis. 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.

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

As permitted by FRS 101, the Company has taken advantage of the disclosure exemptions available under that standard in relation to the financial instruments, 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.

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 8.

##### **Amendments to IFRSs and the new interpretation that are mandatorily effective for the current year**

In the current year, the Company has applied a number of amendments to IFRSs issued by the International Accounting Standards Board (IASB) that are mandatorily effective for an accounting period that begins on or after 1 January 2018. Their adoption has not had any material impact on the disclosures or on the amounts reported in these financial statements.

##### **Adoption of IFRS 9 Financial Instruments**

The adoption of IFRS 9 has resulted in changes to accounting policies however there were no adjustments required to the amounts recognised in the financial statements. There has been no impact on the financial statements on the adoption of IFRS 9 from 1 April 2018.

##### **Adoption of IFRS 15 Revenue from contracts with customers**

The Company has assessed its sources of revenue and determined that there was no change in how each revenue source is recognised compared to the previous treatment under IAS 18; therefore there has been no impact on the financial statements on the adoption of IFRS 15 from 1 April 2018.

##### **Going concern**

The directors reviewed the Company's working capital requirements and funds available for investment in the 18 months ending 30 September 2020. The directors were satisfied that sufficient investment funds were available to meet investment demand forecast to 30 September 2020 and that there were no performance issues with any of the Company's fund management contracts. The directors were also satisfied that there would be sufficient surplus generated by the services business and associated working capital to cover all operating expenses to 30 September 2020.

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 from the date of signing this report. Accordingly, they continue to adopt the going concern basis in preparing the annual report and financial statements.

**NOTES TO THE FINANCIAL STATEMENTS****For the year ended 31 March 2019****1. ACCOUNTING POLICIES (continued)****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 profit and loss account 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.

*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 profit or loss, 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.

**Turnover**

Turnover represents fund managers' fees. All turnover relates to one class of business and arises in the UK. Revenue is measured based on the consideration specified in a contract with a customer. The company recognises revenue when performance obligations have been satisfied.

**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.

**NOTES TO THE FINANCIAL STATEMENTS****For the year ended 31 March 2019****2. CRITICAL ACCOUNTING JUDGEMENTS AND KEY SOURCES OF ESTIMATION UNCERTAINTY (continued)****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.

***Brexit***

The principal activity of the company is mainly carried out in the North West of England and, as such, the company is exposed to the uncertainties that may be attached to the United Kingdom Brexit process. However, as the directors believe that current funding levels are secure for the duration of the term of the current contracts, it is not anticipated that the impact on the company is likely to be significant or materially increase during the next 12 months.

**3. TURNOVER**

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

	2019 £	2018 £
Management fees	192,682	336,057

**4. AUDITOR'S REMUNERATION**

	2019 £	2018 £
Fees borne by FW Capital Limited in relation to the audit of the company's annual financial statements	2,970	2,830
<b>Other services</b>		
Fees borne by FW Capital Limited in relation to tax compliance services	1,339	1,300

**5. 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 Development Bank of Wales plc and DBW FM Limited.

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

## NOTES TO THE FINANCIAL STATEMENTS

### For the year ended 31 March 2019

#### 6. TAX ON RESULT

	2019 £	2018 £
<b>Current taxation</b>		
UK corporation tax charge for the year	-	-
The charge for the year can be reconciled to the result in the profit and loss account as follows:		
	£	£
Result before tax	-	-
Tax on result at standard UK corporation tax rate of 19% (2018 - 19%)		-
<b>Effects of</b>		
Income not taxable for tax purposes	(36,610)	(63,851)
Partnership share	23,585	161,659
Amounts not recognised	13,025	(97,808)
<b>Total taxation charge</b>	-	-

A deferred tax asset of £119,798 (2018 - £182,057) has not been recognised in respect of timing differences relating to non-trade financial losses and excess management expenses. The asset would be recognised if there were sufficient suitable future profits to absorb all such assets.

From 1 April 2017, the main rate of corporation tax reduced to 19%. In March 2016, the government announced further reductions in the main rate of corporation tax to 17% from 1 April 2020. These changes were substantively enacted in September 2016. The reduction in rate is not anticipated to materially affect the future tax charge of the Company.

#### 7. CALLED UP SHARE CAPITAL

	2019 £	2018 £
<b>Allotted, called up and fully paid</b>		
1 ordinary share of £1	1	1

The Company has one class of ordinary share which carries no right to fixed income.

#### 8. 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.