

## Finance Committee – Inquiry into Finance Wales

### Additional information from Finance Wales

Following a request by the Committee, Finance Wales have supplied a summary of the loan amounts written off by Finance Wales in each of the past three financial years across the funds under management that are actively investing. To put the figures in context, Finance Wales also included details of the total amounts of loan provisions, and the total amount of loan investments made by Finance Wales over the same period.

By way of explanation, when FW considers the repayment of a loan to be in doubt a provision for bad debt is raised against the loan in question. The write off of debt follows some time thereafter, once any action that FW may take to recover the outstanding loan amount have been concluded. Accordingly, write offs in a particular year typically relate to loans made in previous years.

Increasing trends can be seen across the three year period in respect of loans advanced, provisions and write offs. This reflects increased FW investment activity due to additional funds under management. Moreover, as funds mature, we would expect to see a greater proportion of loan recipients showing signs of distress and hence a corresponding increase firstly in provisions and then write offs against such loans.

#### FINANCE WALES - Loan write-off Data for the 3 Financial Years ended 31st March 2014

	FINANCIAL YEAR ENDED 31st MARCH		
	2012	2013	2014
Loan Balances Written Off in Year (£000)	26	573	2,056
Loan Provisions in Year (£000)	1,001	1,301	2,298
Total Loan Investment in Year (£000)	9,776	10,962	12,792