

DP 652/03-07

Andrew Davies AM/AC
Minister for Economic Development & Transport
Gweinidog dras Ddatblygu Economaidd a Thrafnidigaeth



Llywodraeth Cymuned Cymru
Welsh Assembly Government

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Your ref/Eich cyf: GT/JT/G1008-4

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Dear Glyn

In my reply of 29 October to your three written Assembly Questions relating to Antur Dwyryd Llyn, I promised to write with the information you requested.

Whilst aware that Antur Dwyryd Llyn had been experiencing some cash flow problems, at the time of entering into their most recent contract with the WDA in November 2003, there was no indication that Antur Dwyryd Llyn was experiencing serious financial difficulties. To secure that contract, Antur Dwyryd Llyn had to go through the WDA's open tender process, part of which requires prospective contractors to furnish evidence of their ability to fulfil their contractual obligations. The terms of the contract, in line with normal Agency practice for this form of service, meant that payment was made in arrears dependent upon the achievement of targets and subject to regular reviews of performance.

The WDA was made aware of creditors' concerns in March 2004 and met representatives of Antur Dwyryd Llyn to review the situation separately but around the same time restructuring of the organisation and the finances was agreed between Antur Dwyryd Llyn and their bankers. During the following months, WDA continuously monitored progress against delivery.

Also during the Spring and in parallel with the restructuring, in the course of the annual check of all approved local enterprise agencies' compliance with the requirements of the Income and Corporation Act 1988, Assembly Government officials noted that although Antur Dwyryd Llyn was still considered viable, compared with the previous trading year, the accounts to March 2003 showed a deterioration in the company's financial position. This suggested that it would be prudent to secure their banker's agreement to the renewing and extending their overdraft facility. Assembly Government officers wrote to the company pointing this out and highlighted that if the bank did not renew their facility, there could be going concern issues for the organisation. The Company responded in general terms to our concerns but made no reference to this specific suggestion.



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Before entering into their most recent contract with Antur Dwyrd Llyn in July 2004, ELWa reviewed the company's last available audited and management accounts. It was not until September 2004 that either body was made aware of the scale of the company's debt.

The company also had three projects with WEFO. Of these, one has been completed, one was due for completion at the end of November and the third is about half way through (but has been on hold). No payments have been made since April 2004.

All contracts have been terminated or put on hold and the public bodies concerned are currently considering the best options to ensure continued service delivery in the area. They have yet to decide with whom to contract for the services provided by Antur Dwyrd Llyn. WEFO will be considering whether it is appropriate for any grant to be recovered.

James



Andrew