MSP Capital Four Limited

Registered number: 09910007

Annual Report

For the year ended 31 December 2022

MSP CAPITAL FOUR LIMITED

COMPANY INFORMATION

Directors	D M Capra M Higgins R J McDougall P G Miracca J T Page
Registered number	09910007
Registered office	Strata House 12-14 Castle Street Poole England BH15 1BQ
Independent auditor	Mazars LLP Chartered Accountants & Statutory Auditor 30 Old Bailey London EC4M 7AU
Bankers	Natwest Bank Plc 151 High Street Poole Dorset BH15 1AS

MSP CAPITAL FOUR LIMITED

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DIRECTORS' REPORT
FOR THE YEAR ENDED 31 DECEMBER 2022

The Directors present their annual report and the audited financial statements of MSP Capital Four Limited (the 'Company') for the year ended 31 December 2022.

Directors' responsibilities statement

The Directors are responsible for preparing the Directors' 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 applicable law and United Kingdom Accounting Standards (United Kingdom Generally Accepted Accounting Practice), including Financial Reporting Standard 102 'The Financial Reporting Standard applicable in the UK and Republic of Ireland'. 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 for the Company's financial statements and then apply them consistently;
- make judgements and accounting estimates that are reasonable and prudent;
- state whether applicable UK Accounting Standards have been followed, subject to any material departures disclosed and explained in the financial statements; 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 to 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.

Results and dividends

The profit for the year, after taxation, amounted to £1,083,184 (2021: profit of £293,984).

The Directors do not recommend the payment of a dividend (2021: £nil).

Directors

The Directors who served during the year and up to the date of this report were:

D M Capra
M Higgins
R J McDougall
P G Miracca
J T Page

DIRECTORS' REPORT (CONTINUED)
FOR THE YEAR ENDED 31 DECEMBER 2022

Economic impact of global events

UK businesses are currently facing many uncertainties such as the consequences of Brexit, Covid-19, *environmental sustainability and geopolitical events such as the Russian invasion of Ukraine.* These uncertainties have contributed to an environment where there exists a range of issues and risks, including inflation, rising interest rates, labour shortages, disrupted supply chains and new ways of working.

The Directors have carried out an assessment of the potential impact of these uncertainties on the business, including the impact of mitigation measures, and have concluded that the greatest impact on the business is expected to be from the economic ripple effect on the global economy. The Directors have taken account of these potential impacts in their going concern assessment.

The Company continues to work with its partners to minimise any impacts of these events and maximise the realisation of any opportunities they may provide to the business.

Provision of information to auditor

Each of the persons who are Directors at the time when this Directors' Report is approved has confirmed that:

- so far as the Directors are aware, there is no relevant audit information of which the Company's auditor is unaware; and
- the Directors have taken all the steps that ought to have been taken as Directors in order to be aware of any relevant audit information and to establish that the Company's auditor is aware of that information.

Post balance sheet events

There have been no significant events affecting the Company since the year end.

Auditor

The auditor, Mazars LLP, will be proposed for reappointment in accordance with section 485 of the Companies Act 2006.

Small companies note

In preparing this report, the Directors have taken advantage of the small companies exemptions provided by section 415A of the Companies Act 2006.

This report was approved by the board and signed on its behalf by:

David Capra (Apr 28, 2023 15:25 GMT+1)

D M Capra
Director

Date: Apr 28, 2023

INDEPENDENT AUDITOR'S REPORT TO THE MEMBERS OF MSP CAPITAL FOUR LIMITED

Opinion

We have audited the financial statements of MSP Capital Four Limited (the 'Company') for the year ended 31 December 2022 which comprise the Statement of Comprehensive Income, the Statement of Financial Position, the 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 102 "The Financial Reporting Standard applicable in the UK and Republic of Ireland" (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 December 2022 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. This work included reviewing management's assessment of the risk of funding facilities being closed due to potential interest ratio covenant breaches.

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.

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.

INDEPENDENT AUDITOR'S REPORT TO THE MEMBERS OF MSP CAPITAL FOUR LIMITED

Responsibilities of Directors

As explained more fully in the Directors' Responsibilities Statement set out on page 1, 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 intend either 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.

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.

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, the Companies Act 2006.

INDEPENDENT AUDITOR'S REPORT TO THE MEMBERS OF MSP CAPITAL FOUR LIMITED

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, in particular in relation to the loan loss provision, revenue recognition (which we pinpointed specifically to the calculation of the accrued exit fees as part of the EIR calculation), 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. 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.

Martin Orme

Martin Orme (Senior statutory auditor)
for and on behalf of Mazars LLP
Chartered Accountants and Statutory Auditor
30 Old Bailey
London
EC4M 7AU

Date: Apr 28, 2023

STATEMENT OF COMPREHENSIVE INCOME
FOR THE YEAR ENDED 31 DECEMBER 2022

	Note	2022 £	2021 £
Turnover	4	**4,975,431**	1,200,292
Cost of sales		**(2,736,735)**	(642,548)
Gross profit		**2,238,696**	557,744
Administrative expenses		**(901,432)**	(194,801)
Operating profit		**1,337,264**	362,943
Tax on profit	7	**(254,080)**	(68,959)
Profit for the financial year		**1,083,184**	293,984

The Statement of Comprehensive Income has been prepared on the basis that all operations are continuing operations.

There was no other comprehensive income for the year ended 31 December 2022 (2021: £nil).

The notes on pages 10 to 19 form part of these financial statements.

STATEMENT OF FINANCIAL POSITION
AS AT 31 DECEMBER 2022

	Note		2022 £		2021 £
Current assets					
Debtors: amounts falling due after more than one year	8	**6,533,938**		7,370,875	
Debtors: Amounts falling due within one year	8	**34,621,881**		24,357,853	
Cash and cash equivalents	9	**825,013**		1,225,796	
		41,980,832		32,954,524	
Creditors: Amounts falling due within one year	10	**(25,488,028)**		(15,290,556)	
Net current assets			**16,492,804**		17,663,968
Total assets less current liabilities			**16,492,804**		17,663,968
Creditors: Amounts falling due after more than one year	11		**(15,115,635)**		(17,369,983)
Net assets			**1,377,169**		293,985
Capital and reserves					
Called up share capital	13		**1**		1
Profit and loss account	14		**1,377,168**		293,984
Total equity			**1,377,169**		293,985

The financial statements were approved and authorised for issue by the board and were signed on its behalf by:

David Capra (Apr 28, 2023 15:25 GMT+1)

D M Capra
Director

Date: Apr 28, 2023

The notes on pages 10 to 19 form part of these financial statements.

STATEMENT OF CHANGES IN EQUITY
FOR THE YEAR ENDED 31 DECEMBER 2022

	Called up share capital	Profit and loss account	Total equity
	£	£	£
At 1 January 2021	**1**	**-**	**1**
Profit for the year	-	293,984	293,984
At 1 January 2022	**1**	**293,984**	**293,985**
Profit for the year	-	1,083,184	1,083,184
At 31 December 2022	**1**	**1,377,168**	**1,377,169**

The notes on pages 10 to 19 form part of these financial statements.

1. General information

MSP Capital Four Limited (09910007) is a private Company limited by shares and incorporated in England and Wales. The address of its registered office is Strata House, 12-14 Castle Street, Poole, England, BH15 1BQ.

The Company's principal activity during the year is the granting of credit.

2. Accounting policies

2.1 Basis of preparation of financial statements

The financial statements have been prepared under the historical cost convention unless otherwise specified within these accounting policies and in accordance with Financial Reporting Standard 102, the Financial Reporting Standard applicable in the UK and the Republic of Ireland and the Companies Act 2006.

The preparation of financial statements in compliance with FRS 102 requires the use of certain critical accounting estimates. It also requires management to exercise judgement in applying the Company's accounting policies (see note 3).

The financial statements have been prepared in Pound Sterling as this is the currency of the primary economic environment in which the Company operates and is rounded to the nearest pound.

The following principal accounting policies have been applied:

2.2 Financial reporting standard 102 - reduced disclosure exemptions

The Company has taken advantage of the following disclosure exemptions in preparing these financial statements, as permitted by the FRS 102 "The Financial Reporting Standard applicable in the UK and Republic of Ireland":

- the requirements of Section 7 Statement of Cash Flows;
- the requirements of Section 3 Financial Statement Presentation paragraph 3.17(d).

This information is included in the consolidated financial statements of MSP Capital Holdings Limited as at 31 December 2022 and these financial statements may be obtained from Strata House, 12-14 Castle Street, Poole, England, BH15 1BQ.

2.3 Going concern

The Directors have made an assessment in preparing the financial statements as to whether the Company is a going concern. In 2022 there were significant and rapid increases in base rate interest resulting in a material uplift in MSP's cost of funding. This has caused a temporary compression in net interest margins whilst MSP passes through the base rate increases to its current customers over the next 12 months. The Directors expect the Company to remain highly profitable over the next 12 months. Due to the increases in base rate in 2022, there is a possibility of MSP breaching certain funding facility rolling interest cover covenants, marginally, in the future which could lead to a technical event of default. The Directors consider this risk to be low as the funder and the Company have agreed to initiate discussions towards the end of the year to reset the covenant to current market conditions. After reviewing the Company's forecasts and projections, the directors have a reasonable expectation that the Company has adequate resources to continue in operation existence for the foreseeable future. The Company therefore adopts the going concern basis in preparing its financial statements.

2. Accounting policies (continued)

2.4 Revenue

Interest income is recognised in the Statement of Comprehensive Income for all interest-bearing financial instruments, using the effective interest method, except for those classified at fair value through profit or loss. The effective interest method is a method of calculating the amortised cost of a financial asset or liability and of allocating the interest income over the expected life of the financial instrument. The effective interest rate is the rate that exactly discounts the estimated future cash receipts over the expected life of the financial instrument or, when appropriate, a shorter period, to the net carrying amount of the financial asset or financial liability.

The effective interest rate is calculated on initial recognition of the financial asset or liability by estimating the future cash flows after considering all the contractual terms of the instrument but not future credit losses. The calculation includes all amounts expected to be paid or received by the Company including expected early redemption fees and related penalties and premiums and discounts that are an integral part of the overall return. Direct incremental transaction costs related to the acquisition, issue or disposal of a financial instrument are also taken into account in the calculation. Once a financial asset or a group of similar financial assets has been written down as a result of an impairment loss, interest income is recognised using the rate of interest used to discount the future cash flows for the purpose of measuring the impairment loss.

In accordance with section 11 of FRS102, loans issued which are receivable within one year are accounted for on a straight line basis.

Fees and commissions which are not an integral part of the effective interest rate are generally recognised when the service has been provided.

All loans are arranged by the immediate parent company, MSP Capital Limited, for which MSP Capital Limited charges customers commitment and arrangement fees.

2.5 Borrowing costs

The costs of borrowing are spread over the life of the related facility.

2.6 Finance costs

Finance costs are charged to the Statement of Comprehensive Income over the term of the debt using the effective interest method so that the amount charged is at a constant rate on the carrying amount.

2. Accounting policies (continued)

2.7 Taxation

The tax expense for the year comprises current and deferred tax. Tax is recognised in the Statement of Comprehensive Income except that a charge attributable to an item of income and expense recognised as other comprehensive income or to an item recognised directly in equity is also recognised in other comprehensive income or directly in equity respectively.

The current income tax charge is calculated on the basis of tax rates and laws that have been enacted or substantively enacted by the reporting date in the countries where the Company operates and generates income.

Deferred tax balances are recognised in respect of all timing differences that have originated but not reversed by the Statement of Financial Position date, except that:

- The recognition of deferred tax assets is limited to the extent that it is probable that they will be recovered against the reversal of deferred tax liabilities or other future taxable profits; and
- Any deferred tax balances are reversed if and when all conditions for retaining associated tax allowances have been met.

Deferred tax balances are not recognised in respect of permanent differences except in respect of business combinations, when deferred tax is recognised on the differences between the fair values of assets acquired and the future tax deductions available for them and the differences between the fair values of liabilities acquired and the amount that will be assessed for tax. Deferred tax is determined using tax rates and laws that have been enacted or substantively enacted by the reporting date.

2.8 Debtors

Short term debtors are measured at transaction price, less any impairment. Loans receivable are measured initially at fair value, net of transaction costs, and are measured subsequently at amortised cost using the effective interest method, less any impairment.

2.9 Cash and cash equivalents

Cash is represented by cash in hand and deposits with financial institutions repayable without penalty on notice of not more than 24 hours. Cash equivalents are highly liquid investments that mature in no more than three months from the date of acquisition and that are readily convertible to known amounts of cash with insignificant risk of change in value.

2.10 Creditors

Short term creditors are measured at the transaction price. Other financial liabilities, including bank loans, are measured initially at fair value, net of transaction costs, and are measured subsequently at amortised cost using the effective interest method.

2.11 Financial instruments

The Company only enters into basic financial instrument transactions that result in the recognition of financial assets and liabilities like trade and other debtors and creditors, loans from banks and other third parties and loans to related parties.

2. Accounting policies (continued)

2.11 Financial instruments (continued)

Debt instruments (other than those wholly repayable or receivable within one year), including loans and other accounts receivable and payable, are initially measured at present value of the future cash flows and subsequently at amortised cost using the effective interest method. Debt instruments that are payable or receivable within one year, typically trade debtors and creditors, are measured, initially and subsequently, at the undiscounted amount of the cash or other consideration expected to be paid or received. However, if the arrangements of a short-term instrument constitute a financing transaction, like the payment of a trade debt deferred beyond normal business terms or in case of an out-right short-term loan that is not at market rate, the financial asset or liability is measured, initially at the present value of future cash flows discounted at a market rate of interest for a similar debt instrument and subsequently at amortised cost, unless it qualifies as a loan from a director in the case of a small company, or a public benefit entity concessionary loan.

Financial assets that are measured at cost and amortised cost are assessed at the end of each reporting period for objective evidence of impairment. If objective evidence of impairment is found, an impairment loss is recognised in the Statement of Comprehensive Income.

For financial assets measured at amortised cost, the impairment loss is measured as the difference between an asset's carrying amount and the present value of estimated cash flows discounted at the asset's original effective interest rate. If a financial asset has a variable interest rate, the discount rate for measuring any impairment loss is the current effective interest rate determined under the contract.

For financial assets measured at cost less impairment, the impairment loss is measured as the difference between an asset's carrying amount and best estimate of the recoverable amount, which is an approximation of the amount that the Company would receive for the asset if it were to be sold at the reporting date.

Financial assets and liabilities are offset and the net amount reported in the Statement of Financial Position when there is an enforceable right to set off the recognised amounts and there is an intention to settle on a net basis or to realise the asset and settle the liability simultaneously.

3. Judgements in applying accounting policies and key sources of estimation uncertainty

The Company's significant accounting policies are stated in note 2. Not all of these significant policies require the management to make difficult, subjective or complex judgements or estimates. The following is intended to provide an understanding of the policies the management considers critical because of their complexity, judgement and estimation involved in their application and their impact on these financial statements.

Judgements and estimates are reviewed on an ongoing basis and actual results may differ from these estimates. The areas involving a higher degree of judgements or complexity or areas where assumptions and estimates are significant to the financial statements are as follows:

3.1 Critical judgements in applying the Company's accounting policies

The Directors do not consider there to be any critical judgements in applying the Company's accounting policies.

3.2 Key sources of estimation uncertainty

i) Provision for doubtful debts: All loans issued are based on recent independent valuations which are then assessed and reviewed by an experienced in-house chartered surveyor. When underwriting a loan, the Directors stay within the Company Loan to Value parameters to manage the risk of the loan. The Directors form an assessment for the provision of doubtful debts taking into account this security over the loans.

ii) Exit fee recognition: Exit fees are accrued evenly over the life of the loan, up to the loan expiry date. Long loans have variable exit fee rates depending upon the future date of repayment. Based upon historical data, MSP considers the rate applicable at the loan expiry date the most appropriate rate to use.

4. Turnover

An analysis of turnover by class of business is as follows:

	2022	2021
	£	£
Interest	**4,027,172**	1,003,846
Fee Income	**948,259**	196,446
	4,975,431	1,200,292

All turnover arose within the United Kingdom.

5. Auditor's remuneration

Fees for the Company's statutory audit and other fees payable to the Company's auditor are incurred by MSP Capital Ltd, the immediate parent company. Full details of auditor's remuneration is included in the financial statements of MSP Capital Holdings Limited.

6. Employees

The Company has no employees other than the Directors, who did not receive any remuneration (2021: £nil).

7. Tax on profit

	2022 £	2021 £
Corporation tax		
Current tax on profits for the year	**254,080**	68,959
Total current tax	**254,080**	68,959
Tax on profit	**254,080**	68,959

Factors affecting tax charge for the year

The tax assessed for the year is the same as (2021: the same as) the standard rate of corporation tax in the UK of 19% (2021: 19%) as set out below:

	2022 £	2021 £
Profit before tax	**1,337,264**	362,943
Profit multiplied by standard rate of corporation tax in the UK of 19% (2021: 19%)	**254,080**	68,959
Total tax charge for the year	**254,080**	68,959

Factors that may affect future tax charges

The UK Government announced in the 2021 budget that from 1 April 2023, the rate of corporation tax in the United Kingdom will increase from 19% to 25%. Companies with profits of £50,000 or less will continue to be taxed at 19%, which is a new small profits rate. Where taxable profits are between £50,000 and £250,000, the higher 25% rate will apply but with a marginal relief applying as profits increase.

8. Debtors: Amounts falling due within one year

	2022 £	2021 £
Due after more than one year		
Trade debtors	**6,533,938**	7,370,875

	2022 £	2021 £
Due within one year		
Trade debtors	**34,205,952**	24,168,877
Prepayments and accrued income	**415,929**	188,976
	34,621,881	24,357,853

Trade debtors are stated after a provision for impairment of £nil (2021: £nil).

9. Cash and cash equivalents

	2022 £	2021 £
Cash at bank and in hand	**825,013**	1,225,796

10. Creditors: Amounts falling due within one year

	2022 £	2021 £
Amounts owed to group undertakings	**25,108,665**	14,793,013
Corporation tax	**254,079**	68,959
Accruals and deferred income	**125,284**	428,584
	25,488,028	15,290,556

Amounts owed to group undertakings are unsecured, repayable on demand and interest is charged at market rate.

11. Creditors: Amounts falling due after more than one year

	2022 £	2021 £
Other loans	**15,115,635**	17,369,983

12. Loans

Analysis of the maturity of loans is given below:

	2022 £	2021 £
Amounts falling due 2-5 years		
Other loans	**15,115,635**	17,369,983

The other loans are secured by way of fixed charges which are secured over the property that MSP Capital Four Limited have received as security in relation to loans made to their customers.

13. Called up share capital

	2022 £	2021 £
Allotted, called up and fully paid		
1 (2021: 1) Ordinary share of £1	**1**	1

The Company has one class of ordinary shares; each share carries one voting right per share but no right to fixed income.

14. Reserves

Profit and loss account

Profit and loss account includes all current and prior period retained profits and losses.

15. Related party transactions

As a wholly owned subsidiary of MSP Capital Ltd, the Company has taken advantage of the exemption under FRS 102 Section 33 from disclosing transactions with members of the group.

16. Post balance sheet events

There have been no significant events affecting the Company since the year end.

17. Controlling party

The Company is a wholly owned subsidiary of MSP Capital Ltd, this is the smallest group of undertakings for which consolidated accounts are drawn up. MSP Capital Ltd is registered in the United Kingdom with a registered office address of Strata House, 12-14 Castle Street, Poole, England, BH15 1BQ. The financial statements of this company are available from the Registrar, Companies House. MSP Capital Holdings Limited is the largest group of companies for which consolidated accounts are drawn up.

The ultimate controlling party is considered to be Mr. John Van Deventer.

18. Risk management and monitoring

Risk is inherent in all aspects of the Company's business and effective risk management is a core objective for the Company.

The principal financial risks that the Company manages are listed below and explained further in the following sections:

- Credit risk
- Market risk - interest rate
- Liquidity risk

Credit risk

This is the risk that counterparties will be unable or unwilling to meet their obligations to the Company as they fall due and the credit risk of lending is a factor of two components:

i. The probability of default by the customer on contractual obligations
ii. The exposure at default by the customer on contractual obligations.

The Board seeks to mitigate credit risk by:

- Focusing on market segment where it has specific expertise;
- Limiting the absolute size of exposures, and their loan to value percentage;
- Maintaining detailed lending policies;
- Thorough rigorous underwriting process; and
- Actively monitoring the performance, collections and recoveries of loans.

Maximum credit risk exposure at 31 December 2022 is £71,762,625 (31 December 2021: £57,548,676) which includes future capital commitments of £31,022,734 (31 December 2021: £26,008,924).

Loans are regularly reviewed to determine if a provision is necessary however, due to the weighted average loan to values being 60% (31 December 2021: 63%) a provision is not required. The Company deems its security coverage to be adequate and therefore the credit quality of loans is considered good.

18. Risk management and monitoring (continued)

Interest rate risk

Interest rate risk arises from the relationship between interest rate changes due to a spike in SONIA and the timing of repricing new loan at revised interest rates.

Management monitor interest rate risks monthly by performing a sensitivity analysis on changes in SONIA. The potential impact of a rise or fall in market interest rates by 1% should have a +/- impact of £264,773 (2021: £106,849) for the results for the year.

Included within creditors falling due after more than 1 year are other loans totalling £15,602,597 (2021: £17,875,057) which are interest bearing at market rates of interest.

Liquidity risk

Liquidity risk represents the risk of being unable to pay contracted commitments as they fall due, arising from the mismatch in cash flows generated from current and expected assets. The Company's policy is to maintain a liquidity buffer in case of a stress event, as well as maintaining sufficient liquidity resources to meet current and future commitments.