

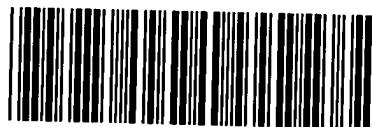
Company Registered No: 10411077

ESME LOANS LIMITED

ANNUAL REPORT AND FINANCIAL STATEMENTS

For the year ended 31 December 2022

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ESME-LOANS LIMITED

10411077

OFFICERS AND PROFESSIONAL ADVISERS

DIRECTORS:

G J Stenner
R J Yeoman

COMPANY SECRETARY:

NatWest Group Secretarial Services Limited

REGISTERED OFFICE:

250 Bishopsgate
London
England
EC2M 4AA

INDEPENDENT AUDITOR:

Ernst & Young LLP
25 Churchill Place
Canary Wharf
London
E14 5EY

Registered in England and Wales

DIRECTORS' REPORT**ACTIVITIES AND BUSINESS REVIEW**

This Directors' report has been prepared in accordance with the provisions applicable to companies entitled to the small companies' exemption and therefore does not include a Strategic report.

Activity

The principal activity of ESME Loans Limited ("the Company") was the provision of flexible unsecured loans up to £250k to UK SME customers via a fully digital lending platform and over a 1 to 5 year repayment period.

The Company is a subsidiary of NatWest Group plc which provides the Company with direction and access to all central resources it needs and determines policies in all key areas such as finance, risk, human resources or control environment. For this reason, the directors believe that performance indicators specific to the Company are not necessary or appropriate for an understanding of the development, performance or position of the business. The annual reports of NatWest Group plc review these matters on a group basis. A copy of the NatWest Group plc annual report is available at www.natwestgroup.com and on the Companies House website. A copy can also be requested from Legal, Governance and Regulatory Affairs, NatWest Group, Gogarburn, Edinburgh, PO Box 1000, EH12 1HQ.

"NatWest Group" comprises NatWest Group plc, its subsidiaries and associated undertakings.

Review of the year**Business review**

The directors are satisfied with the Company's performance in the year. During 2021, the Company ceased issuing of new loans and sold the existing loan portfolio to an external counterparty, Asset Linked Capital (No.7) Limited.

Financial performance

The Company's financial performance is presented on pages 8 to 10.

Income decreased by £3,527k (2021: decreased by £2,484k) and expenses decreased by £7,048k (2021: decreased by £5,271k). After impairment reversal of losses of £nil (2021: £3,298k), the loss before tax for the year was £58k (2021 restated: £5,095k), a decrease of 99% over 2021. The loss for the year was £74k (2021 restated: £4,155k).

No dividend was paid during the year or in 2021.

At the end of the year, the balance sheet showed total assets of £20,135k (2021 restated: £68,966k). Total shareholders' funds were £714k (2021 restated: negative £1,712k).

Principal risks and uncertainties

The Company seeks to minimise its exposure to financial risks other than credit risk.

Management focuses on both the overall balance sheet structure and the control, within prudent limits, of risk arising from mismatches, including currency, maturity, interest rate and liquidity. It is undertaken within limits and other policy parameters set by the NatWest Group Asset and Liability Management Committee.

The Company is funded by facilities from National Westminster Bank Plc. These are denominated in sterling which is the functional currency and carry no significant financial risk.

DIRECTORS' REPORT**Principal risks and uncertainties (continued)**

The principal risks associated with the Company are as follows:

Market risk

Market risk is the potential for loss as a result of adverse changes in risk factors including interest rates, foreign currency and equity prices together with related parameters such as market volatilities.

The principal market risk to which the Company is exposed to its interest rate risk.

Interest rate risk

Structural interest rate risk arises where assets and liabilities have different repricing maturities.

The Company manages interest rate risk by monitoring the consistency in the interest rate profile of its assets and liabilities and limiting any repricing mismatches.

Credit risk

Credit risk is the risk that companies, financial institutions, individuals and other counterparties will be unable to meet their obligations to the Company.

All material loans receivable are with NatWest Group. Although credit risk arises this is not considered to be significant and no amounts are past due.

Liquidity risk

Liquidity risk arises where assets and liabilities have different contractual maturities. Management focuses on risk arising from the mismatch of maturities across the balance sheet and from undrawn commitments and other contingent obligations.

The Company manages its liquidity risk by having access to Group funding.

Going concern

These financial statements are prepared on other than going concern basis, see Note 1 on page 11.

DIRECTORS AND SECRETARY

The present directors and secretary, who have served throughout the year except where noted below, are listed on page 1.

From 1 January 2022 to date the following changes have taken place:

	Appointed	Resigned
Directors		
S C Johnstone	-	14 January 2022
R C Kerton	-	10 February 2022
R J Yeoman	14 January 2022	-
G J Stenner	24 January 2022	-

DIRECTORS' REPORT**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 a Directors' report and financial statements for each financial year. Under that law, the directors have elected to prepare the financial statements in accordance with Financial Reporting Standard 101 Reduced Disclosure Framework ("FRS 101") and must not approve the financial statements unless they are satisfied that they give a true and fair view of the state of affairs at the end of the year and 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 estimates that are reasonable and prudent;
- state whether FRS 101 has been followed; and
- make an assessment of the Company's ability to continue as a going concern. For the reason stated in Note 1a), the financial statements have been prepared on a basis other than going concern.

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 Directors' report and financial statements comply with the requirements of 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.

DISCLOSURE OF INFORMATION TO AUDITOR

Each of the directors at the date of approval of this report confirms that:

- so far as they are aware, there is no relevant audit information of which the Company's auditor is unaware; and
- directors have taken all the steps that they ought to have taken 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 shall be interpreted in accordance with the provisions of section 418 of the Companies Act 2006.

AUDITOR

Ernst & Young LLP has expressed its willingness to continue in office as auditor.

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



G J Stenner
Director
Date: 20 September 2023

INDEPENDENT AUDITOR'S REPORT TO THE MEMBERS OF ESME LOANS LIMITED

Opinion

We have audited the financial statements of ESME Loans Limited (the 'Company') for the year ended 31 December 2022 which comprise the Statement of comprehensive income, the Balance sheet, the Statement of changes in equity and the related notes 1 to 18, 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 (United Kingdom Generally Accepted Accounting Practice) including FRS 101 "Reduced Disclosure Framework".

In our opinion, the financial statements:

- give a true and fair view of the Company's affairs as at 31 December 2022 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.

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.

Emphasis of Matter – financial statements prepared on a basis other than going concern

We draw attention to Note 1 a) to the financial statements which explains that the directors intend to wind up the Company and therefore do not consider it to be appropriate to adopt the going concern basis of accounting in preparing the financial statements. Accordingly, the financial statements have been prepared on a basis other than going concern as described in Note 1 a). Our opinion is not modified in respect of this matter.

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 this 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 the 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.

INDEPENDENT AUDITOR'S REPORT TO THE MEMBERS OF ESME LOANS LIMITED

Matters on which we are required to report by exception

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 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
- the directors were not entitled to prepare the financial statements in accordance with the small companies' regime and take advantage of the small companies' exemptions in preparing the directors' report and from the requirement to prepare a strategic report.

Responsibilities of directors

As explained more fully in the directors' responsibilities statement set out on page 4, 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.

Explanation as to what extent the audit was considered capable of detecting irregularities, including fraud

Irregularities, including fraud, are instances of non-compliance with laws and regulations. We design procedures in line with our responsibilities, outlined above, to detect irregularities, including fraud. The risk of not detecting a material misstatement due to fraud is higher than the risk of not detecting one resulting from error, as fraud may involve deliberate concealment by, for example, forgery or intentional misrepresentations, or through collusion. The extent to which our procedures are capable of detecting irregularities, including fraud is detailed below. However, the primary responsibility for the prevention and detection of fraud rests with both those charged with governance of the entity and management. Our approach was as follows:

- We obtained an understanding of the legal and regulatory frameworks that are applicable to the Company and determined that the most significant are those related to Financial Reporting standard FRS 101-Reduced Disclosure Framework, Companies Act 2006 and UK tax legislation (governed by HM Revenue and Customs).
- We understood how the Company is complying with those frameworks by making inquiries of management and those charged with governance. We also reviewed minutes of the meetings of board of directors and gained an understanding of the Company's governance framework.

INDEPENDENT AUDITOR'S REPORT TO THE MEMBERS OF ESME LOANS LIMITED

- We assessed the susceptibility of the company's financial statements to material misstatement, including how fraud might occur by considering the risk of management override in the preparation of the financial statement and in relation to revenue recognition. We considered the controls the company has established to address the risks identified by the directors or that otherwise seek to prevent, deter, or detect fraud, and how management monitors these controls. We have recalculated the fee income recognised in the accounting records and verified that this is in line with the contractual agreements. We have also confirmed the balance of the fee income with the counterparty. The cash receipt was tested by vouching the recorded balances to bank statements. We have also tested the appropriateness of journal entries and evaluated the business rationale for significant and/or unusual transactions. We verified that the journals selected were supported by adequate source documentation ensuring appropriate authorisation and recognition in the correct accounting period.
- Based on this understanding we designed our audit procedures to identify non-compliance with such laws and regulations. Our procedures involved review of minutes of the meetings held by the board of directors, inquiries of management and those charged with governance, and the performance of journal entry testing to address the risk of management override of controls. We also reviewed the financial statements to ensure compliance with the reporting requirements of the Company.

A further description of our responsibilities for the audit of the financial statements is located on the Financial Reporting Council's website at <https://www.frc.org.uk/auditorsresponsibilities>. This description forms part of our auditor's report.

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.

DocuSigned by:

Ernst & Young LLP

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Jason Seymour-Cousens (Senior statutory auditor)
for and on behalf of Ernst & Young LLP, Statutory Auditor
London, United Kingdom
Date:
20 September 2023

STATEMENT OF COMPREHENSIVE INCOME
for the year ended 31 December 2022

		2022	Restated 2021
	Notes	£'000	£'000
Income from discontinued operations			
Interest receivable		-	4,013
Interest payable		(23)	(464)
Net interest (expense)/income	3	(23)	3,549
 Fees and commissions receivable*	 4	 243	 296
Fees and commissions payable		(6)	18
Dealing profits		(1)	-
Other operating income		64	(59)
Non interest income		300	255
 Total income		 277	 3,804
 Operating expenses	 5	 (335)	 (7,383)
Operating loss before impairment loss		(58)	(3,579)
 Impairment reversal of losses	 6	 -	 3,298
Loss on sale of loan portfolio*		-	(4,814)
Loss before tax		(58)	(5,095)
 Tax (charge)/credit	 7	 (16)	 940
Loss and total comprehensive loss for the year		(74)	(4,155)

*For details of restatement refer to Note-17.

The accompanying notes form an integral part of these financial statements.

BALANCE SHEET
 as at 31 December 2022

	Notes	2022 £'000	Restated 2021 £'000
Current assets			
Prepayments, accrued income and other assets*	8	-	1,526
Cash at bank	9	20,135	67,440
		20,135	68,966
Total assets		20,135	68,966
Current liabilities			
Current tax liabilities		82	-
Provision for redundancy cost	12	-	824
Amounts due to group companies	11	19,067	68,562
Accruals, deferred income and other liabilities*	10	272	1,292
		19,421	70,678
Total liabilities		19,421	70,678
Equity			
Share capital	13	-	-
Capital contribution		33,700	31,200
Retained earnings*		(32,986)	(32,912)
Total equity		714	(1,712)
Total liabilities and equity		20,135	68,966

*For details of restatement refer to Note-17

The accompanying notes form an integral part of these financial statements.

The financial statements of the Company were approved by the Board of Directors on 20 September 2023 and signed on its behalf by:



G J Stenner
Director

STATEMENT OF CHANGES IN EQUITY
for the year ended 31 December 2022

	Share capital £'000	Capital contribution £'000	Retained earnings £'000	Total £'000
At 1 January 2021	-	31,200	(28,757)	2,443
Restated loss for the year*	-	-	(4,155)	(4,155)
Restated at 1 January 2022*	-	31,200	(32,912)	(1,712)
Capital contribution	-	2,500	-	2,500
Loss for the year	-	-	(74)	(74)
At 31 December 2022	-	33,700	(32,986)	714

*For details of restatement refer to Note-17

Total comprehensive loss for the year of £74k (2021 restated: £4,155k) was wholly attributable to the owners of the Company.

The accompanying notes form an integral part of these financial statements.

NOTES TO THE FINANCIAL STATEMENTS**1. Accounting policies****a) Preparation and presentation of financial statements**

These financial statements are prepared:

- on other than going concern basis and under Financial Reporting Standard (FRS) 101 *Reduced Disclosure Framework*; and
- on the historical cost basis.

The directors, having regard to their intention to wind up the Company, have prepared the accounts on a basis other than as a going concern. The directors do not consider that this basis affects the measurement of the assets or the liabilities of the Company. The costs of winding up will be borne by other NatWest Group companies.

The Company meets the definition of a qualifying entity under FRS 100 Application of Financial Reporting Requirements issued by the Financial Reporting Council.

The Company is incorporated in the UK and registered in England and Wales and the financial statements are presented:

- in accordance with the Companies Act 2006;
- in sterling which is the functional currency of the Company;
- with the benefit of the disclosure exemptions permitted by FRS 101 with regard to:
 - cash-flow statement;
 - standards not yet effective;
 - related party transactions;
 - certain disclosures from IFRS 15 "Revenue from Contracts with Customers" and IFRS 16 "Leases"; and
 - disclosure requirements of IFRS 7 "Financial Instruments: Disclosures" and IFRS 13 "Fair Value Measurement".

Where required, equivalent disclosures are given in the group accounts of NatWest Group plc, these accounts are available to the public and can be obtained as set out in Note 16.

The changes to IFRS that were effective from 1 January 2022 have had no material effect on the Company's financial statements for the year ended 31 December 2022.

b) Revenue recognition

Interest income and expense are recognised in the income statement using the effective interest rate method for all financial instruments measured at amortised cost, debt instruments measured as fair value through other comprehensive income and the effective part of any related accounting hedging instruments. Finance lease income is recognised at a constant periodic rate of return before tax on the net investment on the lease.

Other interest relating to financial instruments measured at fair value is recognised as part of the movement in fair value in the statement of comprehensive income.

Fees in respect of services are recognised as the right to consideration accrues through the performance of each distinct service obligation to the customer. The arrangements are generally contractual and the cost of providing the service is incurred as the service is rendered. The price is usually fixed and always determinable.

c) Taxation

Tax encompassing current tax and deferred tax is recorded in the profit and loss account except when taxable items are recognised in other comprehensive income or equity.

Current tax is income tax payable or recoverable in respect of the taxable profit or loss for the period arising in income or in equity. Provision is made for current tax at rates enacted or substantively enacted at the balance sheet date.

NOTES TO THE FINANCIAL STATEMENTS**1. Accounting policies (continued)****c) Taxation (continued)**

Deferred tax is the tax expected to be payable or recoverable in respect of temporary differences between the carrying amount of an asset or liability for accounting purposes and its carrying amount for tax purposes. Deferred tax liabilities are generally recognised for all taxable temporary differences and deferred tax assets are recognised to the extent their recovery is probable. Deferred tax is not recognised on temporary differences that arise from initial recognition of an asset or liability in a transaction (other than a business combination) that at the time of the transaction affects neither accounting nor taxable profit or loss. Deferred tax is calculated using tax rates expected to apply in the periods when the assets will be realised or the liabilities settled, based on tax rates and laws enacted, or substantively enacted, at the balance sheet date.

d) Financial instruments

All financial instruments are measured at fair value on initial recognition on the balance sheet.

Financial assets are classified into measurement categories either, by business model, by product or by reference to the IFRS default classification.

Classification by business model reflects how the Company manages its financial assets to generate cash flows. A business model assessment determines if cash flows result from holding financial assets to collect the contractual cash flows; from selling those financial assets; or both.

Financial assets that are held to collect the contractual cash flows and comprise solely of payments of principal and interest are measured at amortised cost. Financial assets managed under a business model of both to collect contractual cash flows (comprising solely of payments of principal and interest), and to sell are measured at fair value through other comprehensive income.

Classification by product relies on specific designation criteria which are applicable to certain classes of financial assets or circumstances where accounting mismatches would otherwise arise. The product classifications apply to financial assets that are either designated at fair value through profit or loss, or to equity investments designated as at fair value through other comprehensive income. In all other instances, fair value through profit or loss is the default classification and measurement category for financial assets.

Regular way purchases of financial assets classified as amortised cost, are recognised on the settlement date; all other regular way transactions in financial assets are recognised on the trade date.

All liabilities not subsequently measured at fair value are measured at amortised cost (check no fair value through profit or loss financial liabilities).

e) Impairment of financial assets: expected credit losses

At each balance sheet date each financial asset or portfolio of loans measured at amortised cost or at fair value through other comprehensive income, [issued financial guarantee and loan commitment] is assessed for impairment. Any change in impairment is reported in the profit and loss account. Loss allowances are forward-looking, based on 12-month expected credit losses where there has not been a significant increase in credit risk rating, otherwise allowances are based on lifetime expected losses.

ECL are a probability-weighted estimate of credit losses. The probability is determined by the risk of default which is applied to the cash flow estimates. In the absence of a change in credit rating, allowances are recognised when there is reduction in the net present value of expected cash flows. Following a significant increase in credit risk, ECL are adjusted from 12 months to lifetime. This will lead to a higher impairment charge.

NOTES TO THE FINANCIAL STATEMENTS

1. Accounting policies (continued)

e) Impairment of financial assets: expected credit losses (continued)

On restructuring where a financial asset is not derecognised, the revised cash flows are used in re-estimating the credit loss. Where restructuring causes derecognition of the original financial asset, the fair value of the replacement asset is used as the closing cash flow of the original asset.

Where, in the course of the orderly realisation of a loan, it is exchanged for equity shares or property, the exchange is accounted for as the sale of the loan and the acquisition of equity securities or investment property. Where the Company's acquired interest is in equity shares, relevant policies for control, associates and joint ventures apply.

f) Derecognition

A financial asset is derecognised (removed from the balance sheet) when the contractual right to receive cash flows from the asset has expired or when it has been transferred and the transfer qualifies for derecognition.

A financial liability is removed from the balance sheet when the obligation is discharged, or cancelled, or expires.

2. Critical accounting policies and key sources of estimation uncertainty

The reported results of the Company are sensitive to the accounting policies, assumptions and estimates that underlie the preparation of its financial statements. In accordance with their responsibilities for these financial statements, the directors have considered whether there are any estimates important to the portrayal of the Company's performance and concluded that given the activity and resources of the company in 2022 there are none to disclose.

3. Net interest income

	2022 £'000	2021 £'000
Interest receivable on loans to customers	-	4,013
Interest receivable	-	4,013
Interest payable to group companies	(23)	(464)
Interest payable	(23)	(464)
Net interest (expense)/income	(23)	3,549

4. Fees and commissions receivable

	2022 £'000	2021 £'000
Service fees from sale	23	296
Break fees on funding from National Westminster Bank Plc	220	-
Fees and commissions receivable	243	296

5. Operating expenses

	2022 £'000	2021 £'000
Staff costs	93	5,502
Premises and equipment	101	1,616
Other operating expenses	81	188
Management fees	60	77
	335	7,383

NOTES TO THE FINANCIAL STATEMENTS

5. Operating expenses (continued)

Premises and equipment cost relates to outsourced IT infrastructure and related support services.

Auditor's remuneration

	2022 £'000	2021 £'000
Auditor's remuneration – audit services	32	30

Directors' emoluments

The Company does not remunerate directors nor can remuneration from elsewhere in the NatWest Group be apportioned meaningfully in respect of their services to the Company.

In February 2022 the remaining staff took redundancy or got roles within Natwest Group. Hence, there are no staff as at year end (2021: average 41).

6. Impairment losses

The following impairment reversal of losses were recognised during the year

	2022 £'000	2021 £'000
Loans to customers	-	(3,298)

7. Tax

	2022 £'000	Restated 2021 £'000
Current taxation:		
UK Corporation tax credit for the year*	(4)	(945)
Under/(over) provision in respect of prior periods	20	(3)
	16	(948)
Deferred taxation:		
Charge for the year	-	8
Tax charge/(credit) for the year*	16	(940)

The actual tax charge/(credit) differs from the expected tax credit computed by applying the standard UK corporation tax rate of 19% (2021: 19%) as follows:

	2022 £'000	Restated 2021 £'000
Expected tax credit	(11)	(968)
Expenses not deductible for tax purposes	9	12
Movement in deferred tax not recognised	(2)	8
Transfer pricing adjustments	-	11
Adjustments in respect of prior periods	20	(3)
Actual tax charge/(credit) for the year*	16	(940)

The UK Corporation Tax rate for the year was 19%. On 24 May 2021 the UK Government substantively enacted an increase in the UK Corporation Tax rate from 19% to 25% with effect from 1 April 2023.

NOTES TO THE FINANCIAL STATEMENTS

7. Tax (continued)

Deferred Tax

Net deferred tax asset comprised:

	IFRS 9 transition £'000	Other £'000	Total £'000
At 1 January 2021	(14)	22	8
Credit/(charge) to comprehensive income	14	(22)	(8)
At 31 December 2021 and 2022	-	-	-

*For details of restatement refer to Note-17

8. Prepayments, accrued income and other assets

	2022 £'000	Restated 2021 £'000
Group relief receivable*	-	1,526

*For details of restatement refer to Note-17

9. Cash at bank

	2022 £'000	2021 £'000
Bank account with National Westminster Bank Plc	20,135	67,440

10. Accruals, deferred income and other liabilities

	2022 £'000	Restated 2021 £'000
Accruals	65	447
Other liabilities*	207	845
	272	1,292

*For details of restatement refer to Note-17

11. Amounts due to group companies

	2022 £'000	2021 £'000
NatWest Markets Plc	956	956
National Westminster Bank Plc	18,111	67,606
	19,067	68,562

12. Provision for redundancy cost

	2022 £'000	2021 £'000
At 1 January	824	-
Charge to income	-	824
Provisions utilised	(824)	-
At 31 December	-	824

NOTES TO THE FINANCIAL STATEMENTS

13. Share capital

	2022 £	2021 £
Allotted, called up and fully paid:		
1 Ordinary shares of £1	1	1

The Company has one class of Ordinary shares which carry no right to fixed income.

14. Capital resources

The Company's capital consists of equity comprising issued share capital, retained earnings and loans from NatWest Group undertakings. The Company is a member of NatWest Group plc group of companies which has regulatory disciplines over the use of capital. In the management of capital resources, the Company is governed by NatWest Group plc policy which is to maintain a strong capital base: it is not separately regulated. The NatWest Group has complied with the Prudential Regulation Authority's capital requirements throughout the year.

15. Capital Expenditure

The Company, together with certain subsidiaries of NatWest Holdings Limited, is party to a capital support deed (CSD) relevant to NatWest Holdings Limited and its subsidiaries ("NatWest Holdings Group"). Under the terms of the CSD, the Company may be required, if the conditions set forth in the CSD are met, to declare and make a distribution of cash to its members, repurchase or redeem its members' shares for cash, and/or undertake a reduction or other reorganisation of its capital in order to maximise its distributable profits available for undertaking such distribution or repurchase or redemption of shares. The amount of this obligation is limited to the Company's resources that comprise cleared, immediately accessible funds or assets, rights, facilities or other resources that, using best efforts, are reasonably capable of being converted to cleared, immediately available funds (the Company's available resources). The CSD also provides that, in certain circumstances, funding received by the Company from other parties to the CSD becomes immediately due and repayable, such repayment being limited to the Company's available resources.

16. Related parties

UK Government

The UK Government through HM Treasury is the ultimate controlling party of NatWest Group plc. Its shareholding is managed by UK Government Investments Limited, a company it wholly owns and as a result, the UK Government and UK Government controlled bodies are related parties of the Company.

Cash at bank relates to amounts with a group bank and other balances with group companies are shown in Note 9.

Group companies

At 31 December 2022

The Company's immediate parent was:	National Westminster Bank Plc
The smallest consolidated accounts including the Company were prepared by:	
The ultimate parent company was:	NatWest Group plc

All parent companies are incorporated in the UK. Copies of their accounts may be requested from Legal, Governance and Regulatory Affairs, NatWest Group plc, Gogarburn, PO Box 1000, Edinburgh EH12 1HQ.

NOTES TO THE FINANCIAL STATEMENTS

17. Restatement

The loss on sale of loan portfolio has been restated following reallocation of customers payments between EMSE Loans Limited and LCM (buyer), service fees due from buyer and consequential changes in accruals and tax numbers.

The effect of the restatement on the Statement of Comprehensive Income for the year ended 31 December 2021, the Balance Sheet as at 31 December 2021 and the Statement of Changes in Equity for the year ended 31 December 2021 is disclosed in the tables below.

	As previously reported 31 December 2021 £'000	Adjustment 31 December 2021 £'000	As restated 31 December 2021 £'000
Statement of Comprehensive Income			
Fees and commissions receivable	240	56	296
Loss on sale of loan portfolio	(5,105)	291	(4,814)
Tax Credit	1,006	(66)	940
Balance Sheet			
<i>Current assets</i>			
Prepayments, accrued income and other assets	1,592	(66)	1,526
<i>Current liabilities</i>			
Accruals, deferred income and other liabilities	1,639	(347)	1,292
<i>Equity</i>			
Retained earnings	(33,193)	281	(32,912)
Statement of Changes in Equity			
Retained earnings	(33,193)	281	(32,912)

The balance shown in Prepayments, accrued income and other assets was presented under 'Current tax asset' in 2021 financials.

18. Post balance sheet events

There have been no significant events between the financial year end and the date of approval of the financial statements which would require a change to or additional disclosure in the financial statements.