

NATIONAL AUSTRALIA FINANCE (VESSEL LEASING) LIMITED

DIRECTORS' REPORT AND FINANCIAL STATEMENTS

Registered number 05223504

30 SEPTEMBER 2022



NATIONAL AUSTRALIA FINANCE (VESSEL LEASING) LIMITED

Year ended 30 September 2022

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NATIONAL AUSTRALIA FINANCE (VESSEL LEASING) LIMITED

Year ended 30 September 2022

Officers and Professional Advisers

Directors

R. Lakin
L. Bailey
S. Nye (resigned 11 March 2022)
C. Chenaf (resigned 8 September 2022)
D. O'Meara (appointed 17 November 2022, resigned 10 May 2023)

Secretary

M. Seebaluck (appointed 8 April 2022)
R. Franklin (resigned 29 April 2022)

Registered Office

52 Lime Street
London
EC3M 7AF

Bankers

National Australia Bank Limited

Auditors

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

Directors' report for the year ended 30 September 2022

The directors of National Australia Finance (Vessel Leasing) Limited (the "Company") submit their report and financial statements for the year ended 30 September 2022. The Company is registered in England and Wales with registration number 05223504. The company is a private company limited by shares and has applied the small companies exemption in relation to the strategic report as per s.414B of the Companies Act 2006.

Principal activities

The Company provides leasing facilities to industry. The transactions which it entered into relate principally to high value finance lease agreements.

Results and dividends

The Loss attributable to the shareholders for the year ended 30 September 2022 amounted to £1,670, (2021: £160,844 profit). No dividend has been paid during the year (2021: £nil). The directors do not recommend the payment of a final dividend in respect of this financial year (2021: £nil).

Business review and future developments

The financial statements of the Company have been prepared on a basis other than going concern. In September 2020 the Company terminated its leasing activities the Company has ceased to trade. Under this basis assets are recorded at their recoverable value and liabilities are recorded at their actual settlement value.

Directors and directors' interests

The directors who held office during the year and up to the date of signing these financial statements are listed on page 2.

Directors' liabilities

During the year the NAB Group paid a premium for a contract insuring the directors and officers of NAB, its subsidiaries and controlled entities against personal liabilities which may arise in the course of the performance of their duties, as well as protecting the NAB Group itself to the extent that it is obliged to indemnify directors and officers for such liability.

Directors' interests

As the Company is a wholly owned subsidiary of NAB, which is incorporated in Australia, any interest which the directors may have in NAB does not need to be notified to the Company so is not disclosed in this report. No director had any interest in the shares or debentures of the Company.

Directors' remuneration

The directors of the Company are remunerated as employees of the ultimate parent company, NAB, and do not receive incremental remuneration in respect of their duties as directors of the Company. As there has been no substantial new activity in the year requiring executive input, the directors believe it would be inappropriate to apportion part of their remuneration as being in respect of their duties to the Company.

Employee involvement

The Company does not have any employees (2021: nil). All staff are provided by the ultimate parent company, NAB.

Political donations

No political donations were made during the year (2021: £nil).

Report of the Directors (continued)

Events since the reporting date

No information has been identified since the reporting date, about conditions existing at the reporting date, which are required to be disclosed in these Financial Statements.

Company secretary

The company secretary during the year and up to the date of signing these financial statements is listed on page 2.

Corporate Governance

It is the Company's policy not to include all of the disclosures in respect of the voluntary Corporate Governance Codes of Practice as it is a wholly owned subsidiary of NAB. The NAB Group's Annual Financial Report details the corporate governance framework applicable to the Company. These disclosures are made after consideration of authoritative pronouncements on audit committees and associated disclosures in Australia, the USA and UK.

Events since the reporting date

No information has been identified since the reporting date about conditions existing at the reporting date, which are required to be disclosed in these financial statements.

Exemption from audit

For the year ending 30 September 2022, the Company was entitled to exemption from audit under section 479 of the Companies Act 2006 relating to small companies.

The members have not required the company to obtain an audit of its accounts for the year in question in accordance with section 476.

By order of the board



R. Lakin
Director
19 June 2023

Statement of Directors' Responsibilities

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 International Accounting Standards in conformity with the requirements of the Companies Act 2006 and applicable law.

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 in accordance with *IAS 8: Accounting Policies, Changes in Accounting Estimates and Errors* and then apply them consistently;
- make judgements and accounting estimates that are reasonable and prudent;
- state whether they have been prepared in accordance with international accounting standards in conformity with the requirements of the Companies Act 2006;
- make an assessment of the Company's ability to continue as a going concern. For the reasons stated in the director's report and note 1, the financial statements of the Company 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 enable them to ensure that the financial statements comply with the Companies Act 2006. They are responsible for such internal control as they determine is necessary to enable the preparation of the financial statements that are free from material misstatement, whether due to fraud or error, and have general responsibility for taking such steps as are reasonably open to them to safeguard the assets of the company and to prevent and detect fraud and other irregularities. The directors confirm that they have complied with these requirements.

Statement of comprehensive income position as at 30 September 2022

	Note	2022 £	2021 £
Other expenses		(2,062)	(1)
		(2,062)	(1)
Loss on ordinary activities before tax		(2,062)	(1)
Income tax credit	2	392	160,845
(Loss)/Profit for the year and total comprehensive income		(1,670)	160,844

The (Loss)/Profit for both years is wholly derived from continuing operations.

The accounting policies and notes on pages 8 to 14 form part of and should be read in conjunction with these Financial Statements.

Statement of financial position as at 30 September 2022

	Note	2022 £	2021 £
Current assets			
Cash at bank	6	885,735	787,211
Group relief receivable	2	-	87,168
		885,735	874,379
Total assets		885,735	874,379
Current liabilities			
Group relief payable		13,026	-
Other liabilities		-	-
Total liabilities		13,026	-
Net Assets		872,709	874,379
Shareholders' equity			
Share capital	5	10,000	10,000
Retained earnings		862,709	864,379
Total shareholders' equity		872,709	874,379

For the year ending 30 September 2022, the Company was entitled to exemption from audit under section 477 of the Companies Act 2006 relating to small companies.

The members have not required the company to obtain an audit of its accounts for the year in question in accordance with section 476.

The directors acknowledge their responsibilities for complying with the requirements of the Act with respect to the accounting records and the preparation of accounts.

These accounts have been prepared in accordance with the provisions applicable to companies subject to the small companies' regime.

The Financial Statements were approved by the directors on 19 June 2023 and were signed on their behalf by:



R. Lakin
Director

Notes to the Financial Statements

The financial statements of National Australia Finance (Vessel Leasing) Limited for the year ended 30 September 2022 were authorised for issue by the directors on 19 June 2023 and the statement of financial position was signed on their behalf by R. Lakin.

The company is incorporated in and registered in England and Wales.

The ultimate parent undertaking is National Australia Bank Limited ("NAB"), a company incorporated in the State of Victoria, Australia. This company heads the group in which the results of the Company are consolidated. These can be obtained at <https://news.nab.com.au/news/nab-2022-full-year-results/>

National Australia Finance (Europe Holdings) Limited is the immediate parent for the Company.

1) Accounting policies

Basis of preparation

The financial statements have been prepared on a basis other than going concern because the Company has terminated its leasing activities and sold the ship owned by it. There were no Lease receivables as they were fully repaid in September 2020 and therefore the Company has ceased to trade. Under this basis assets are recorded at the recoverable value and liabilities are recorded at their expected settlement value.

The financial statements have been prepared and approved by the directors in accordance with International Accounting Standards in conformity with the requirements of the Companies Act 2006. At 30 September 2022, the Company had adopted all IFRS and IFRIC interpretations that had been issued by the International Accounting Standards Board (IASB) and IFRIC except those which are not yet effective. The financial statements have been prepared on the historical cost basis which approximates the recoverable value for assets and settlement value for liabilities.

The accounting policies set out below have been applied in respect of the financial year ended 30 September 2022 and have been applied consistently to all periods presented in these financial statements.

Changes in accounting policies

There were no changes in accounting policies during the year.

Future accounting developments

There are no other new standards or amendments to existing standards not yet effective that are considered relevant to the company.

Functional and presentational currency

The financial statements are presented in pounds sterling, which is the Company's functional and presentational currency.

Current and deferred income tax

The tax expense for the year comprises current and deferred tax. Tax is recognised in the statement of comprehensive income. The current tax charge is calculated on the taxable income for the year and on the basis of the tax laws enacted or substantively enacted at 30 September 2022, together with adjustments to estimates made in prior years.

Deferred tax is provided in full, using the liability method, on temporary differences arising between the tax bases of assets and liabilities and their carrying amounts in the Financial Statements. Deferred tax is determined using tax rates (and laws) that have been enacted or substantively enacted 30 September 2022 and are expected to apply when the related deferred tax asset is realised or the deferred tax liability is settled.

Notes to the Financial Statements (continued)

1) Accounting policies (continued)

Cash and cash equivalents

Cash and cash equivalents include cash on hand and at bank.

Financial instruments

The company has applied accounting standard IFRS 9 "Financial Instruments".

Financial assets

Financial assets of the company include cash at bank.

Initial recognition and measurement

All financial instruments are initially recognised at fair value and subsequently measured at recoverable value.

Impairment

The company has elected to take the IFRS 9 simplified approach and therefore measures the loss allowance at an amount equal to lifetime expected credit losses. Financial assets measured at amortised cost are subject to impairment under the Expected Credit Loss model (ECL) where ECL is measured as the difference between the asset's carrying amount and the present value of estimated future cash flows.

Derecognition of financial instruments

Financial assets are de-recognised when the rights to receive cash-flows from the financial assets have expired or where the Company has transferred all of the risk and rewards of ownership. Financial liabilities are derecognised when the contractual obligations are met.

Financial liabilities

Financial liabilities of the company include amounts due to related entities (borrowings) and other liabilities.

Borrowings are recognised at fair value net of any transaction costs incurred. Borrowings are subsequently stated at amortised cost. The interest costs on borrowings relating to the operations of the Company have been charged to the statement of comprehensive income under the effective interest rate method. The effective interest rate method is a method of calculating the amortised cost of a financial liability and of allocating interest expense over the relevant period. The effective interest rate is the rate at which estimated future cash payments are discounted to the net carrying amount of the financial liability over the expected life of the financial liability. The corresponding interest expense is presented within finance cost in the statement of comprehensive income for the period.

Share capital

Ordinary shares are classified as equity.

Critical accounting estimates and judgements

The preparation of the financial statements requires management to make certain estimates and judgements that affect the reported amounts of assets and liabilities at the date of the financial statements and the reported amounts of revenue and expenses during the reporting period. The estimates' underlying assumptions are reviewed on an ongoing basis and any revisions to accounting estimates are recognised in the period in which the estimate is revised.

NATIONAL AUSTRALIA FINANCE (VESSEL LEASING) LIMITED

Year ended 30 September 2022

Notes to the Financial Statements (continued)

2) Income tax (expense)/credit

The Finance Act 2020 was enacted on the 22 July 2020 and increased the mainstream corporation tax to 19% effective from 1st April 2020.

	2022 £	2021 £
a) Analysis of tax (expense)/credit for the year		
Current tax		
Corporation tax expense at 19.0% (2021: 19.0%)		
Current year	392	-
Adjustment in respect of prior years	-	160,845
	392	160,845
Deferred tax		
Income tax expense reported in the statement of comprehensive income	392	160,845

b) Factors affecting tax (expense)/credit for the year	2021 £	2021 £
Profit before tax	(2,062)	-
Profits multiplied by the UK corporation tax rate of 19.0% (2021: 19.0%)	392	-
Effects of:		
Adjustment in respect of prior years	-	160,845
Income tax expense reported in the statement of comprehensive income	392	160,845

Notes to the Financial Statements (continued)

3) Share capital

	2022 £	2021 £
<i>Allotted, called up and fully paid:</i>		
10,000 ordinary shares of £1 each	10,000	10,000

4) Related party transactions

The Company is a wholly owned controlled entity of National Australia Finance (Europe Holdings) Limited. The ultimate parent of the Company is NAB. During the year there have been transactions between the Company, its ultimate parent and controlled entities of the ultimate parent.

In the normal course of business, the Company maintains and conducts transactions with other members of the NAB Group. This business is conducted at prevailing market rates and terms.

	2022 £	2021 £
Current assets		
Cash at bank held with ultimate parent	885,735	787,211

The Company's audit fees of £nil (2021: £6,128) are borne by the ultimate parent company, NAB.

Transactions with directors, key management and their close family members

There are no amounts outstanding at 30 September 2022 (2021: £nil) for transactions, arrangements and agreements between the Company and its directors, key management and their close family members during the year.

Compensation of key management personnel

All compensation received by key management personnel relates to their duties on behalf of other NAB Group companies. Thus no disclosure is presented in these financial statements.

Directors' emoluments

The directors are employed as executives of other NAB Group companies and do not receive incremental remuneration in respect of their duties as directors of this company. As there has been no substantial new activity in the year requiring executive input, the directors believe it would be inappropriate to apportion part of their remuneration as being in respect of their duties to the Company. The aggregate emoluments of the directors of the Company were £nil (2021: £nil).

Notes to the Financial Statements (continued)

5) Risk overview

Risk management

Effective management of risk is a key capability for a successful financial services provider, and is fundamental to NAB Group. A key component of the NAB Group's risk management strategy is the establishment by the Board of a formal 'risk appetite statement' for the NAB Group.

This places an overall limit on the total amount of risk that the NAB Group is prepared to take. That position is set with respect to the returns that the NAB Group is seeking to provide to shareholders, the credit rating that the NAB Group is seeking to maintain, and the NAB Group's capital position and desired ratios.

In line with the NAB Group Risk Charter, the NAB Group's approach to risk management is based on an overriding principle that risk management capability must be embedded within the business' front-line teams to be effective. This overriding principle embodies the following concepts:

- all business decisions proactively consider risk;
- business managers use the risk management framework, which assists in the appropriate balancing of both risk and reward components;
- all employees are responsible for risk management in their day-to-day activities; and
- risk management is a core competency for all employees.

The NAB Group manages risk within an established 'three lines of defence' framework. Control is exercised through clearly defined delegation of authority, with clear and rapid communication and escalation channels throughout the organisation. The first line of defence comprises the business units managing the risks associated with their activities. The second line encompasses dedicated risk functions who are accountable for independent monitoring and oversight. The third line of defence relates to Internal Audit independently reviewing, monitoring, and testing business unit compliance with risk policies and procedures, and regularly assessing the overall effectiveness of the risk management framework.

Within the UK there is also a regional Risk Management Committee comprised of senior regional executives, which serves to provide a leadership focus on key risk issues from a regional perspective.

Operational risk and compliance

Operational risk is the risk of loss resulting from inadequate or failed processes, people or systems, or from external events. This includes risk relating to the management of ongoing activities, as well as to organisational changes such as project and change initiatives.

Compliance is the requirement to comply with external regulatory and legal obligations in addition to operating within the Group and regional policies and standards. This includes risk relating to reputational impact, incurring restrictive conditions and undertakings by regulators on how the Group does business.

Various reports are produced at regional management, Board sub-committee and Board level to assist with their oversight and monitoring obligations. This incorporates regional reporting of risk profiles, key operational risk and events, as well as consideration of external events and their relevance to the NAB Group. This process generates visibility and understanding of the NAB Group's overall operational risk profile. The NAB Group is committed to sound risk management and compliance and continues to improve its capabilities in these areas.

Notes to the Financial Statements (continued)

5) Risk overview (continued)

Credit risk

Credit risk is the potential that a borrower or counterparty will fail to meet its obligations in accordance with agreed terms. NAB places limits around the amount of risk accepted to one borrower, which are monitored on a frequent basis.

The maximum exposures to credit risk for the components of the statement of financial position are set out below.

Assets	2022 £	2021 £
Cash at bank	885,735	787,211
Total credit risk exposure	885,735	787,211

Management evaluates each counterparty's creditworthiness on a case by case basis. The amount of collateral obtained, if deemed necessary upon extension of credit, is based on management's credit evaluation of the counterparty. There are no undrawn commitments that the Company is exposed to.

Due to counterparty payment history the directors consider all financial assets to be of good credit quality.

Currency risk

Currency risk is the risk that the value of a financial instrument will fluctuate because of changes in foreign exchange rates. The Company has no material transactional exposures that give rise to net currency gains and losses.

Liquidity risk

Liquidity risk is the risk that the Company will encounter difficulty in meeting obligations associated with financial liabilities when they fall due.

The liquidity risk monitoring and maintenance is managed on a monthly basis from reviews performed on management information to ensure that all liabilities can be met when they fall due.

The directors do not believe there is a significant exposure to liquidity risk due to the related party nature of funding with fellow NAB Group companies.

As at 30 September 2022, Cash at Bank £885,735 (2021: £787,211) had a maturity date profile of 3 months or less.

Notes to the Financial Statements (continued)

5) Risk overview (continued)

Interest rate risk

The Company's exposure to interest rate risk is in relation to the mismatching of the reset of interest receivable on assets and interest payable on liabilities.

The directors do not believe there is significant risk because the net impact of any interest rate reset is minimal.

Capital Management

The Company is governed by NAB Group's capital management policy. The objectives of the NAB Group's capital management policy are to efficiently manage the capital base to optimise shareholder returns whilst maintaining capital adequacy and satisfying key stakeholders such as regulators and ratings agencies. This is managed and monitored at a group level not at a Company level.

6) Events since the reporting date

No information has been identified since the reporting date, about conditions existing at the reporting date, which are required to be disclosed in these Financial Statements.