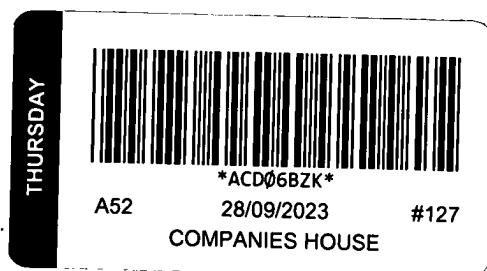


Company Registered No: 06838433

RBS SME INVESTMENTS LIMITED

ANNUAL REPORT AND FINANCIAL STATEMENTS

For the year ended 31 December 2022



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RBS SME INVESTMENTS LIMITED

06838433

OFFICERS AND PROFESSIONAL ADVISERS

DIRECTORS:

D G Harris
S C Johnstone
C Tait

COMPANY SECRETARY:

NatWest Group Secretarial Services Limited

REGISTERED OFFICE:

250 Bishopsgate
London
EC2M 4AA
England

INDEPENDENT AUDITOR:

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

Registered in England and Wales

DIRECTORS' REPORT**ACTIVITIES AND BUSINESS REVIEW**

The 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 RBS SME Investments Limited ("the Company") continues to be holding of the NatWest Group's investment in BGF Group plc ("BGF"), and other similar businesses.

BGF is an independent company established by the UK's largest banks, including NatWest Group, to help fast growing businesses by providing long-term growth capital.

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 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 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 Company's principal investments comprise debt and equity participations in collective investment schemes in unquoted businesses and for that purpose it assumes obligations as a limited partner in limited partnerships. The directors are satisfied with the Company's performance in the year. The Company will be guided by its shareholders in seeking further opportunities for growth. Post balance sheet events are described in note 17 to the financial statements.

The Company has investments in three separate funds: Scottish Loan Fund ("SLF"), BGF Group plc ("BGF") and Business Growth Fund Ireland ("BGFI") during the year.

The Company holds a significant investment in BGF equal to 24.62%, while the participation held in SLF and BGFI is 9.99% and 3.45% respectively.

Business Growth Fund

During the year ended 31 December 2022, the Company did not invest (2021: £39,125k) in the BGF. The Company received dividend income of £7,385k (2021: Nil).

In October 2022 the Company signed a deed of amendment with BGF which reduced the Company's outstanding subscription obligation from £63.8m to £55.6m.

BGF provides long-term growth capital to help fast growing businesses. The Company continues to exercise significant influence over BGF, as a consequence of representation on BGF's Board and in conjunction with the significant voting rights on key decisions

Scottish Loan Fund

This fund supports small and medium sized businesses in Scotland by providing debt finance. During the year the Company has not invested further (2021: nil) in SLF and received distributions of £157k, out of which £15k is dividend income (2021: £507k, out of which £42k is dividend income).

As of 31 December 2022, SLF had a portfolio of two active investments (2021: five).

BGF Ireland

During the year ended 31 December 2022, the Company invested £587k (2021: £339k) and received distributions of £123k, out of which £28k is dividend income (2021: nil) from BGFI.

DIRECTORS' REPORT**Financial performance**

The Company's financial performance is presented on pages 8 to 11.

Income grew by £7,386k (2021: fell by £162k) and expenses fell by £2k (2021: fell by £11k). After impairment provisions of £6k (2021: nil), the profit before tax for the year was £7,400k (2021: £18k).

No dividend was paid during the year or in 2021.

At the end of the year, the balance sheet showed total assets of £516,350k (2021: £508,893k), including income-generating assets comprising investments £2,081k (2021: £1,758k) and interest in associate £481,782k (2021: £ 481,782k) together representing an increase of 0.07%. Total shareholder's funds were £516,298k (2021: £508,845k).

Principal risks and uncertainties

The Company seeks to minimise its exposure to financial risks.

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 NatWest Group Asset and Liability Management Committee.

The Company is funded by facilities from NatWest Group plc. These are denominated in sterling which is the functional currency and carry no significant financial risk.

The Company's assets mainly comprise interest in associate, equity shares and cash at bank which would expose it to interest rate, liquidity, and market risk except that the counterparties are NatWest Group companies and credit risk is not considered significant.

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 and equity prices together with related parameters such as market volatilities. Market risk is managed by the directors of the company through the diversification of investments and monitoring of fair value changes.

The principal market risks to which the Company is exposed is in relation to fluctuation in the value of underlying investments of BGF, SLF and BGFI; difficulty in valuation of investments and risk that the investments may be difficult to exit.

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.

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 has no significant liquidity risk as it has access to financing facilities and support provided by RBS AA Holdings (UK) Limited.

Going Concern

These financial statements are prepared on a going concern basis, see note 1(a) on page 12.

DIRECTORS' REPORT**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:

Directors	Appointed	Resigned
C Tait	12 May 2022	-
S M Thomson		14 March 2022

DIRECTORS' RESPONSIBILITIES STATEMENT

The directors are responsible for preparing the annual report and the financial statements in accordance with applicable law and regulations.

Company law requires the directors to prepare 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 year.

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.

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:


Colin Tait (Sep 19, 2023 15:44 GMT+1)

C Tait

Director

Date: 19 September 2023

INDEPENDENT AUDITOR'S REPORT TO THE MEMBERS OF RBS SME INVESTMENTS LIMITED

Opinion

We have audited the financial statements of RBS SME Investments Limited ("the Company") for the year ended 31st December 2022 which comprise the Profit and Loss Account, the Statement of Comprehensive Income, the Balance Sheet, the Statement of Changes in Equity and the related notes 1 to 17, 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 101 "Reduced Disclosure Framework" (United Kingdom Generally Accepted Accounting Practice).

In our opinion, the financial statements:

- give a true and fair view of the Company's affairs as at 31st 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 twelve months from when the financial statements are authorised for issue.

Our responsibilities and the responsibilities of the directors with respect to going concern are described in the relevant sections of this report. However, because not all future events or conditions can be predicted, this statement is not a guarantee as to the Company's ability to continue as a going concern.

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 there is 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.

INDEPENDENT AUDITOR'S REPORT TO THE MEMBERS OF RBS SME INVESTMENTS LIMITED

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 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 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:

INDEPENDENT AUDITOR'S REPORT TO THE MEMBERS OF RBS SME INVESTMENTS LIMITED

- We obtained an understanding of the legal and regulatory frameworks that are applicable to the Company and determined that the most significant are United Kingdom Generally Accepted Accounting Practice including 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 corroborated our inquiries by reviewing minutes of the meetings held by the board of the directors and gained an understanding of the Company's governance framework.
- We assessed the susceptibility of the Company's financial statements to material misstatement, including how fraud might occur with regards to management's ability to override controls as well as improper revenue recognition. We further challenged management on whether there was any indication that the investment in associates may be impaired. We performed journal entry testing by using specific risk criteria, with a focus on journals indicating material or unusual transactions based on our understanding of the business. Additionally, we tested specific revenue transactions reconciling the dividend income back to the source documentation and payments.
- Based on this understanding we designed our audit procedures to identify non-compliance with such laws and regulations. Our procedures involved the review of minutes of the meetings held by the board of directors, inquiries of key 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 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

Date:

19 September 2023

PROFIT AND LOSS ACCOUNT
for the year ended 31 December 2022

		2022	2021
	Notes	£'000	£'000
Income from continuing operations			
Investment income	3	7,428	42
Total income		7,428	42
Operating expenses	4	(22)	(24)
Operating profit before impairment losses		7,406	18
Impairment losses	5	(6)	-
Profit before tax		7,400	18
Tax credit	6	81	54
Profit for the year		7,481	72

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

STATEMENT OF COMPREHENSIVE INCOME
for the year ended 31 December 2022

	Notes	2022 £000	2021 £000
Profit for the year		7,481	72
Other comprehensive income: subject to reclassification			
Unrealised loss on investment	8	(28)	(448)
Total comprehensive income/(loss) for the year		7,453	(376)


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

BALANCE SHEET
as at 31 December 2022

		2022 £'000	2021 £'000
Non-current assets	Notes		
Interest in associate	7	481,782	481,782
Investments	8	2,081	1,758
		483,863	483,540
Current assets			
Current tax assets		71	95
Cash at bank	9	32,416	25,258
		32,487	25,353
Total assets		516,350	508,893
Current liabilities			
Amounts due to group companies	10	24	-
Accruals, deferred income and other liabilities	11	28	48
Total liabilities		52	48
Equity			
Share capital	13	-	-
Share premium account		513,280	513,280
Fair value through other comprehensive income reserve		(128)	(100)
Retained earnings		3,146	(4,335)
Total equity		516,298	508,845
Total liabilities and equity		516,350	508,893

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 15 September 2023 and signed on its behalf by:


Colin Tait (Sep 19, 2023 15:44 GMT+1)

C Tait
Director
19 September 2023

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

	Share capital £'000	Share premium account £'000	Fair value through other comprehensive income reserve £'000	Retained earnings £'000	Total £'000
At 1 January 2021	-	474,280	348	(4,407)	470,221
Receipt of share premium	-	39,000	-	-	39,000
Unrealised losses	-	-	(448)	-	(448)
Profit for the year	-	-	-	72	72
At 31 December 2021	-	513,280	(100)	(4,335)	508,845
Unrealised losses	-	-	(28)	-	(28)
Profit for the year	-	-	-	7,481	7,481
At 31 December 2022	-	513,280	(128)	3,146	516,298

Total comprehensive income for the year of £7,453k (2021: loss £376k) 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**

The directors have prepared the financial statements:

- on a going concern basis after assessing the principal risk, forecasts, projections and other relevant evidence over the twelve months from the date the financial statements are approved and under FRS 101 *Reduced Disclosure Framework*; and
- on the historical cost basis.

The Company meets the definition of a qualifying financial 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; and
- with the benefit of the disclosure exemptions permitted by FRS 101 with regard to:
 - comparative information in respect of certain assets;
 - cash-flow statement;
 - standards not yet effective;
 - related party transactions;
 - disclosure requirements of IFRS 7 "Financial Instruments: Disclosure" 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) Foreign currencies

Transactions in foreign currencies are translated into sterling at the foreign exchange rate ruling at the date of the transaction. Monetary assets and liabilities denominated in foreign currencies are translated into sterling at the rates of exchange ruling at the balance sheet date. Foreign exchange differences arising on translation are reported in profit and loss account.

c) 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 and debt instruments classified as fair value through other comprehensive income and the effective part of any related accounting hedging instruments.

Dividend income is recognised when the paying company is obliged to make the payment.

d) 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 year arising in income, other comprehensive income or in equity. Provision is made for current tax at rates enacted or substantively enacted at the balance sheet date.

e) Interest in associate

An associate is an entity in which the Company has significant influence, but not control, over the operating and financial management policy decisions. This is generally demonstrated by the Company holding in excess of 20%, but no more than 50% of the voting rights. Interest in associate is stated at cost less any impairment. The impairment is calculated based on the share of the net assets. In assessing whether there is any indication that an investment in associate may be impaired, the Company considers whether the asset's market value has declined significantly more than would be expected as a result of the passage of time or normal use.

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

g) 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. 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.

h) 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 paid, or is cancelled, or expires.

NOTES TO THE FINANCIAL STATEMENTS

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 estimates the directors consider most important to the portrayal of the Company's performance and financial condition are discussed below.

Interest in associates and investments

The Company has reviewed the carrying value of interest in associates and investments and concluded that there are no indications of impairments. The movement and details of the interest in associates and investments are presented in note 7 and note 8 on page 15.

3. Investment income

	2022 £'000	2021 £'000
Dividend income	7,428	42

4. Operating expenses

	2022 £'000	2021 £'000
Auditor's remuneration - audit services	22	24

Directors' emoluments

The Company does not remunerate directors nor can remuneration from elsewhere in the group be apportioned meaningfully in respect of their services to the Company. There are no staff.

The accrual for auditor's remuneration for statutory audit work for the Company was £22k (2021: £24k), which will be paid by National Westminster Bank Plc. No remuneration was paid to the auditor for non-audit work (2021: nil).

5. Impairment losses

The following impairment losses were recognised during the year:

	2022 £'000	2021 £'000
Impairment losses	6	-

6. Tax

	2022 £'000	2021 £'000
Current taxation:		
UK corporation tax credit for the year	(71)	(52)
Over provision in respect of prior periods	(10)	(2)
Tax credit for the year	(81)	(54)

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

	2022 £'000	2021 £'000
Expected tax charge	1,406	3
Non-deductible items	1	-
Non-taxable items	(1,411)	(8)
Partnership losses	(26)	(17)
Transfer pricing adjustment	(41)	(30)
Adjustments to tax charge in respect of prior periods	(10)	(2)
Actual tax credit for the financial year	(81)	(54)

NOTES TO THE FINANCIAL STATEMENTS

6. Tax (continued)

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.

7. Interest in associate

Interest in associate is carried at cost less impairment. Movements during the year were as follows:

	2022 £'000	2021 £'000
At 1 January	481,782	442,657
Additions	-	39,125
At 31 December	481,782	481,782

Details of the interest in associate, including the name, country of incorporation, and proportion of ownership interest are in the following table. The entities entire position and results of operation are presented, not just RBS SME Investments Limited's share-

Name of associate	Place of incorporation and operation	Proportion of ownership interest%	Proportion of voting power held%	Principal activity	Aggregated capital & Reserves £'000	Profit after tax £'000
BGF Group plc	England and Wales	24.62%	24.62%	Provide Long- term capital to UK based companies	2,685,182	(37,412)

No impairment indicators have been identified during the year.

8. Investments

	2022 £'000	2021 £'000
As at 1 January	1,759	2,333
Additions	587	339
Return of capital	(237)	(465)
Unrealised loss	(28)	(448)
As at 31 December	2,081	1,759
Cost of investments split		
Additions and returns from investments	2,209	1,859
Fair value through other comprehensive income	(128)	(100)
	2,081	1,759

The Company holds a 9.999% stake in the SLF which supports small and medium sized businesses in Scotland by providing debt finance. The Company holds a 3.45% in BGF Ireland which invests in growing Irish companies that need long-term capital to drive their future success.

9. Cash at bank

	2022 £'000	2021 £'000
Cash at bank	32,416	25,258

Cash at bank represents cash deposits only. The carrying value of these deposits is approximately equal to their fair value.

NOTES TO THE FINANCIAL STATEMENTS

10. Amounts due to group companies

	2022 £'000	2021 £'000
National Westminster Bank Plc	24	-

11. Accruals, deferred income and other liabilities

	2022 £'000	2021 £'000
Audit fees payable	22	48
Impairment provision	6	-
	28	48

12. Bank overdraft

The Company has a bank overdraft from The Royal Bank of Scotland plc which is repayable on demand. The overdraft limit was £3,250k (2021: £3,250k). This facility was not used during the year.

13. Share capital

	2022 £	2021 £
Equity shares		
Authorised:		
Unlimited (2021: 20) ordinary shares of £1 each	-	20
Allotted, called up and fully paid:		
17 (2021: 17) ordinary shares of £1 each	17	17

During the year, the Company has amended its articles of association by special resolution to remove the previous provision limiting the share capital the Company was authorised to issue. 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 and retained earnings. The Company is a member of NatWest Group plc which has regulatory disciplines over the use of capital. In the management of capital resources, the Company is governed by the Group's policy which is to maintain a strong capital base: it is not separately regulated. NatWest Group plc has complied with the Prudential Regulation Authority's capital requirements throughout the year.

15. Commitments

The Company has committed to investing £537m in BGF of which £55.6m remains undrawn and available for follow on funding. This will take the form of periodic subscriptions for shares in the capital of BGF as notified by BGF, subject to an annual maximum commitment set in advance each calendar year. The Company has not subscribed for any additional investment in 31 December 2022 (2021: £39.1m).

The Company is committed to investing €5m in BGFI. The Company had subscribed £1.8m to 31 December 2022 (2021: £1.14m).

The Company is committed to investing in SLF the lower of £15m or 9.9999% of the total fund. The commitment as at 31 December 2022 was £8m. The Company had subscribed £7m to 31 December 2022 (2021: £7m). The fund was closed to new investment with effect from March 2017 however the committed, but undrawn balance of £1m remains available for follow on funding for existing investee companies. SLF has started the process to run-off its current investment.

Commitments which have been entered into with BGF, BGFI and SLF are not included within assets on the balance sheet.

The Company has been entirely equity funded by RBS AA Holdings (UK) Limited.

NOTES TO THE FINANCIAL STATEMENTS

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.

The Company enters into transactions with these bodies on an arms' length basis; they include the payment of taxes including UK corporation tax together with normal business transactions.

Cash at bank relates to amounts with a group bank, other balances and bank overdrafts with group companies are shown in note 9, note 10 and note 12.

Group companies

At 31 December 2022

The Company's immediate parent was:	RBS AA Holdings (UK) Limited
The smallest consolidated accounts including the company were prepared by:	NatWest Group plc
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.

17. Post balance sheet events

In May 2023 the Company has subscribed £115k in BGFI and a further £230k in August 2023. There were no material changes in the valuation of the investments in associates to date.

In July 2023 the Company received a £7.9m dividend from BGF and £6k from BGFI.

In July 2023 the Company signed a second deed of amendment with BGF which reduced the Company's outstanding subscription obligation from £55.6m to £33.1m.