

# Uberior Europe Limited

## Annual report and financial statements for the year ended 31 December 2022

### Registered office

The Mound  
Edinburgh  
United Kingdom  
EH1 1YZ

### Registered number

SC299325

### Current directors

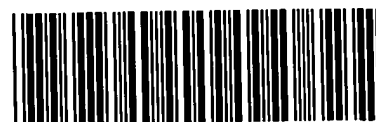
M S J Daly  
N S Burnett

### Company Secretary

D D Hennessey

Member of Lloyds Banking Group

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## **Directors' report**

*For the year ended 31 December 2022.*

The directors present their Annual report and the audited financial statements of Uberior Europe Limited ("the Company") for the year ended 31 December 2022.

### **General information**

The Company is a private limited company, incorporated and domiciled in Scotland (registered number: SC299325).

The Company operates as an investment holding company and there has been no change in that activity during the year. The Company remains committed to the business of holding investments and will continue to manage existing investments in the future.

The Company is funded entirely by other companies within the Lloyds Banking Group ("the Group").

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.

### **Principal risks and uncertainties**

From the perspective of the Company, the principal risks and uncertainties are managed within the framework established for the Group and are not managed separately for the Company. Further details of the Company's and Group's risk management policy are contained in note 11 to the financial statements.

Other significant uncertainties are discussed in detail below.

#### *Long term impact of the United Kingdom's exit from the European Union*

Uncertainties in respect of the medium to long-term implications of the United Kingdom's ("UK") exit from the European Union ("EU") on trade, regulation and employment continue to present risks. This includes impacts on supply chains, affordability of goods and services and UK demographics and prosperity. The Directors believe that there will continue to be limited impact on the Company.

#### *Covid-19*

The global pandemic created from the outbreak of Covid-19 continues to cause widespread disruption to global markets and normal patterns of business activity across the world, including in the UK. Measures taken to contain the health impacts of the Covid-19 pandemic are resulting in adverse impacts on economic activity across the world, and the duration for which such measures will remain in place is uncertain. The impact on the economy remains highly uncertain in both its depth and length, and may go beyond current forecasts of scale of loss of output and recession in the UK and globally. The Directors believe that there will continue to be limited impact on the Company.

#### *Russian invasion of Ukraine*

The Russian invasion of Ukraine, beginning in February 2022, has increased tensions between members of the North Atlantic Treaty Organisation (NATO) and Russia and caused sanctions to be imposed. This has had significant adverse economic effects on financial markets and on energy costs, and may also result in increased cyber attacks and an increase in costs associated with such cyber attacks, all of which could have a materially adverse effect on the Group's results of operations, financial condition or prospects. The Group will monitor the situation and risks to the business. The Directors believe that there will continue to be limited impact on the Company.

### **Dividends**

No dividends were paid or proposed during the year ended 31 December 2022 (2021: £nil).

## **Directors' report (continued)**

For the year ended 31 December 2022

### **Going concern**

The financial statements have been prepared on a going concern basis. There is a net asset position of £109,000 (2021: net liability position of £113,000).

The directors are satisfied that it is the intention of Lloyds Banking Group plc that its subsidiaries, including the Company, will continue to have access to adequate liquidity and capital resources for the foreseeable future being a least 12 months from the date of approval of the financial statements, and, accordingly, the financial statements have been prepared on a going concern basis.

### **Directors**

The current directors of the Company are shown on the front cover.

There have been no changes to directors between the beginning of the reporting year and the approval of the Annual report and financial statements.

### **Directors indemnities**

Lloyds Banking Group plc has granted to the directors of the Company a deed of indemnity through deed poll which constituted 'qualifying third party indemnity provisions' for the purposes of the Companies Act 2006. The deed was in force during the whole of the financial year and at the date of approval of the financial statements or from the date of appointment in respect of directors who join the board of the Company during the financial year. Directors no longer in office but who served on the board of the Company at any time in the financial year have the benefit of this contract of indemnity during that period of service. The indemnity remains in force for the duration of the directors' periods of office. The deed indemnifies the directors to the maximum extent permitted by law. Deeds for existing directors are available for inspection at the registered office of Lloyds Banking Group plc. In addition, the Group has in place appropriate directors and officers liability insurance cover which was in place throughout the financial year.

### **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 financial statements for each financial year. Under that law, the directors have prepared the Company's financial statements in accordance with international accounting standards in conformity with the requirements of the Companies Act 2006. 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 the financial statements, the directors are required to:

- properly select and apply accounting policies;
- present information, including accounting policies, in a manner that provides relevant, reliable, comparable and understandable information;
- 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 enable them to ensure that the financial statements comply with the Companies Act 2006. They are also responsible for safeguarding the assets of the company and hence for taking reasonable steps for the prevention and detection of fraud and other irregularities.

## **Directors' report (continued)**

For the year ended

### **Directors' confirmations**

In the case of each director in office at the date the Directors' Report is approved:

- so far as the director is aware, there is no relevant audit information of which the company's auditors are unaware; and
- they have taken all the steps that they ought to have taken as a director in order to make themselves aware of any relevant audit information and to establish that the Company's auditors are aware of that information.

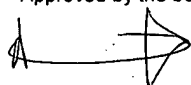
This confirmation is given and should be interpreted in accordance with the provisions of s418 of the Companies Act 2006.

### **Independent Auditors**

This report has been prepared in accordance with the special provisions relating to small companies within section 415A of Part 15 of the Companies Act 2006.

Deloitte LLP are deemed to be re-appointed as auditor under section 487(2) of the Companies Act 2006.

Approved by the board of directors and signed on its behalf by:



N S Burnett

**Director**

15 June 2023

**Statement of comprehensive income**

For the year ended 31 December 2022

	Note	2022 £'000	2021 £'000
Impairment gains	7	271	250
Foreign exchange gain	7	3	-
<hr/>			
<b>Profit before tax</b>		<b>274</b>	<b>250</b>
Taxation	4	(52)	(48)
<hr/>			
<b>Profit for the year, being total comprehensive income</b>		<b>222</b>	<b>202</b>

The accompanying notes to the financial statements are an integral part of these financial statements.

All results derive from continuing operations.

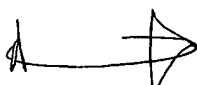
**Balance sheet**

As at 31 December 2022

	Note	2022 £'000	2021 £'000
<b>ASSETS</b>			
<b>Current assets</b>			
Cash and cash equivalents	6	2	-
Investments	7	159	-
<b>Total assets</b>		<b>161</b>	<b>-</b>
<b>LIABILITIES</b>			
<b>Current liabilities</b>			
Bank overdraft	6	-	65
Current tax liability	4	52	48
<b>Total liabilities</b>		<b>52</b>	<b>113</b>
<b>EQUITY</b>			
Share capital	8.1	1,600	1,600
Capital reserve	8.2	234,993	234,993
Accumulated losses		(236,484)	(236,706)
<b>Total equity</b>		<b>109</b>	<b>(113)</b>
<b>Total equity and liabilities</b>		<b>161</b>	<b>-</b>

The accompanying notes to the financial statements are an integral part of these financial statements.

The financial statements were approved by the board of directors and were signed on its behalf by:



N S Burnett  
Director  
15 June 2023

**Statement of changes in equity**

For the year ended 31 December 2022

	Share capital £'000	Capital reserve £'000	Accumulated losses £'000	Total equity £'000
<b>As at 1 January 2021</b>	1,600	234,993	(236,908)	(315)
Profit for the year, being total comprehensive income	-	-	202	202
<b>At 31 December 2021</b>	1,600	234,993	(236,706)	(113)
<b>As at 1 January 2022</b>	1,600	234,993	(236,706)	(113)
Profit for the year, being total comprehensive income	-	-	222	222
<b>At 31 December 2022</b>	1,600	234,993	(236,484)	109

The accompanying notes to the financial statements are an integral part of these financial statements.

**Cash flow statement***For the year ended 31 December 2022*

	2022 £'000	2021 £'000
<b>Cash flows generated from operating activities</b>		
Profit before tax	274	250
Adjustments for:		
Reversal of impairment of debt securities	(271)	(250)
Foreign exchange movement on investments	(3)	-
<b>Cash flows generated from operations</b>	-	-
Tax paid	(48)	-
<b>Net cash used in operating activities</b>	(48)	-
<b>Cash flows generated from investing activities</b>		
Monies received on disposal of debt securities	115	250
<b>Net cash generated from investing activities</b>	115	250
<b>Change in cash and cash equivalents</b>	67	250
Net bank overdrafts at beginning of year	(65)	(315)
<b>Cash and cash equivalents/(net bank overdrafts) at end of year (see note 6)</b>	2	(65)

The accompanying notes to the financial statements are an integral part of these financial statements.



## Notes to the financial statements

For the year ended 31 December 2022

### 1. Accounting policies

#### 1.1 Basis of preparation

Uberior Europe Limited (the "Company") is a private Company limited by shares incorporated in the United Kingdom under the Companies Act 2006 and is registered in Scotland. The registered office can be found on the front page and its principal activity is included in the directors report.

The principal accounting policies applied in the preparation of these financial statements are set out below. These policies have been consistently applied in both years presented, unless otherwise stated.

The financial statements for the year ended 31 December 2022 have been prepared in accordance with international accounting standards in conformity with the requirements of the Companies Act 2006.

In the preparation of these financial statements the Balance sheet has been arranged in order of liquidity.

No new IFRS pronouncements that had a material impact have been adopted in these financial statements.

Details of those pronouncements which will be relevant to the Company but which were not effective at 31 December 2022 and which have not been applied in preparing these financial statements are given in note 12. No standards have been early adopted.

These separate financial statements contain information about the Company and do not contain consolidated financial information as the parent of a group. The Company has taken advantage of the exemptions under IFRS 10 Consolidated Financial Statements and Section 400 of the Companies Act 2006 from the requirement to prepare consolidated financial statements. The Company and its subsidiaries are included in the consolidated financial statements of the Company's ultimate parent company.

These financial statements have been prepared under the historical cost convention and on a going concern basis. There is a net asset position of £109,000 (2021: net liability position of £113,000).

The directors are satisfied that it is the intention of Lloyds Banking Group plc that its subsidiaries, including the Company, will continue to have access to adequate liquidity and capital resources for the foreseeable future and, accordingly, the financial statements have been prepared on a going concern basis.

#### 1.2 Income recognition

##### Revenue

Interest income and expense are recognised in the Income Statement for all interest-bearing financial instruments, using the effective interest method where it can be reliably estimated and recognised on a cash basis where it cannot be reliably measured. The effective interest method is a method of calculating the amortised cost of a financial asset or liability and of allocating the interest income or interest expense over the expected life of the financial instrument. The effective interest rate is the rate that exactly discounts the estimated future cash payments or receipts over the expected life of the financial instrument or, when appropriate, a shorter period, to the net carrying amount of the financial asset or financial liability.

The effective interest rate is calculated on initial recognition of the financial asset or liability by estimating the future cash flows after considering all the contractual terms of the instrument but not future credit losses. The calculation includes all amounts expected to be paid or received by the Company including expected early redemption fees and related penalties and premiums and discounts that are an integral part of the overall return. Direct incremental transaction costs related to the acquisition, issue or disposal of a financial instrument are also taken into account in the calculation. Once a financial asset or a group of similar financial assets has been written down as a result of an impairment loss, interest income is recognised using the rate of interest used to discount the future cash flows for the purpose of measuring the impairment loss (see Note 1.7).

Fees and commission income which are not an integral part of the effective interest rate are generally recognised in the Income Statement within 'Other income' as the related service is provided.

Dividend income is recognised when the right to receive payment is established and recognised in the Income Statement as Investment income.

Gains and losses on disposal are determined by comparing the proceeds with the carrying amount and are recognised within 'Profit on disposal of investments' in the Income Statement.

## Notes to the financial statements (continued)

For the year ended 31 December 2022

### 1. Accounting policies (continued)

#### 1.2 Income recognition (continued)

##### Revenue (continued)

Once a financial asset or a group of similar financial assets has been written down as a result of an impairment loss, interest income is recognised on the net lending balance using the rate of interest used to discount the future cash flows for the purpose of measuring the impairment loss.

The calculation includes all amounts paid or received by the Company that are an integral part of the overall return, direct incremental transaction costs related to the acquisition, issue or disposal of a financial instrument and all other premiums or discounts. Fees and commissions, which are not an integral part of the effective interest rate, are generally recognised when the service has been provided. Coupon or dividends received on investment in irredeemable shares, which carry a mandatory coupon, are recognised in the Statement of comprehensive income as interest income.

#### 1.3 Foreign currency

The financial statements are presented in Sterling which is the Company's functional and presentation currency. See note 10.4.

#### 1.4 Other income

Other income mostly represents foreign exchange movements, the majority of which occurred on the Euro loan balance. The remaining balance consists of interest received on debt securities and monitoring fees.

#### 1.5 Expenses recognition

##### Finance costs

Interest expense for all interest bearing financial instruments is recognised in the Statement of comprehensive income as it accrues, within finance costs.

#### 1.6 Financial assets and liabilities

Management determines the classification of its financial assets and financial liabilities at initial recognition. The Company's financial assets are Cash and cash equivalents and Debt securities held at amortised cost. The Company has no financial liabilities.

A reclassification will only take place when the change is significant to the Group's operations and will occur at a portfolio level and not for individual instruments; reclassifications are expected to be rare. Equity investments are measured at fair value through profit or loss unless the Group elects at initial recognition to account for the instruments at fair value through other comprehensive income. For these instruments, principally strategic investments, dividends are recognised in profit or loss but fair value gains and losses are not subsequently reclassified to profit or loss following derecognition of the investment.

Financial assets are derecognised when the contractual right to receive cash flows from those assets has expired or when the Group has transferred its contractual right to receive the cash flows from the assets and either: substantially all of the risks and rewards of ownership have been transferred; or the Group has neither retained nor transferred substantially all of the risks and rewards, but has transferred control.

##### Investments in debt securities held at amortised cost

Debt securities not quoted on active market are held at amortised cost. They are initially recognised at fair value plus directly related incremental transaction costs and are subsequently carried on the Balance sheet at amortised cost using the effective interest rate method less provision for impairment. Income on debt securities held at amortised cost is recognised on an effective interest rate basis (see Note 7) where it can be reliably estimated and recognised upon receipt where it cannot be reliably estimated and recorded as Investment income in the Income statement.

## Notes to the financial statements (continued)

For the year ended 31 December 2022

### 1. Accounting policies (continued)

#### 1.6 Financial assets and liabilities (continued)

##### Financial instruments held at fair value through profit or loss

Financial assets are classified at fair value through profit or loss where they do not meet the criteria to be measured at amortised cost or fair value through other comprehensive income or where they are designated at fair value through profit or loss to reduce an accounting mismatch.

Trading securities, which are debt securities held at amortised cost and equity shares acquired principally for the purpose of selling in the short term or which are part of a portfolio which is managed for short-term gains, do not meet these criteria and are also measured at fair value through profit or loss. Financial assets measured at fair value through profit or loss are recognised in the balance sheet at their fair value. Fair value gains and losses together with interest coupons and dividend income are recognised in the income statement within investment income.

The fair values of assets and liabilities traded in active markets are based on current bid and offer prices respectively. If the market is not active the Group establishes a fair value by using valuation techniques.

They are initially recognised at fair value and transaction costs are expensed in the Income Statement. Financial instruments measured at fair value through profit or loss are carried on the Balance sheet at fair value. Any gains and losses arising from change in fair value are recognised in the Income Statement within changes in fair value of investments in the period in which they occur.

#### 1.7 Impairment

##### Impairment of financial assets

An impairment charge in the income statement includes the change in expected credit losses and certain fraud costs. Expected credit losses are recognised for loans and advances to customers and banks, other financial assets held at amortised cost, financial assets measured at fair value through other comprehensive income, and certain loan commitments and financial guarantee contracts. Expected credit losses are calculated by using an appropriate probability of default, adjusted to take into account a range of possible future economic scenarios, and applying this to the estimated exposure of the Group at the point of default after taking into account the value of any collateral held or other mitigants of loss and including the impact of discounting using the effective interest rate.

At initial recognition, allowance (or provision in the case of some loan commitments and financial guarantees) is made for expected credit losses resulting from default events that are possible within the next 12 months (12-month expected credit losses). In the event of a significant increase in credit risk, allowance (or provision) is made for expected credit losses resulting from all possible default events over the expected life of the financial instrument (lifetime expected credit losses). Financial assets where 12-month expected credit losses are recognised are considered to be Stage 1; financial assets which are considered to have experienced a significant increase in credit risk are in Stage 2; and financial assets which have defaulted or are otherwise considered to be credit impaired are allocated to Stage 3.

Assets are transferred to Stage 3 when they have defaulted or are otherwise considered to be credit impaired. IFRS 9 contains a rebuttable presumption that default occurs no later than when a payment is 90 days past due.

In certain circumstances, the Group will renegotiate the original terms of a customer's loan, either as part of an ongoing customer relationship or in response to adverse changes in the circumstances of the borrower. In the latter circumstances, the loan will remain classified as either Stage 2 or Stage 3 until the credit risk has improved such that it no longer represents a significant increase since origination (for a return to Stage 1), or the loan is no longer in default (for a return to Stage 2). Renegotiation may also lead to the loan and associated allowance being derecognised and a new loan being recognised initially at fair value.

## Notes to the financial statements (continued)

For the year ended 31 December 2022

### 1. Accounting policies (continued)

#### 1.7 Impairment (continued)

##### Impairment of financial assets (continued)

A loan or advance is normally written off, either partially or in full, against the related allowance when the proceeds from realising any available security have been received or there is no realistic prospect of recovery and the amount of the loss has been determined. Subsequent recoveries of amounts previously written off decrease the amount of impairment losses recorded in the income statement. For both secured and unsecured retail balances, the write-off takes place only once an extensive set of collections processes has been completed, or the status of the account reaches a point where policy dictates that continuing concessions are no longer appropriate.

##### Financial assets designated at fair value

The Company assesses at each Balance sheet date whether there is objective evidence that an FVTPL financial asset is impaired. This assessment involves reviewing the current financial circumstances and future prospects of the issuer and assessing the future cash flows expected to be realised.

If an impairment loss has been incurred, the cumulative loss, measured as the difference between the acquisition cost (net of any principal repayment and amortisation) and the current fair value less any impairment loss on the asset previously recognised, is reclassified from equity to the Income statement.

If in a subsequent period, the fair value increases and the increase can be objectively related to an event occurring after the impairment loss was recognised, an amount not greater than the original impairment loss is credited to the Income statement; any excess is taken to the Statement of comprehensive income.

#### 1.8 Dividends paid

Dividends on ordinary shares are recognised through equity in the period in which they are paid.

#### 1.9 Cash and cash equivalents

For the purposes of the Balance sheet and Cash flow statement, Cash and cash equivalents (including bank overdraft) with related undertaking comprise balances with less than three months' maturity.

#### 1.10 Taxation

Tax expense comprises current tax. Current tax is charged or credited in the Statement of Comprehensive Income except to the extent that the tax arises from a transaction or event which is recognised, in the same or a different period, outside the Statement of Comprehensive Income (either in other comprehensive income, directly in equity, or through a business combination), in which case the tax appears in the same statement as the transaction that gave rise to it.

Current tax is the amount of corporate income taxes expected to be payable or recoverable based on the profit for the period as adjusted for items that are not taxable or not deductible, and is calculated using tax rates and laws that were enacted or substantively enacted at the balance sheet date.

Current tax includes amounts provided in respect of uncertain tax positions when management expects that, upon examination of the uncertainty by His Majesty's Revenue and Customs ("HMRC") or other relevant tax authority, it is more likely than not that an economic outflow will occur. Provisions reflect management's best estimate of the ultimate liability based on their interpretation of tax law, precedent and guidance, informed by external tax advice as necessary. Changes in facts and circumstances underlying these provisions are reassessed at each balance sheet date, and the provisions are re-measured as required to reflect current information.

## Notes to the financial statements (continued)

For the year ended 31 December 2022

### 1. Accounting policies (continued)

#### 1.11 Other financial liabilities

Other financial liabilities are initially recognised at fair value less directly attributable transaction costs and subsequently measured at amortised cost. In practice, the carrying value of these balances equates to the fair value due to the short term nature of the amounts included within other financial liabilities.

#### 1.12 Borrowings

Borrowings are recognised initially at fair value, being their issue proceeds net of transaction costs incurred. These instruments are subsequently stated at amortised cost using the effective interest rate method.

#### 1.13 Finance costs

Finance costs comprise interest payable on borrowings. Interest payable is recognised in the Income Statement using the effective interest rate method. The effective interest rate is established on initial recognition of the financial liability and is not subsequently revised.

#### 1.14 Streamlined Energy and Carbon Reporting Disclosure

The Company is out of scope of the Streamlined Energy and Carbon Reporting ("SECR"), as it does not meet the numerical thresholds in relation to turnover and number of employees.

### 2. Critical accounting estimates and judgements in applying accounting policies

The preparation of the Company's financial statements in accordance with IFRS requires management to make judgements, estimates and assumptions in applying the accounting policies that affect the reported amounts of assets, liabilities, income and expenses. Due to the inherent uncertainty in making estimates, actual results reported in future periods may be based upon amounts which differ from those estimates. Estimates, judgements and assumptions are continually evaluated and are based on historical experience and other factors, including expectations of future events that are believed to be reasonable under the circumstances.

The Company has made no critical accounting estimates. The following are critical accounting judgements that the directors have made in the process of applying the company's accounting policies and that have the most significant effect on the amounts recognised in the financial statements:

#### Impairment of investments

As explained in the accounting policy, investment securities are continually reviewed at the specific investment level for impairment. Impairment is recognised when there is objective evidence that a specific financial asset is impaired. Objective evidence of impairment might include a significant or prolonged decline in market value below the original cost of a financial asset and, in the case of debt securities held at amortised cost, non-receipt of due interest or principal repayment, a breach of covenant within the security's terms and conditions or a measurable decrease in the estimated future cash flows since their initial recognition. The disappearance of active markets, declines in market value and ratings downgrades do not in themselves constitute objective evidence of impairment and, unless a default has occurred on a debt security, the determination of whether or not objective evidence of impairment is present at the Balance sheet date requires the exercise of management judgement.

## Notes to the financial statements (continued)

For the year ended 31 December 2022

### 3. Other operating expenses

Fees payable to the company's auditors for the audit of the financial statements of £5,513 (2021: £5,250) have been borne by the ultimate parent company and are not recharged to the company.

The Company has no employees (2021: nil).

The Directors, who are considered to be key management, received no remuneration in respect of their services to the Company. The emoluments of the Directors are paid by a fellow group undertaking on behalf of the ultimate parent, Lloyds Banking Group plc, which makes no recharge to the Company. The Directors are also directors of a number of other subsidiaries of the Group and are also substantially engaged in managing their respective business areas within the Group, it is therefore not possible to make an accurate apportionment of Directors emoluments in respect of their services to each of the subsidiaries. Accordingly, these financial statements include no emoluments in respect of the Directors.

### 4. Taxation

	2022 £'000	2021 £'000
<b>a) Analysis of charge for the year</b>		
UK corporation tax:		
- Current tax on taxable profit for the year	52	48
Current tax charge	52	48
Tax Charge	52	48

Corporation tax is calculated at a rate of 19.00% (2021: 19.00%) of the taxable profit for the year.

#### b) Factors affecting the tax charge for the year

A reconciliation of the charge that would result from applying the standard UK corporation tax rate to the profit before tax to the actual tax charge for the year is given below:

	2022 £'000	2021 £'000
Profit before tax	274	250
Tax charge thereon at UK corporation tax rate of 19.00% (2021: 19.00%)	52	48
Tax charge on profit	52	48
Effective rate	19.00%	19.00%

### 5. Dividends

No dividends were paid or proposed during the year ended 31 December 2022 (2021: £nil).

## Notes to the financial statements (continued)

For the year ended 31 December 2022

### 6. Cash and cash equivalents

Cash and cash equivalents for the purposes of the Cash flow statement include the following:

	2022 £'000	2021 £'000
Cash, held with group undertakings (see Note 9)	2	-
Bank overdraft, held with group undertakings (see Note 9)	-	(65)
	2	(65)

The cash/bank overdraft are provided by another Group company and was repayable on demand.

### 7. Investments

	2022 £'000	2021 £'000
<b>Investments</b>		
Debt securities	159	-

#### Debt securities held at amortised cost

The movement in Debt securities held at amortised cost can be summarised as follows:

	Stage 1 £'000	Stage 2 £'000	Stage 3 £'000	Total £'000
Gross balance as at 1 January 2022	-	-	267	267
Exchange and other adjustments	12	-	-	12
Transfers to Stage 1	267	-	(267)	-
Net decrease in gross debt securities	(115)	-	-	(115)
Gross balance as at 31 December 2022	164	-	-	164
Provision for impairment	(5)	-	-	(5)
Net balance as at 31 December 2022	159	-	-	159

	2022 £'000	2021 £'000
<b>Gross debt securities held at amortised cost</b>		
As at 1 January	267	548
Exchange translation	12	(31)
Disposals	(115)	(250)
As at 31 December	164	267
<b>Provision for impairment</b>		
As at 1 January	267	548
Exchange translation	9	(31)
Reversal of impairment in the year	(271)	(250)
As at 31 December	5	267
<b>Net debt securities held at amortised cost</b>	159	-

## Notes to the financial statements (continued)

For the year ended 31 December 2022

### 8. Capital and reserves

#### 8.1 Share capital

	2022 £'000	2021 £'000
<b>Allotted, issued and fully paid</b>		
1,600,001 ordinary shares of £1 each (2021: 1,600,001)	1,600	1,600

#### 8.2 Capital reserve

In 2012 the intermediate parent company at that time, Bank of Scotland plc, agreed to unconditionally and irrevocably release the Company from its obligation to pay £15,579,989 in respect of the bank overdraft position held by the Company. This was recognised as a capital contribution in 2012, and has brought the total capital reserves to £234,992,838. No obligation was made in 2021 or 2020. This reserve represents a realised profit for distributable reserves purposes.

### 9. Related party transactions

The Company is controlled by Lloyds Banking Group plc. A number of transactions are entered into with related parties in the normal course of business. A summary of the outstanding balances at the year end are set out below.

	2022 £'000	2021 £'000
<b>Cash / bank overdraft, held with group undertaking</b>		
Bank of Scotland plc (see note 6)	2	(65)

The bank overdraft was an interest free facility provided by another Group company (Bank of Scotland plc) and is repayable on demand. Interest is now being earned on the cash balance.

The above balances are unsecured in nature and are expected to be settled in cash or by cash equivalents. Transactions in the year are those reflected through the Income statement.

#### Key management personnel

Key management personnel are those persons having authority and responsibility for planning and controlling the activities of the Company. Accordingly, key management is comprised of the directors of the Company and Lloyds Banking Group plc. There were no transactions between the Company and key management personnel during the current or preceding year. Key management personnel are employed by other companies within the Group and consider that their services to the Company are incidental to their other activities within the Group.

### 10. Financial risk management

The Company's operations expose it to a variety of financial risks: credit risk, liquidity risk, business risk and foreign currency risk.

A description of the Company's financial assets/liabilities and associated accounting is provided in note 1.



## Notes to the financial statements (continued)

For the year ended 31 December 2022

### 10. Financial risk management (continued)

#### 10.1 Credit risk

##### Credit risk management

Credit risk is the risk of financial loss from a counterparty's failure to settle financial obligations as they fall due. Credit exposures arise in the normal course of the Company's business, principally from investment activities that bring debt securities into the Company's asset portfolio.

Cash and cash equivalents are held with other companies within the Group. The credit risk associated with this financial assets is not considered to be significant.

##### Credit risk mitigation

- Credit principles and policy: Group Risk sets out the group credit principles and policy according to which credit risk is managed, which in turn is the basis for divisional and business unit credit policy. Principles and policy are reviewed regularly and any changes are subject to a review and approval process. Business unit policy includes lending guidelines, which define the responsibilities of lending officers and provide a disciplined and focused benchmark for credit decisions.
- Stress testing and scenario analysis at a divisional level: The credit portfolio is also subjected to stress testing and scenario analysis, to simulate outcomes and calculate their associated impact.

##### Financial assets subject to credit risk

The maximum exposure to credit risk arising on the Company's financial assets at the reporting date is disclosed in the table below and equates to carrying value.

	2022 £'000	2021 £'000
Cash and cash equivalents	2	-

#### 10.2 Liquidity risk

Liquidity risk is the risk that the Company is unable to meet its obligations as they fall due.

The table below sets out the cash flows payable by the Company in respect of Corporation tax liability:

##### As at 31 December 2022

	Up to 1 month £'000	1-3 months £'000	3-12 months £'000	1-5 years £'000	Total £'000
Current tax liability	-	52	-	-	52

##### As at 31 December 2021

	Up to 1 month £'000	1-3 months £'000	3-12 months £'000	1-5 years £'000	Total £'000
Bank overdraft	65	-	-	-	65
Current tax liability	-	48	-	-	48
	65	48	-	-	113

#### 10.3 Business risk

Business risk is the risk that the Company's earnings are adversely impacted by a suboptimal business strategy or the suboptimal implementation of the strategy. In assessing business risk consideration is given to internal and external factors such as products, funding, resource capability and economic, political and regulatory factors.

Through regular reports and oversight business risk is managed by corrective actions to plans and reductions in exposures where necessary.

## Notes to the financial statements (continued)

For the year ended 31 December 2022

### 10. Financial risk management (continued)

#### 10.4 Foreign currency risk

Foreign exchange risk arises on monetary financial assets (included in "investments", and "cash and cash equivalents") and borrowings denominated in a currency other than Pounds Sterling. The currency giving rise to this risk is the Euro. An increase or decrease of 0.01 in the Euro exchange rate would impact the value of the Investment in the Company by +/-£2,000. There was no impact in 2021 due to the investment previously being fully provided for.

#### 10.5 Fair values of financial assets and liabilities

The fair value of a financial instrument is the price that would be received to sell an asset or paid to transfer a liability in an orderly transaction between market participants at the measurement date.

The directors consider that there are no significant differences between the carrying amounts shown in the Balance sheet and the fair value.

#### 10.6 Capital disclosures

The Company's objectives when managing capital are to safeguard the entity's ability to continue as a going concern, provide an adequate return to its shareholders through pricing products and services commensurately with the level of risk and, indirectly, to support the Group's regulatory capital requirements.

The Company's capital comprises all components of equity, movements in which appear in the Statement of changes in equity. The Company receives its funding requirements from its fellow group undertakings and does not raise funding externally.

### 11. Post balance sheet events

There are no post balance sheet events requiring disclosure in these financial statements.

### 12. Future developments

The following pronouncements are not applicable for the year ending 31 December 2022 and have not been applied in preparing these financial statements. Save as disclosed below, the impact of these accounting changes is still being assessed by the Company and reliable estimates cannot be made at this stage. With the exception of certain minor amendments, as at the date of signing these financial statements these pronouncements have been endorsed for use in the United Kingdom.

#### Minor amendments to other accounting standards

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The IASB has issued a number of minor amendments to IFRSs effective 1 January 2023 and in later years (including IAS 1 Presentation of financial statements and IAS 8 Accounting policies, changes in accounting estimates and errors). These amendments are not expected to have a significant impact on the Company.

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### 13. Ultimate parent undertaking and controlling party

The immediate parent company is Uberior Ventures Limited. The company regarded by the directors as the ultimate parent company and controlling party is Lloyds Banking Group plc (incorporated in Scotland), which is also the parent undertaking of the largest and smallest group of undertakings for which group financial statements are drawn up and of which the Company is a member. Copies of the financial statements of both companies may be obtained from Group Secretariat, Lloyds Banking Group plc, 25 Gresham Street, London, EC2V 7HN. The Lloyds Banking Group plc financial statements may be downloaded via <https://www.lloydsbankinggroup.com/investors/financial-downloads.html>.

## **Independent auditor's report to the members of Uberior Europe Limited**

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### **Report on the audit of the financial statements**

#### **Opinion**

In our opinion the financial statements of Uberior Europe Limited (the 'company'):

- give a true and fair view of the state of the company's affairs as at 31 December 2022 and of its profit for the year then ended;
- have been properly prepared in accordance with United Kingdom adopted international accounting standards and International Financial Reporting Standards (IFRSs) as issued by the International Accounting Standards Board (IASB); and
- have been prepared in accordance with the requirements of the Companies Act 2006.

We have audited the financial statements which comprise:

- the statement of comprehensive income;
- the balance sheet;
- the statement of changes in equity;
- the cash flow statement; and
- the related notes 1 to 13.

The financial reporting framework that has been applied in their preparation is applicable law and United Kingdom adopted international accounting standards and IFRSs as issued by the IASB.

#### **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 Financial Reporting Council's (the 'FRC's') Ethical Standard, and we have fulfilled our other ethical responsibilities in accordance with these requirements. We believe that the audit evidence we have obtained is sufficient and appropriate to provide a basis for our opinion.

#### **Conclusions relating to going concern**

In auditing the financial statements, we have concluded that the directors' use of the going concern basis of accounting in the preparation of the financial statements is appropriate.

Based on the work we have performed, we have not identified any material uncertainties relating to events or conditions that, individually or collectively, may cast significant doubt on the company's ability to continue as a going concern for a period of at least twelve months from when the financial statements are authorised for issue.

Our responsibilities and the responsibilities of the directors with respect to going concern are described in the relevant sections of this report.

## **Independent auditor's report to the members of Uberior Europe Limited (continued)**

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### **Other information**

The other information comprises the information included in the annual report, other than the financial statements and our auditor's report thereon. The directors are responsible for the other information contained within the annual report. Our opinion on the financial statements does not cover the other information and, except to the extent otherwise explicitly stated in our report, we do not express any form of assurance conclusion thereon.

Our responsibility is to read the other information and, in doing so, consider whether the other information is materially inconsistent with the financial statements, or our knowledge obtained in the course of the audit, or otherwise appears to be materially misstated. If we identify such material inconsistencies or apparent material misstatements, we are required to determine whether this gives rise to a material misstatement in the financial statements themselves. If, based on the work we have performed, we conclude that there is a material misstatement of this other information, we are required to report that fact.

We have nothing to report in this regard.

### **Responsibilities of directors**

As explained more fully in the statement of directors' responsibilities, 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.

A further description of our responsibilities for the audit of the financial statements is located on the FRC's website at: [www.frc.org.uk/auditorsresponsibilities](http://www.frc.org.uk/auditorsresponsibilities). This description forms part of our auditor's report.

## **Independent auditor's report to the members of Uberior Europe Limited (continued)**

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### **Extent to which 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 material misstatements in respect of irregularities, including fraud. The extent to which our procedures are capable of detecting irregularities, including fraud is detailed below.

We considered the nature of the company's industry and its control environment and reviewed the company's documentation of their policies and procedures relating to fraud and compliance with laws and regulations. We also enquired of management and the directors about their own identification and assessment of the risks of irregularities, including those that are specific to the company's business sector.

We obtained an understanding of the legal and regulatory framework that the company operates in, and identified the key laws and regulations that:

- had a direct effect on the determination of material amounts and disclosures in the financial statements. These included UK Companies Act and UK tax legislation; and
- do not have a direct effect on the financial statements but compliance with which may be fundamental to the company's ability to operate or to avoid a material penalty.

We discussed among the audit engagement team regarding the opportunities and incentives that may exist within the organisation for fraud and how and where fraud might occur in the financial statements.

As result of performing the above, we identified the greatest potential for fraud in the following areas, and our specific procedures performed to address it are described below:

- Valuation of investments: We identified a significant risk over the valuation of investments which are recognised at fair value using unobservable inputs. With support of our valuation specialists, we tested the inputs and valuation as at 31 December 2022.

In common with all audits under ISAs (UK), we are also required to perform specific procedures to respond to the risk of management override. In addressing the risk of fraud through management override of controls, we tested the appropriateness of journal entries and other adjustments; assessed whether the judgements made in making accounting estimates are indicative of a potential bias; and evaluated the business rationale of any significant transactions that are unusual or outside the normal course of business.

In addition to the above, our procedures to respond to the risks identified included the following:

- reviewing financial statement disclosures by testing to supporting documentation to assess compliance with provisions of relevant laws and regulations described as having a direct effect on the financial statements;
- performing analytical procedures to identify any unusual or unexpected relationships that may indicate risks of material misstatement due to fraud;
- enquiring of management and legal counsel concerning actual and potential litigation and claims, and instances of non-compliance with laws and regulations; and
- reading minutes of meetings of those charged with governance.

## **Independent auditor's report to the members of Uberior Europe Limited (continued)**

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### **Report on other legal and regulatory requirements**

#### **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.

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 any material misstatements in the directors' report.

#### **Matters on which we are required to report by exception**

Under the Companies Act 2006 we are required to report in respect of the following matters 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.

We have nothing to report in respect of these matters.

#### **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.



Paul Cowley CA (Senior statutory auditor)  
For and on behalf of Deloitte LLP  
Statutory Auditor  
Glasgow, United Kingdom  
15 June 2023