

**NATWEST SOCIAL & COMMUNITY CAPITAL**

**(A Company Limited by Guarantee)**

**REPORT AND FINANCIAL STATEMENTS**

**FOR THE YEAR ENDED**

**31 DECEMBER 2023**

**BK PLUS AUDIT LIMITED  
CHARTERED CERTIFIED ACCOUNTANTS  
AND STATUTORY AUDITOR**

**NATWEST SOCIAL & COMMUNITY CAPITAL**  
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**FOR THE YEAR ENDED 31 DECEMBER 2023**

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**NATWEST SOCIAL & COMMUNITY CAPITAL**  
**COMPANY INFORMATION**  
**FOR THE YEAR ENDED 31 DECEMBER 2023**

LEGAL STATUS:	Company Limited by Guarantee
TRUSTEES:	Andrew Harrison Ben Smith Debra Phillips Ash Mohammed Parita Doshi Joshua Meek John Dixon Anshu Mandal (appointed 1 June 2023)
CHIEF EXECUTIVE OFFICER:	Victoria Papworth
SECRETARY:	Kyle Macfarlane (Appointed 12 July 2023)
REGISTERED OFFICE:	250 Bishopsgate London EC2M 4AA
REGISTERED COMPANY NUMBER:	03901460 (England and Wales)
REGISTERED CHARITY NUMBER:	1079626
AUDITOR:	BK Plus Audit Limited Chartered Certified Accountants and Statutory Auditors 2 Highlands Court Cranmore Avenue Solihull B90 4LE
BANKERS:	NatWest 246 – 250 Regent Street London W1B 3PB

**NATWEST SOCIAL & COMMUNITY CAPITAL**  
**CHAIR'S REPORT**  
**FOR THE YEAR ENDED 31 DECEMBER 2023**

In 2023 NatWest Social & Community Capital continued to deliver across a range of financial and impact objectives, with our strongest year of lending to date. As we have seen during Covid, it is at times of social and financial stress where our customers are able to make a real difference to the communities they serve. Providing patient and blended finance to support the growth and sustainability of these social enterprises helps them to deliver vital local services and contribute to resilient communities.

The reinforcing tensions from global conflicts, inflation, market volatility and wider financial stresses, meant costs continued to rise for households and businesses. Nonetheless the demand for our loans is increasing, and we are delighted to be able to offer such patient finance to purpose-led businesses across the UK.

S&CC committed over £2m in loans over the year, doubling our previous year's total (which had in turn doubled the lending for 2021). We hope this is the start of a recovery from the pandemic, which considerably dampened demand for our lending, as our customers saw significant drops in their income alongside increased demand for the services they provided. Our first loan in 2023 was a VAT bridging facility for a multi-purpose organisation in Scotland, and our last was towards a building purchase, for a charity in SE England which helps people with and without learning difficulties and/or autism to work and learn together.

We welcomed a new CEO in September, Victoria Papworth, and were delighted to keep the skills and expertise of Megan Virrels in a new, part-time advisory role. Victoria comes from a career in social funding and will be focusing on the roll-out of our new place-based strategy.

As well as financial support, we have continued to link our customers with colleagues from the bank, who have provided support through their skills-based volunteering; amongst other things, some ongoing support with financial reporting and a design review of a website.

We continue to see a good level of repayment from our existing portfolio which demonstrates our commitment to recycle the funds repaid, lending them out again to continue to deliver our mission of supporting social enterprises to make a positive impact on UK communities. The loan portfolio at year end totalled £3.7m, with unrestricted reserves of £12.7m.

Following on from our strategy offsite in September 2022, we are committed to becoming a total return focused fund, delivering impact across both our direct lending and our investment portfolio, aiming to be fully invested or committed by the end of our 25th year in 2025. Alongside the new strategy which we have developed over the course of the year, we have drafted an Investment Policy Statement, which aims to more intentionally steward our funds for maximum benefit. We intend to approach Investment Managers in early 2024 for a portion of our uncommitted funds.

Anshu Mandel joined our Board, in June, and she also joins our Finance & Risk subcommittee, where her skills in market and financial analysis will help S&CC in achieving long term social impact and financial sustainability.

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**NATWEST SOCIAL & COMMUNITY CAPITAL**

**CHAIR'S REPORT(continued)**

**FOR THE YEAR ENDED 31 DECEMBER 2023**

2023 was an exceptionally busy year for S&CC, and I would like to pass on thanks to the whole team from all the Trustees, and especially to Megan Virrels for her time with the charity as CEO. Alongside the operational team, our committed volunteers offer their expertise to our Funding Panel, and we also benefit from regular support from the finance, legal and comms teams.

We look forward to supporting even more social entrepreneurs in 2024.

**Andrew Harrison**  
**Trustee**

**NATWEST SOCIAL & COMMUNITY CAPITAL****TRUSTEES' REPORT****FOR THE YEAR ENDED 31 DECEMBER 2023**

The trustees, who are also directors of the charity for the purposes of the Companies Act, submit their annual report and the audited financial statements for the year ended 31 December 2023.

The trustees have adopted the provisions of the Statement of Recommended Practice (SORP) "Accounting and Reporting by Charities: Statement of Recommended Practice applicable to charities preparing their accounts in accordance with the Financial Reporting Standard applicable in the UK and Republic of Ireland (FRS 102)" in preparing the annual report and financial statements of the charity.

**Objectives & Activities**

The charity was established in 1999 to fund and help local community businesses, principally through the provision of loan finance to social enterprises and charitable and not-for-profit organisations. We occasionally make grants via grant programmes to address specific needs and opportunities and retain the flexibility to look at other financing mechanisms to meet market demands, gaps or opportunities as they are identified. We operate across the UK including Northern Ireland and we only support ventures operating and benefitting communities in the UK.

In shaping our objectives for the year and planning our activities, the trustees have considered the Charity Commission's guidance on public benefit.

The objectives of the charity are the general purposes of such charitable bodies or for such purposes as the Trustees may from time to time decide across the United Kingdom. The mission of the charity is to enable social enterprises to make a positive impact in UK communities. We aim to achieve it through:

- The provision of finance to social enterprises that are unable to access mainstream funding
- The reinvestment of funds for long-term sustainability of the charity
- The assessing, measurement and reporting of the social impact and financial performance of our borrowers and ourselves to ensure effective use of resources

Our main sectors of focus are:

- Employability, education and training for those furthest from the labour market
- Provision of services to the most disadvantaged people/communities.
- Community regeneration

Social impact is at the heart of what we do. To ensure the social impact of our loans is protected we lend principally to businesses with a recognised social enterprise legal structure with appropriate levels of governance. We expect to see evidence of social impact in every case or a commitment to measure it in future. We believe that a focus on assessing, measuring, and reporting impact will help borrowers to do more impactful work. When evaluating social impact, we also consider whether the business model is innovative or has the potential to scale.

We rely on volunteers to help us achieve our objectives. Over the course of the year, volunteers from within NatWest Group plc and the wider social enterprise sphere donated their time to support NatWest Social & Community Capital; participating in Funding Panel meetings, supporting the board and Funding Panel in their decision making, providing skills-based support to our customers and assisting our work in innumerable other ways.

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**NATWEST SOCIAL & COMMUNITY CAPITAL****TRUSTEES' REPORT (continued)****FOR THE YEAR ENDED 31 DECEMBER 2023****Achievements and Performance**

The charity has made significant progress again this year in many aspects of its operations. It has focused its support across a suite of newly developed products, guided by some consultancy which flagged key market gaps. 2023 was the busiest year for lending that S&CC has seen since its inception, and Trustees were pleased to see this uptick in enquiries, applications and committed loans following on from a much quieter period during recent volatile times. The team attended conferences in person as well as rebuilding face-to-face relationships across the sector with key partners.

We have approved loans to 12 social enterprises, with 7 new customers to the charity.

The charity welcomed Victoria Papworth, a new CEO, and have retained the services of Megan Virrels as an advisor, on a part-time basis.

**Financial Review**

We approved loans of £2,270,000 over the course of the year, advancing loan funds of £1,722,308 by year end. Ongoing challenges in the funding environment mean that many charities and social enterprises are turning to social investment where in the past they might have relied more heavily on the grants which have disappeared from local and regional government. We recognise that patient and blended finance is more readily available through a number of providers than it was when S&CC was established. Nonetheless, S&CC's support remains key for many organisations.

The ongoing global uncertainty has continued to bring challenges to the economy, and persistent high inflation for much of the year has squeezed many budgets, as well as the ability of many social businesses to grow their income streams. This sits alongside considerable demand for the very services which our investees deliver.

**Bad Debts**

The Board are conscious that the aftermath of the coronavirus pandemic and the subsequent economic uncertainty has had a distressing effect on the small business sector, exacerbated by ongoing and developing conflicts, global inflation, and the considerable rise in energy and food prices. Given the nature of the charity's activities and the sector in which it and its borrowers operate, that impact is likely to be even harder on our customer base and therefore the risk of a bad debt crystallising in the future is unavoidable. The Board is conscious that an element of the charity's substantial unrestricted reserve will be available to absorb unforeseen bad debts that may arise in the future. After careful consideration the trustees have decided to make prudent latent provision for future potential bad debts. £671,902 has therefore been included as a provision in respect of amounts due from unsecured loans which may not be received by the charity.

**Investment Policy**

NatWest S&CC's purpose is to provide community business investment to social enterprises, charities, community interest companies and co-operatives who are unable to access sufficient mainstream finance and who are delivering impact in our priority areas. Where capital is not yet committed for this purpose, we seek to protect against inflation, cover operating costs, subsidise the risk / return taken on committed capital and, where possible, provide surplus to create a budget for "Special Initiatives", which may include repayable grants and consultancy.

(Continued...)

**NATWEST SOCIAL & COMMUNITY CAPITAL****TRUSTEES' REPORT (continued)****FOR THE YEAR ENDED 31 DECEMBER 2023**

Uncommitted capital will be held within responsible investment structures which act to avoid harm to society and the environment.

During 2023, the investment sub-committee, under delegated authority from the Board, carried out a review of our investment policy to focus on a total return strategy, aiming to deliver impact across both direct lending and the investment portfolio. A Request for Proposal for Investment Services was drafted this year by the investment sub-committee and adopted by the Board in June. Our new CEO will take this to market in early 2024.

**Reserve Policy**

The Board of Trustees acknowledges that in order to provide loan finance the Charity must ensure significant unrestricted free cash reserves are available.

As at 31 December 2023 the Charity's unrestricted reserves totalled £12,704,801. At this date the value of funds committed to investments and loan portfolio totalled £5,374,128 and available cash reserves totalled £7,338,673.

The Board are committed to achieving the Charity's aims and objectives by ensuring the ongoing availability of loan finance through the adoption of sustainable lending policies and the continual review of our products and services. They anticipate that the loan book will continue to grow over time and, as it does so, unrestricted reserves will therefore convert from cash reserve to loan portfolio reserve.

**Plans for Future Periods**

The Charity has a significant role to play in providing finance to social enterprises that cannot access mainstream finance.

Our strategy over the next three years is to lend more year on year and to provide other support services that help our customers to thrive; we aim to have all funds committed by year end 2025. We want to expand the help that we provide to address those areas where the research shows small charities and social enterprises struggle, providing value add services to enable our clients to grow and prosper. We want to help early-stage businesses and those undertaking significant strategic change to prove and grow their impact. We want to help place-based groups build sustainable communities and we want to help social entrepreneurs generate the proof of concept they require to grow and develop their businesses. We want future impact reports to tell the story of a Charity that is flourishing and most importantly has built a long-term legacy in the hardest to reach communities.

To do this the charity is grateful for the support of NatWest Group plc for continued donation of staff, operating costs and professional support.

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**NATWEST SOCIAL & COMMUNITY CAPITAL****TRUSTEES' REPORT (continued)****FOR THE YEAR ENDED 31 DECEMBER 2023****Structure, Management and Governance**

The charity was incorporated on 23 December 1999 as a company limited by guarantee and commenced its activities immediately. It is a non-profit making organisation. The Governing Document is the Memorandum and Articles of Association which were last updated on 4 June 2020.

The trustees who served during the year and their interest in the company are stated as follows:

Andrew Harrison  
Ben Smith  
Debra Phillips  
Ash Mohammed  
Parita Doshi  
Joshua Meek  
John Dixon  
Anshu Mandal (appointed 1 June 2023)  
Niamh Goggin (resigned 13 January 2023)

The liability of each of the trustees in the event of a winding up is limited to £1. This liability applies to all trustees whilst they are trustees and for one year after they cease to be trustees. Under its governing document, the charity has the power to make any investment which the trustees see fit.

The charitable status of the organisation has been confirmed by the Charity Commission.

The major risks to which the charity is exposed, as identified by the trustees, have been reviewed and a system has been established to mitigate those risks.

**Appointment of Trustees**

The trustees have established a Nomination & Governance Committee (NGC) to promote good governance and best practice to ensure the Board is working as effectively as possible to promote the mission and core values of the charity.

The NGC will ensure the Board is complying with all aspects of the law, relevant regulations and good practice relating to its areas of responsibility.

The NGC meets at least twice annually and maintains and regularly reviews a schedule of trustee appointments and retirements, which include details of the Boards existing skills sets. It recommends to the board potential candidates who possess the appropriate skills and appoints a recruitment panel to carry out the interview and assessment process.

**Trustee Induction & Training**

New trustees undergo an orientation to brief them on their legal obligations under charity and company law, the Charity Commission guidance on public benefit, and inform them of the content of the Memorandum and Articles of Association, the Governance Manual, the committee and decision-making processes, the business plan and recent financial performance of the charity. During the induction they meet key employees and other trustees. Trustees are encouraged to attend appropriate external training events where these will facilitate the undertaking of their role.

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**NATWEST SOCIAL & COMMUNITY CAPITAL****TRUSTEES' REPORT (continued)****FOR THE YEAR ENDED 31 DECEMBER 2023****Organisation**

The board of trustees, which can have up to 8 members, administers the charity. The board normally meets quarterly and there are sub-committees covering investment, finance and risk, and Board development, marketing and communications which meet regularly. A Chief Executive is appointed by the trustees to manage the day-to-day operations of the charity. To facilitate effective operations, the Chief Executive has delegated authority, within terms of delegation approved by the trustees, for operational matters including finance, employment and lending related activity. Investment decisions are taken by a voluntary Funding Panel that meets fortnightly and has representatives from the bank and external bodies with extensive social and financial sector experience and investment and credit skills.

**Related Parties**

The trustees consider NatWest Group plc to be a related party because of its continued close financial and operational support which has been provided throughout the year ended 31 December 2023 and prior years.

**Pay policy for senior staff**

The trustees consider the board of directors, who are also the Charity's trustees, and the senior management team comprise the key management personnel of the charity in charge of directing and controlling, running and operating the Charity on a day-to-day basis. All trustees give of their time freely and no trustee received remuneration in the year ending 31 December 2023. The full-time staff working for the charity are paid by NatWest Group plc and pay is reviewed annually and a performance related increase is made where appropriate. The pay is benchmarked against pay levels for other roles with similar responsibilities elsewhere within the bank.

**Risk Management**

The trustees have a risk management strategy which comprises:

- A semi-annual review of the principal risks and uncertainties that the charity faces;
- the establishment of policies, systems and procedures to mitigate those risks identified in the annual review; and
- the implementation of procedures designed to minimise or manage any potential impact on the charity should those risks materialise.

This work has identified that financial sustainability is the major financial risk for the charity. A key element in the management of financial risk is ensuring that credit risk appetite is applied consistently, that regular reviews of the loan portfolio are held, and that active management of both existing and new clients ensure that risks and concerns are identified and addressed in a timely fashion.

**Public Benefit**

The trustees are aware of the obligations of the charity, which are set out in the Guidance issued by The Charities Commission under The Charities Act 2006. They are confident that the work of the charity in pursuit of its objects is delivering Public Benefit. The Trustees will comply with the future reporting requirements in this regard.

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**NATWEST SOCIAL & COMMUNITY CAPITAL****TRUSTEES' REPORT (continued)****FOR THE YEAR ENDED 31 DECEMBER 2023****Trustees Indemnity Insurance**

The trustees are the directors of the Company. During the year and up to the date of approval of the financial statements, there was a qualifying third-party indemnity in place for directors as allowed by Section 234 of the Companies Act 2006.

**Trustees' responsibilities statement**

The trustees (who are also directors of NatWest Social & Community Capital for the purposes of company law) are responsible for preparing the Trustees' Report and the financial statements in accordance with applicable law and United Kingdom Accounting Standards (United Kingdom Generally Accepted Accounting Practice).

Company law requires the trustees to prepare financial statements for each financial year, which give a true and fair view of the state of affairs of the charitable company and of the incoming resources and application of resources, including the income and expenditure, of the charitable company for the year. In preparing these financial statements, the trustees are required to:

- select suitable accounting policies and then apply them consistently;
- observe the methods and principles in the Charities SORP 2015 (FRS 102);
- make judgements and estimates that are reasonable and prudent;
- state whether applicable UK Accounting Standards have been followed, subject to any material departures disclosed and explained in the financial statements;
- prepare the financial statements on the going concern basis unless it is inappropriate to presume that the charitable company will continue in operation.

The trustees are responsible for keeping adequate accounting records that disclose with reasonable accuracy at any time the financial position of the charitable 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 charitable company and hence for taking reasonable steps for the prevention and detection of fraud and other irregularities.

In so far as the trustees are aware:

- there is no relevant audit information of which the charitable company's auditor is unaware; and
- the trustees have taken all steps that they ought to have taken to make themselves aware of any relevant audit information and to establish that the auditor is aware of that information.

Approved by the trustees on 04 July 2024 and signed on their behalf by

**Andrew Harrison**  
**Trustee**

**NATWEST SOCIAL & COMMUNITY CAPITAL****CHIEF EXECUTIVE OFFICER'S REPORT****FOR THE YEAR ENDED 31 DECEMBER 2023**

I joined S&CC in September 2023, and am a passionate supporter of social investment as a part of a healthy and supportive funding mix. As an investor, the aim of any financial input to our customers is to strengthen their financial position, but as a social lender, it is equally our aim to support their ability to deliver on their mission. Having been set up to deliver loans to those social businesses which can't access mainstream finance, we recognise the reach, engagement and trust that they have with their communities, which are often underserved by traditional, centralised services.

Alongside the macro-economic issues in recent years of global inflation, new and developing conflicts and a world still recovering from the pandemic, over the medium term, the UK has seen considerable disinvestment in the support it is able to give to the most vulnerable. Our investees work in this volatile environment, offering support to those furthest from help, and we are proud to support this work. We know how vital local decision-making can be; power in the hands of local communities often brings unused buildings into use and transforms services.

An understanding of the challenges which charities and social enterprises face is a fundamental of our successful relationship with them and is often raised in the feedback we gather from our investees. In particular, we know that some charities need more help to guide them through the investment process, and our relationship-driven approach to our investees and early-stage support is key. In 2023 we committed over £2m in loans and received back repayments of around £530k (split as £418k in capital repayments and £112k in interest). This is made up of 12 new loans to excellent social enterprises, including 7 new customers to the charity. Our first commitment of the year was in February, to an organisation which connects customers with social enterprises to use their spend for good. Rather than a typical loan, this was a £30k repayable grant product, an area we are considering for future support. We have shone a light on a selection of our investees, including a provider of affordable housing for local people which supports children and young people in education and beyond, and an invaluable early intervention service for vulnerable children and young people, offering understanding and support when they need it most.

The team attended a number of key events over the course of the year, including the Locality conference, Greater Manchester's Funders Forum, the Gathering, and Social Enterprise Scotland's conference and awards. S&CC also supported the judging of the WISE100 and SE100 awards, and we were delighted to be recognised as Nationwide Social Lender of the Year in the UK Enterprise Awards 2023, for the second year in a row.

S&CC has been developing a new strategy over the course of 2022-23, with the support of the Change Coefficient, with a view to refreshing how and where we work. The social investment market in which we operate is relatively well served, in recent years, with a variety of providers, and the decision was taken by the Board to move to a place-based investment focus. Given the strength of our existing relationships where our team is based, we have selected two hubs, one focussed on Scotland, and a second in the Northwest midlands. We have also updated our product offer to more explicitly include property purchase loans, working capital and bridging loans, and our website now reflects this.

Alongside the focus on place, the Board and the Investment sub-committee have drafted a detailed Investment Policy Statement, with a view to going out to Investment Managers in early 2024 for a portion of our currently uncommitted funds. I look forward to this process in the new year and am keen to see the whole of our funds contributing to positive solutions for both the UK and the planet. Working with the successful investment manager will help us to generate positive outcomes with those funds which would not otherwise be working for social businesses in the UK.

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**NATWEST SOCIAL & COMMUNITY CAPITAL**  
**CHIEF EXECUTIVE OFFICER'S REPORT (continued)**  
**FOR THE YEAR ENDED 31 DECEMBER 2023**

With thanks to the Board and everyone here at S&CC for welcoming me to the team, as I familiarise myself with our customers, processes and products. The volunteers on our Funding Panel who assess the loan applications are taken from NatWest Group as well as from external sector experts, and I would like to pass on my personal thanks for their hard work and expertise. Our On Purpose Associates added thoughtful insight, Ania Soleimani on the strategy review, and Louisa Hungate on our 2022 Impact Report, and we remain grateful for the warm support we receive from Julie Baker and the Enterprise & Partnerships team.

Tracy and Brendan bring our trademark flexibility and commitment to our investees, and Megan will be continuing with S&CC in a new advisory role, bringing her deep knowledge of our work. I look forward to working with all of them, delivering much-needed finance to those charities and social enterprises delivering essential local services.

Social enterprises are a product of the communities they seek to support, and are a fundamental part of the ongoing reimagination of those places, reinvigorating the physical and social estate. We look forward to seeing social enterprises increasingly recognised as strategic partners, delivering new energy to places in times of change.

**Victoria Papworth**  
**Chief Executive Officer**

**REPORT OF THE INDEPENDENT AUDITORS TO**  
**THE MEMBERS OF NATWEST SOCIAL & COMMUNITY CAPITAL**  
**FOR THE YEAR ENDED 31 DECEMBER 2023**

### **Opinion**

We have audited the financial statements of NatWest Social & Community Capital ('the charitable company') for the year ended 31 December 2023, which comprise of the Statement of Financial Activities, the Balance Sheet, Statement of Cash Flows and notes to the financial statements, including a summary of significant accounting policies, on pages fifteen to twenty seven. The financial reporting framework that has been applied in their preparation is applicable law and United Kingdom Accounting Standards, including Financial Reporting Standard 102 The Financial Reporting Standard applicable in the UK and Republic of Ireland (United Kingdom Generally Accepted Accounting Practice).

In our opinion the financial statements:

- give a true and fair view of the state of the charitable company's affairs as at 31 December 2023, and of its incoming resources and application of resources, including its income and expenditure, 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 charitable 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 trustees' 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 charitable 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 trustees with respect to going concern are described in the relevant sections of this report.

### **Other information**

The other information comprises the information included in the trustees annual report, other than the financial statements and our auditor's report thereon. The trustees 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.

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**REPORT OF THE INDEPENDENT AUDITORS TO**  
**THE MEMBERS OF NATWEST SOCIAL & COMMUNITY CAPITAL (Continued)**  
**FOR THE YEAR ENDED 31 DECEMBER 2023**

**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 trustees' report (incorporating the directors' report) for the financial year for which the financial statements are prepared is consistent with the financial statements; and
- the trustees' report has been prepared in accordance with applicable legal requirements.

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

In the light of our knowledge and understanding of the charitable company and its environment obtained in the course of the audit, we have not identified material misstatements in the trustees' 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 or
- the trustees were not entitled to prepare the financial statements in accordance with the small companies' regime and take advantage of the small companies' exemptions in preparing the directors' report and from the requirement to prepare a strategic report

**Responsibilities of trustees**

As explained more fully in the trustees' responsibilities statement set out on page nine, the trustees (who are also the directors of the charitable company for the purposes of company law) 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 trustees 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 trustees are responsible for assessing the charitable 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 trustees either intend to liquidate the charitable company or to cease operations, or have no realistic alternative but to do so.

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**REPORT OF THE INDEPENDENT AUDITORS TO**  
**THE MEMBERS OF NATWEST SOCIAL & COMMUNITY CAPITAL (Continued)**  
**FOR THE YEAR ENDED 31 DECEMBER 2023**

**Auditor's responsibilities for the audit of the financial statements**

Our objectives are to obtain reasonable assurance about whether the financial statements as a whole are free from material misstatement, whether due to fraud or error, and to issue an auditor's report that includes our opinion. Reasonable assurance is a high level of assurance but is not a guarantee that an audit conducted in accordance with ISAs (UK) will always detect a material misstatement when it exists. Misstatements can arise from fraud or error and are considered material if, individually or in the aggregate, they could reasonably be expected to influence the economic decisions of users taken on the basis of these financial statements.

The extent to which our procedures are capable of detecting irregularities, including fraud is detailed below:

- Performing audit work over the risk of management override of controls, including testing of journal entries and other adjustments for appropriateness, evaluating the business rationale of significant transactions outside the normal course of business and reviewing accounting estimates for bias.
- Performing audit work over the risk of understatement of income including substantive testing and obtaining corroborated explanations from Management.
- Performing audit work on the latent provision reviewing for management bias and obtaining corroborated explanations from management

Because of the inherent limitations of an audit, there is a risk that we will not detect all irregularities, including those leading to a material misstatement in the financial statements or non-compliance with regulation. The risk is also greater regarding irregularities occurring due to fraud rather than error, as fraud involves intentional concealment, forgery, collusion, omission or misrepresentation.

A further description of our responsibilities is available on the Financial Reporting Council's website at: <https://www.frc.org.uk/Our-Work/Audit/Audit-and-assurance/Standards-and-guidance/Standards-and-guidance-for-auditors/Auditors-responsibilities-for-audit/Description-of-auditors-responsibilities-for-audit.aspx>. This description forms part of our auditor's report.

**Use of our report**

This report is made solely to the charitable 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 charitable 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 charitable company and the charitable company's members as a body, for our audit work, for this report, or for the opinions we have formed.

**Paul Mannion FCA FCCA (Senior Statutory Auditor)**

For and on behalf of BK Plus Audit Limited,  
Chartered Certified Accountants  
Statutory Auditor  
2 Highlands Court  
Cranmore Avenue  
Solihull  
B90 4LE

04 July 2024



## NATWEST SOCIAL &amp; COMMUNITY CAPITAL

STATEMENT OF FINANCIAL ACTIVITIES  
(Including Income and Expenditure Account)

FOR THE YEAR ENDED 31 DECEMBER 2023

	Note	Unrestricted Funds 2023 £	Unrestricted Funds 2022 £
<b>Income:</b>			
<b>Donations and legacies</b>	<b>3</b>	1,671,121	162,045
<b>Income from charitable activities:</b>			
Provision of loan finance	<b>4</b>	131,526	69,998
<b>Income from investments</b>	<b>5</b>	75,078	13,839
<b>Total income</b>		<u>1,877,725</u>	<u>245,882</u>
<b>Expenditure:</b>			
<b>Expenditure on Charitable activities:</b>			
Provision of loan finance	<b>6</b>	309,877	220,711
<b>Total expenditure</b>		<u>309,877</u>	<u>220,711</u>
<b>Net surplus/(deficit)</b>		1,567,848	25,171
<b>Net gains/(losses) on investments</b>	<b>9</b>	<u>360,039</u>	<u>(294,068)</u>
<b>Net movement in funds during the year</b>		<b>1,927,887</b>	<b>(268,897)</b>
<b>Reconciliation of funds</b>			
Total funds brought forward		10,776,914	11,045,811
<b>Total funds carried forward</b>	<b>16</b>	<u><b>12,704,801</b></u>	<u><b>10,776,914</b></u>

The statement of financial activities includes all gains and losses recognised in the year. All income and expenditure derive from continued activities.

## NATWEST SOCIAL &amp; COMMUNITY CAPITAL (REGISTERED NUMBER: 03901460)

## BALANCE SHEET

## FOR THE YEAR ENDED 31 DECEMBER 2023

	Note	2023		2022	
		£	£	£	£
<b>Fixed assets</b>					
Fixed asset investments	9		3,315,022		2,954,983
<b>Current assets</b>					
Debtors falling due within one year	10	479,619		84,452	
Debtors falling due after one year	10	1,579,487		726,897	
Cash at bank and in hand		<u>7,338,673</u>		<u>7,018,582</u>	
		9,397,779		7,829,931	
<b>Liabilities</b>					
Creditors falling due within one year	12	<u>(8,000)</u>		<u>(8,000)</u>	
<b>Net Current Assets</b>			9,389,779		7,821,931
<b>Net assets</b>			<u><b>12,704,801</b></u>		<u><b>10,776,914</b></u>
<b>The funds of the Charity</b>					
Unrestricted funds	16		12,704,801		10,776,914
<b>Total Charity funds</b>			<u><b>12,704,801</b></u>		<u><b>10,776,914</b></u>

These accounts are prepared in accordance with the special provisions of Part 15 of the Companies Act relating to small companies and constitute the annual accounts required by the Companies Act 2006.

The financial statements were approved and authorised for issue by the trustees on 04 July 2024 and signed on their behalf by:

**Andrew Harrison**  
Trustee

## NATWEST SOCIAL &amp; COMMUNITY CAPITAL

## STATEMENT OF CASH FLOWS

## FOR THE YEAR ENDED 31 DECEMBER 2023

	Note	2023		2022	
		£	£	£	£
<b>Cash flows from operating activities</b>					
Cash generated from operations	13		245,013		(49,925)
<b>Investing activities</b>					
Interest received			75,078		13,839
<b>Net cash generated from investing activities</b>			<u>75,078</u>		<u>13,839</u>
<b>Net increase /(decrease) in cash and cash equivalents</b>			320,091		(36,086)
Cash and cash equivalents at beginning of year			7,018,582		7,054,668
Cash and cash equivalents at end of year			<u>7,338,673</u>		<u>7,018,582</u>

## NATWEST SOCIAL &amp; COMMUNITY CAPITAL

## NOTES TO THE ACCOUNTS

## FOR THE YEAR ENDED 31 DECEMBER 2023

**1. Accounting Policies****a) Basis of Preparation**

The financial statements of the charitable company, which is a public benefit entity as defined by FRS 102, have been prepared in accordance with the Charities SORP (FRS 102) 'Accounting and Reporting by Charities: Statement of Recommended Practice applicable to charities preparing their accounts in accordance with the Financial Reporting Standard applicable in the UK and Republic of Ireland (FRS 102) (effective 1 January 2019)', Financial Reporting Standard 102 'The Financial Reporting Standard applicable in the United Kingdom and Republic of Ireland', the Charities Act 2011, the Companies Act 2006 and UK Generally Accepted Accounting Practice.

The financial statements are prepared on a going concern basis under the historical cost convention, modified to include certain items at fair value. The financial statements are presented in sterling which is the functional currency of the charity.

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

**Income:****(i) Donations and legacies**

Income from donations and legacies is recognised when the charity has entitlement to the funds, any performance conditions attached to the item(s) of income have been met, it is probable that the income will be received, and the amount can be measured reliably.

**(ii) Income from investments**

Interest on funds held on deposit is included when receivable and the amount can be measured reliably by the charity; this is normally upon notification of the interest paid or payable by the Bank.

**(iii) Gifts in kind**

Donated services and volunteer time are included in incoming resources when the benefit to the charity is reasonably quantifiable and measurable. They are valued by the trustees at the amount the charity would have been willing to pay for the service or time on the open market.

**Expenditure:**

Expenditure is recognised once there is a legal or constructive obligation to make a payment to a third party, it is probable that settlement will be required and the amount of the obligation can be measured reliably.

**NATWEST SOCIAL & COMMUNITY CAPITAL****NOTES TO THE ACCOUNTS****FOR THE YEAR ENDED 31 DECEMBER 2023****1. Accounting Policies**

Expenditure on charitable activities includes the costs relating to the provision of loan finance undertaken to further the purposes of the charity and their associated support costs.

Grants payable to third parties are within the charitable objectives. Where unconditional grants are offered, this is accrued as soon as the recipient is notified of the grant, as this gives rise to a reasonable expectation that the recipient will receive the grants.

**Fund accounting**

General funds are unrestricted funds that are available for use at the discretion of the trustees in furtherance of the general objectives of the charity and which have not been designated for other purposes.

**Investments**

Investments are recognised initially at fair value which is normally the transaction price excluding any transaction costs. Subsequently, they are measured at fair value with changes recognised in 'net gains / (losses) on investments in the Statement of Financial Activities if the shares are publicly traded or their fair value can otherwise be measured reliably. Other investments are measured as cost less impairment.

**Programme related investments**

Programme related investments are made in pursuance of the charity's objects and are not held primarily for financial return. Such investments are stated at cost less any repayment of capital and provision for impairment. Any losses or impairment arising from such investments is charged as part of charitable activities within the Statement of Financial Activities.

**Mixed motive investment**

Mixed motive investments are made by the charity to generate a financial return and also contribute to the charity's objects. Such investments are valued at fair value which represents the bid price of the investment on the market in which it is listed. Any changes in the fair value of mixed motive investments are recognised in 'net gains / (losses) on investments in the Statement of Financial Activities

**Critical accounting judgements and sources of estimation uncertainty**

Estimates and judgements are continually evaluated and are based on historical evidence and other factors, including expectations of future events that are believed to be reasonable under the circumstances.

**Loans**

Loans are initially stated at amounts advanced and are subsequently carried at amortised cost using the effective interest method. Loans are assessed for indicators of impairment at each reporting end date, which is classified as a latent provision and is charged as part of charitable activities within the statement of financial activities.

**NATWEST SOCIAL & COMMUNITY CAPITAL****NOTES TO THE ACCOUNTS (continued)****FOR THE YEAR ENDED 31 DECEMBER 2023****1. Accounting Policies (Continued...)****Basic financial assets**

Basic financial assets, which include debtors and cash and bank balances, are initially measured at transaction price including transaction costs and are subsequently carried at amortised cost using the effective interest method unless the arrangement constitutes a financing transaction, where the transaction is measured at the present value of the future receipts discounted at a market rate of interest. Financial assets classified as receivable within one year are not amortised

**Impairment of financial assets**

Financial assets, other than those held at fair value through profit and loss, are assessed for indicators of impairment at each reporting end date.

**Classification of financial liabilities**

Financial liabilities and equity instruments are classified according to the substance of the contractual arrangements entered into.

**Basic financial liabilities**

Basic financial liabilities, including creditors, are initially recognised at transaction price unless the arrangement constitutes a financing transaction, where the debt instrument is measured at the present value of the future receipts discounted at a market rate of interest. Financial liabilities classified as payable within one year are not amortised.

**Going Concern**

The charity is exposed to risks within the financial lending market in which it operates and is also exposed to risks associated to the general business environment. The directors are aware of the effects of Covid-19 have taken action to minimise any resultant risks wherever possible. The Board is satisfied that there is no reason to believe that the company's current funding and liquidity position is insufficient and are therefore of the opinion that the financial statements should be prepared on a going concern basis.

**Repayable Grants**

These grants contain a contingent clause relating to their repayment terms. These payments will be treated as a grant in the Statement of Financial Activities until it is virtually certain that the criteria to become repayable are met. The payment will then be reversed from the Statement of Financial Activities and included within the loan portfolio and recognised as a debtor.

**2. Company Status**

The charity is a company limited by guarantee and has no share capital. The members of the company are the trustees named on page one. In the event of the charity being wound up, the liability in respect of the guarantee is limited to £1 per member of the charity.

## NATWEST SOCIAL &amp; COMMUNITY CAPITAL

## NOTES TO THE ACCOUNTS (continued)

## FOR THE YEAR ENDED 31 DECEMBER 2023

**3. Income from donations and legacies**

	<b>2023</b>	<b>2022</b>
	<b>£</b>	<b>£</b>
Donations	1,505,000	5,000
Donations – gifts in kind	166,121	157,045
	<b><u>1,671,121</u></b>	<b><u>162,045</u></b>

During the year the Charity received an unrestricted donation and gifts in kind from NatWest Group PLC totalling £1,505,000 (2022 £5,000) and £166,121 (2022 £157,045) respectively. For further details please refer to note nineteen.

**4. Income from charitable activities**

	<b>2023</b>	<b>2022</b>
	<b>£</b>	<b>£</b>
Loans interest receivable	112,432	69,998
Loan administration fees	19,094	-
	<b><u>131,526</u></b>	<b><u>69,998</u></b>

**5. Income from investments**

	<b>2023</b>	<b>2022</b>
	<b>£</b>	<b>£</b>
Bank interest receivable	75,078	13,839
	<b><u>75,078</u></b>	<b><u>13,839</u></b>

## NATWEST SOCIAL &amp; COMMUNITY CAPITAL

## NOTES TO THE ACCOUNTS (continued)

## FOR THE YEAR ENDED 31 DECEMBER 2023

6. Provision of loan finance	2023 £	2022 £
Latent provisioning	77,641	1,205
Insurance	1,682	1,563
Marketing and public relations	-	265
Legal and professional fees	5,778	7,020
Consultancy	35,520	19,244
Sundry expenses	81	35
Bank charges	122	140
Auditors' remuneration	7,000	7,000
Portfolio administrative services and back office support	15,932	27,194
	<u>143,756</u>	<u>63,666</u>
Gifts in kind – Donated bank official time	73,724	64,648
Gifts in kind – Loan Officer and associated costs	92,397	92,397
<b>Provision of loan finance</b>	<b><u>309,877</u></b>	<b><u>220,711</u></b>

## 7. Analysis of Resources Expended

	General Support £	Governance Function £	Total 2023 £	Total 2022 £
Insurance	1,682	-	1,682	1,563
Marketing and public relations	-	-	-	265
Legal and professional fees	41,098	-	41,098	26,264
Sundry expenses	81	-	81	35
Bank charges	122	-	122	140
Auditors' remuneration	-	7,000	7,000	7,000
Portfolio admin services & back office support	-	15,932	15,932	27,194
	<u>42,983</u>	<u>22,932</u>	<u>65,915</u>	<u>62,461</u>
Gifts in kind – Donated bank official time	41,687	32,037	73,724	64,648
Gifts in kind – Loan Officer and associated costs	92,397	-	92,397	92,397
	<u>177,067</u>	<u>54,969</u>	<u>232,036</u>	<u>219,506</u>

8 Net movement for the year	2023 £	2022 £
<b>This is stated after charging</b>		
Auditors' remuneration	<u>7,000</u>	<u>7,000</u>



## NATWEST SOCIAL &amp; COMMUNITY CAPITAL

## NOTES TO THE ACCOUNTS (continued)

## FOR THE YEAR ENDED 31 DECEMBER 2023

## 9. Fixed asset investments

	Programme related investment £	Mixed motive investment £	Total 2023 £
<b>Cost or valuation</b>			
At 1 January 2023	220,150	2,734,833	2,954,983
Revaluation	-	360,039	360,039
At 31 December 2023	<u>220,150</u>	<u>3,094,872</u>	<u>3,315,022</u>
<b>Impairment</b>			
At 1 January 2023 and			
At 31 December 2023	<u>20,000</u>	<u>-</u>	<u>20,000</u>
<b>Carrying amount</b>			
At 1 January 2023	<u>220,150</u>	<u>2,734,833</u>	<u>2,954,983</u>
At 31 December 2023	<u><u>220,150</u></u>	<u><u>3,094,872</u></u>	<u><u>3,315,022</u></u>

Investments comprise of -

	Programme related investment £	Mixed motive investment £	Total 2023 £
<b>Investments</b>			
The Charity Bank Limited	40,000		40,000
Black Country Reinvestment Society Limited	20,000		20,000
East Lancashire Moneyline (IPS) Limited	40,000		40,000
Wessex Reinvestment Society Limited	20,000		20,000
The Ethical Property Company Limited	15,750		15,750
Portsmouth Area Regeneration Trust (IPS) Limited	20,000		20,000
ICOF Community Capital Limited	10,000		10,000
Art Share (Social Help Association for Reinvesting in Enterprise) Limited	20,000		20,000
Derby Loans (IPS) Limited	20,000		20,000
London Rebuilding Society Limited	20,000		20,000
East End Fair Finance Limited	20,000		20,000
<b>Equity Investments</b>			
COIF Charity Funds	-	2,000,000	2,000,000
<b>Total investments</b>	<u>245,750</u>	<u>2,000,000</u>	<u>2,245,750</u>
Provision for Gain / (Impairment)	<u>(25,600)</u>	<u>1,094,872</u>	<u>1,069,272</u>
<b>Net book value at 31 December 2023</b>	<u><u>220,150</u></u>	<u><u>3,094,872</u></u>	<u><u>3,315,022</u></u>

The Trustees are of the opinion that fixed asset investments totalling £3,315,022 are disclosed at fair value.

## NATWEST SOCIAL &amp; COMMUNITY CAPITAL

## NOTES TO THE ACCOUNTS (continued)

## FOR THE YEAR ENDED 31 DECEMBER 2023

**10. Debtors**

	2023 £	2022 £
Loan portfolio	2,716,717	1,395,151
Latent provisioning	(671,902)	(594,260)
Accrued loan interest and fees receivable	14,007	8,414
	<u>2,058,822</u>	<u>809,305</u>
Accrued bank interest receivable	-	1,782
Prepayments	284	262
	<u><b>2,059,106</b></u>	<u><b>811,349</b></u>
	<b>2023 £</b>	<b>2022 £</b>
Amounts falling due after more than one year and included in debtors	<u><b>1,579,487</b></u>	<u><b>726,897</b></u>

**11. Summary of capital element of loan portfolio**

	2023 £	2022 £
Balance at 1 January 2022	809,305	747,047
New loans during the year	1,722,308	496,942
Interest and fees charged	131,526	69,998
Capital, interest and fee repayments	(526,676)	(503,477)
Latent provisioning	(77,641)	(1,205)
Balance at 31 December 2023	<u><b>2,058,822</b></u>	<u><b>809,305</b></u>

Portfolio loans have been made in accordance with the charity's objectives to help local community groups and charities.

**12. Creditors: amounts falling due within one year**

	2023 £	2022 £
Accruals	8,000	8,000
	<u><b>8,000</b></u>	<u><b>8,000</b></u>

## NATWEST SOCIAL &amp; COMMUNITY CAPITAL

## NOTES TO THE ACCOUNTS (continued)

## FOR THE YEAR ENDED 31 DECEMBER 2023

**13. Cash generated from operating funds**

	<b>2023</b>	<b>2022</b>
	<b>£</b>	<b>£</b>
Surplus/(deficit) for the year	1,927,887	(268,897)
<b>Adjustments for</b>		
Bank interest received	(75,078)	(13,839)
Revaluation of investments	(360,039)	294,068
<b>Movements in working capital</b>		
Increase in debtors	(1,247,757)	(62,557)
Increase in creditors	-	1,300
	<hr/>	<hr/>
<b>Cash generated from operations</b>	<b>245,013</b>	<b>(49,925)</b>

**14. Corporation tax**

The charity is exempt from tax on income and gains falling within section 505 of the Taxes Act 1988 or section 252 of the Taxation of Chargeable Gains Act 1992 to the extent that these are applied to its charitable objects.

**15. Trustees emoluments**

The trustees did not receive any remuneration during this period (2022:nil).

Expenses totalling £nil were reimbursed to trustees during this period (2022:nil).

**NATWEST SOCIAL & COMMUNITY CAPITAL**

**NOTES TO THE ACCOUNTS (continued)**

**FOR THE YEAR ENDED 31 DECEMBER 2023**

**16. Funds**

The balance of £12,704,801 (2022 £10,776,914) on the unrestricted fund at the balance sheet date was held as follows:

	<b>2023</b>	<b>2022</b>
	<b>£</b>	<b>£</b>
Investments	3,315,022	2,954,983
Loan portfolio	2,058,822	809,305
Cash at bank	7,338,673	7,018,582
Other debtors	284	2,044
Other creditors	(8,000)	(8,000)
	<u><b>12,704,801</b></u>	<u><b>10,776,914</b></u>

	<b>Balance 1 January 2023</b>	<b>Income</b>	<b>Expenditure</b>	<b>Gains and (losses)</b>	<b>Balance 31 December 2023</b>
	<b>£</b>	<b>£</b>	<b>£</b>	<b>£</b>	<b>£</b>
Unrestricted funds	<u>10,776,914</u>	<u>1,877,725</u>	<u>(309,877)</u>	<u>360,039</u>	<u>12,704,801</u>

**17. Analysis of net assets between funds**

	<b>Fixed asset investments</b>	<b>Net current assets</b>	<b>Total</b>
	<b>£</b>	<b>£</b>	<b>£</b>
Unrestricted funds	<u>3,315,022</u>	<u>9,389,779</u>	<u>12,704,801</u>

**18. The cost of key management personnel**

The key management personnel of the charity comprise the trustees, the Chief Executive Officer and the credit panel. The total cost of the key management personnel totals £67,291 (2022: £58,373).

The costs associated to key management personnel have been donated to the charity and therefore have been recognised as a Gift in Kind. For further details please refer to note nineteen.

**NATWEST SOCIAL & COMMUNITY CAPITAL**

**NOTES TO THE ACCOUNTS (continued)**

**FOR THE YEAR ENDED 31 DECEMBER 2023**

**19. Related Party Transactions**

The majority of the Board of trustees are also employees of the NatWest Group PLC, which provided donated income and carried out banking services for the Fund.

Income and expenditure incurred on normal commercial terms relating to NatWest Group PLC during the year ended 31 December 2023 were as follows

	<b>2023</b>	<b>2022</b>
	<b>£</b>	<b>£</b>
<b>Income</b>		
Gifts in kind	166,121	157,045
Donations	1,505,000	5,000
	<u><b>1,671,121</b></u>	<u><b>162,045</b></u>
<b>Expenses</b>		
Gifts in kind – Donated bank official time	73,724	64,648
Gifts in kind – Loan Officers and associated costs	92,397	92,397
	<u><b>166,121</b></u>	<u><b>157,045</b></u>