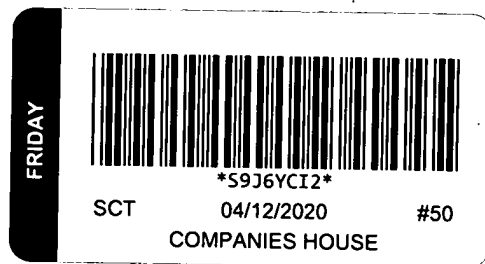


Company Registered No: SC541036

FreeAgent Holdings Limited

ANNUAL REPORT AND FINANCIAL STATEMENTS

For the period ended 31 December 2019



COMPANIES HOUSE

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**DIRECTORS' REPORT
OFFICERS AND PROFESSIONAL ADVISERS**

DIRECTORS:

**Edward Molyneux
Katherine Tenner
Andrew Ellis
Marcelino Garcia
Andrew Harrison
Simon Watson
Robert Camp
Paul Thwaite**

COMPANY SECRETARY:

**Katherine Tenner
NatWest Group Secretarial Services Limited (Formerly known
as RBS Secretarial Services Limited)**

REGISTERED OFFICE:

**One Edinburgh Quay
133 Fountainbridge
Edinburgh
EH3 9QG**

INDEPENDENT AUDITOR:

**Ernst & Young LLP
25 Churchill Place
London
E14 5EY**

Registered in Scotland

DIRECTORS' REPORT (continued)**CHANGE OF ACCOUNTING REFERENCE PERIOD**

The Company changed its accounting reference date in March 2020, with the accounting reference period ending 31 March 2020 shortened so as to end on 31 December 2019. As a result, the amounts presented in the financial statements are not entirely comparable. Subsequent periods will end on the same day and month in future years.

ACTIVITIES AND BUSINESS REVIEW

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

Activity

The principal activity of the Company continues to be an investment holding company.

Review of the year***Business review***

The directors are satisfied with the Company's performance in the year. The Company will be guided by its shareholders in seeking further opportunities for growth. Post balance sheet events are described in note 8 to the financial statements.

Financial performance

The Company's financial performance is presented on pages 11-13.

The loss before taxation for the nine month period to December 2019 was £nil (March 2019 loss: £0.8m).

No dividend is proposed for the period (March 2019: £nil).

During the period, a capital contribution of £9,000k was made by National Westminster Bank plc. This sum was subsequently forwarded to FreeAgent Central Limited, the ultimate recipient of the capital contribution.

At the end of the period, the balance sheet showed total assets of £17.9m (March 2019: £8.9m), including investment in group companies of £17.9m (March 2019: £8.9m). Total shareholders' funds were £17.9m (March 2019: £8.9m).

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

The Company seeks to minimise its exposure to financial risks.

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

The Company's assets mainly comprise of investments.

The principal risks associated with the Company are as follows:

Operational risk

Operational risk is the risk of unexpected losses attributable to human error, systems failures, fraud or inadequate internal financial controls and procedures. The Company manages this risk, in line with Natwest Group plc framework, through systems and procedures to monitor transactions and positions, the documentation of transactions and periodic review by internal audit. The Company also maintains contingency facilities to support operations in the event of disasters.

Valuation risk

Valuation risk arises due to a number of variables that may change over time that impact the methodology used to determine the value of the Company's investments. Examples of variables that could impact the valuation include cost of capital and future performance projections. Valuation Risk is an accepted risk and is dependent on a number of external factors related to the overall economy.

DIRECTORS' REPORT (continued)**Going concern**

The directors, having made such enquiries as they considered appropriate and having a reasonable expectation that the Company has adequate resources to continue in operational existence for the foreseeable future, have prepared the financial statements on a going concern basis. The Directors have also considered the current and future funding needs of the Company and of its investments and having made enquiries to the parent company, have a reasonable expectation that the Company will have or have access to adequate resources to continue in operational existence for the foreseeable future. See note 1a on page 13.

DIRECTORS AND SECRETARY

The present directors and secretary, who have served throughout the year, are listed on page 2.

From 1 January 2019 to date the following changes have taken place:

	Appointed	Resigned
Directors		
Robert Camp		4 December 2019
Paul Thwaite		15 April 2020
Secretary		
Katherine Tenner		

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 a Directors' report and financial statements for each financial year. Under that law, the directors have elected to prepare the financial statements in accordance with Financial Reporting Standard (FRS) 101 Reduced Disclosure Framework, and must not approve the financial statements unless they are satisfied that they give a true and fair view of the state of affairs at the end of the year and the profit or loss of the Company for that year/period. In preparing these financial statements, the directors are required to:

- select suitable accounting policies and then apply them consistently;
- make judgements and estimates that are reasonable and prudent;
- state whether FRS 101 has been followed, [subject to any material departures disclosed and explained in the financial statements]; and
- make an assessment of the Company's ability to continue as a going concern.

The directors are responsible for keeping adequate accounting records that are sufficient to show and explain the Company's transactions and disclose with reasonable accuracy at any time the financial position of the Company and to enable them to ensure that the Directors' report and financial statements comply with the requirements of the Companies Act 2006. They are also responsible for safeguarding the assets of the Company and hence for taking reasonable steps for the prevention and detection of fraud and other irregularities.

DIRECTORS' REPORT (continued)

DISCLOSURE OF INFORMATION TO AUDITOR

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

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

This confirmation is given and shall be interpreted in accordance with the provisions of section 418 of the Companies Act 2006.

DIRECTORS' INDEMNITIES

Natwest Group plc has indemnified all of the directors under the qualifying third party terms.

AUDITOR

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


Approved by the Board of Directors and signed on its behalf

Ed Molyneux
Director
Date: 27/11/2020

INDEPENDENT AUDITOR'S REPORT TO THE MEMBERS OF FREEAGENT HOLDINGS LIMITED

Opinion

We have audited the financial statements of FreeAgent Holdings for the nine month period ended 31st December 2019 which comprise the Statement of comprehensive income, Balance Sheet, the Statement of changes in equity and the related notes 1 to 7, including a summary of significant accounting policies. The financial reporting framework that has been applied in their preparation is applicable law and United Kingdom Accounting Standards including FRS 101 "Reduced Disclosure Framework (United Kingdom Generally Accepted Accounting Practice).

In our opinion, the financial statements:

- give a true and fair view of the company's affairs as at 31st December for the period 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 below. We are independent of the company in accordance with the ethical requirements that are relevant to our audit of the financial statements in the UK, including the FRC's Ethical Standard, and we have fulfilled our other ethical responsibilities in accordance with these requirements.

We believe that the audit evidence we have obtained is sufficient and appropriate to provide a basis for our opinion.

Emphasis of matter – Effects of Covid-19

We draw attention to notes 1(a) and 7 of the financial statements, which describes the economic and social disruption the Company is facing as a result of Covid-19, which is impacting the current business operations and the Company's investments. Our opinion is not modified in respect of this matter.

Conclusions relating to going concern

We have nothing to report in respect of the following matters in relation to which the ISAs (UK) require us to report to you where:

- the directors' use of the going concern basis of accounting in the preparation of the financial statements is not appropriate; or
- the directors have not disclosed in the financial statements any identified material uncertainties that may cast significant doubt about the company's ability to continue to adopt the going concern basis of accounting for a period of at least twelve months from the date when the financial statements are authorised for issue.

Other information

The other information comprises the information included in the annual report set out on pages 3 to 7, other than the financial statements and our auditor's report thereon. The directors are responsible for the other information.

Our opinion on the financial statements does not cover the other information and, except to the extent otherwise explicitly stated in this report, we do not express any form of assurance conclusion thereon.

In connection with our audit of the financial statements, 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 audit or otherwise appears to be materially misstated. If we identify such material inconsistencies or apparent material misstatements, we are required to determine whether there is a material misstatement in the financial statements or a material misstatement of the other information. If, based on the work we have performed, we conclude that there is a material misstatement of the other information, we are required to report that fact.

We have nothing to report in this regard.

Opinions on other matters prescribed by the Companies Act 2006

In our opinion, based on the work undertaken in the course of the audit:

- the information given in the strategic report and the directors' report for the financial year for which the financial statements are prepared is consistent with the financial statements; and
- the strategic report and directors' report have been prepared in accordance with applicable legal requirements.

Matters on which we are required to report by exception

In the light of the knowledge and understanding of the company and its environment obtained in the course of the audit, we have not identified material misstatements in the strategic report or directors' report.

We have nothing to report in respect of the following matters in relation to which the Companies Act 2006 requires us to report to you if, in our opinion:

- adequate accounting records have not been kept or returns adequate for our audit have not been received from branches not visited by us; or
- the financial statements are not in agreement with the accounting records and returns; or
- certain disclosures of directors' remuneration specified by law are not made; or
- we have not received all the information and explanations we require for our audit.

Responsibilities of directors

As explained more fully in the directors' responsibilities statement set out on page 6, 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.

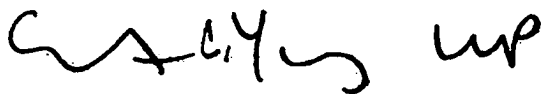
Auditor's responsibilities for the audit of the financial statements

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 Financial Reporting Council's website at <https://www.frc.org.uk/auditorsresponsibilities>. This description forms part of our auditor's report.

Use of our report

This report is made solely to the company's members, as a body, in accordance with Chapter 3 of Part 16 of the Companies Act 2006. Our audit work has been undertaken so that we might state to the company's members those matters we are required to state to them in an auditor's report and for no other purpose. To the fullest extent permitted by law, we do not accept or assume responsibility to anyone other than the company and the company's members as a body, for our audit work, for this report, or for the opinions we have formed.

A handwritten signature in black ink, appearing to read 'M. J. Albert' followed by a stylized flourish.

Michael-John Albert (Senior statutory auditor)
for and on behalf of Ernst & Young LLP, Statutory Auditor
London
27 November 2020

STATEMENT OF COMPREHENSIVE INCOME
for the period ended 31 December 2019

	Notes	December 2019 £'000	March 2019 £'000
Income from continuing operations			
Operating income		-	-
Operating expenses	3	-	(816)
Operating profit/(loss)		<u>-</u>	<u>(816)</u>
Impairment losses	4	-	-
Profit/(loss) before tax		<u>-</u>	<u>(816)</u>
Tax credit/(charge)	5	-	5
Profit/(loss) for the financial year		<u>-</u>	<u>(811)</u>

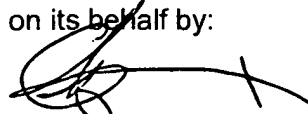
The accompanying notes form an integral part of these financial statements.

BALANCE SHEET
as at 31 December 2019

	Notes	December 2019 £'000	March 2019 £'000
Non-current assets			
Investments in group companies	6	17,918	8,918
Current assets			
Current tax assets	5	5	5
Net assets		17,923	8,923
 Equity			
Called up share capital		438	438
Share premium account		9,382	9,382
Capital contribution reserve		9,000	-
Merger reserve		(306)	(306)
Profit and loss account		(591)	(591)
Total equity		17,923	8,923
 Total liabilities and equity		17,923	8,923

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

The financial statements were approved by the Board of directors on 27/11/2020 and signed on its behalf by:



Ed Molyneux

Director

STATEMENT OF CHANGES IN EQUITY
for the period ended 31 December 2019

	Note	Share capital £'000	Share premium account £'000	Share based payment reserve £'000	Capital contribution reserve £'000	Merger Reserve £'000	Profit and loss account £'000	£'000
At 31 March 2018		407	7,154	590	-	(306)	(370)	7,475
Loss for the financial year		-	-	-	-	-	(811)	(811)
Total Comprehe nsive income		-	-	-	-	-	(811)	(811)
New shares issued		31	2,228	-	-	-	-	2,259
Exercise of options	11	-	-	(590)	-	-	590	-
At 31 March 2019		438	9,382	-	-	(306)	(591)	8,923
Loss for the financial period		-	-	-	-	-	-	-
Total Comprehe nsive income		-	-	-	-	-	-	-
Capital contribution		-	-	-	9,000	-	9,000	9,000
At 31 December 2019		438	9,382	-	9,000	(306)	(591)	17,923
		438	9,382	-	9,000	(306)	(591)	17,923

Total comprehensive income for the period of £nil (March 2019: (£811k)) was wholly attributable to the owners of the Company.

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

NOTES TO THE FINANCIAL STATEMENTS

1. Accounting policies

a) Preparation and presentation of accounts

These financial statements are prepared:

- on a going concern basis;
- under Financial Reporting Standard (FRS) 101 *Reduced Disclosure Framework* in accordance with the recognition and measurement principles of International Financial Reporting Standards issued by the International Accounting Standards Board (IASB) and interpretations issued by the International Financial Reporting Interpretations Committee of the IASB as adopted by the EU (together IFRS); and
- on the historical cost basis

In the first quarter of 2020, the World Health Organisation declared the Covid-19 outbreak to be a pandemic. Many governments, including the UK, have taken stringent measures to contain and/or delay the spread of the virus. Actions taken in response to the spread of Covid-19 have resulted in severe disruption to business operations and a significant increase in economic uncertainty, with more volatile asset prices and currency exchange rates, and a marked decline in long-term interest rates in developed economies.

The Natwest Holdings Group/NatWest Markets Group (the "Group") has a well-developed business continuity plan which includes pandemic response, enabling the Group to quickly adapt to these unprecedented circumstances and continue as viable business.

There remains significant uncertainty regarding the developments of the pandemic and the future economic recovery. The most likely expected financial impact is in respect of the Company's profitability and operations, which management continues to monitor.

The directors have a reasonable expectation that the Company has adequate resources to continue in operational existence for the foreseeable future and have prepared the financial statements on a going concern basis. This conclusion is based on the director's assessment of the Company's financial position, including the expectation of financial and operational support provided by National Westminster Bank Plc. The directors, in relying on this support, have considered National Westminster Bank Plc's ability to provide this support with no issues noted.

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

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

- in accordance with the Companies Act 2006;
- in sterling which is the functional currency of the Company; and
- with the benefit of the disclosure exemptions permitted by FRS 101 with regard to:
 - cash-flow statement;
 - standards not yet effective;
 - related party transactions; and
 - disclosure requirements of IFRS 7 "Financial Instruments: Disclosure and IFRS 13 "Fair Value Measurement"

Where required, equivalent disclosures are given in the group accounts of Natwest Group plc, these accounts are available to the public and can be obtained as set out in note 7.

The changes to IFRS that were effective from 1 January 2019 have had no material effect on the Company's Financial Statements for the period ended 31 December 2019.

NOTES TO THE FINANCIAL STATEMENTS (continued)**b) Consolidated financial statements**

The financial statements contain information about FreeAgent Holdings Limited as an individual company and do not contain consolidated financial information as the parent of a group. The Company is exempt under IFRS 10 Consolidated Financial Statements and section 400 of the Companies Act 2006 from the requirement to prepare consolidated financial statements as in accordance with IFRS 10 the Company and its subsidiaries are included by full consolidation in the IFRS consolidated financial statements of its parent, Natwest Group plc, a public company registered in Scotland whose registered address is 36 St Andrew Square, Edinburgh, EH2 2YB.

c) Taxation

Income tax expense or income, comprising current tax and deferred tax, is recorded in the profit and loss account except income tax on items recognised outside profit or loss which is credited or charged to other comprehensive income or to equity as appropriate.

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

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

d) Investments in group companies

Investments in group subsidiaries are stated at cost less any impairment.

NOTES TO THE FINANCIAL STATEMENTS (continued)

2. Critical accounting policies and key sources of estimation uncertainty

The reported results of the Company are sensitive to the accounting policies, assumptions and estimates that underlie the preparation of its financial statements. In accordance with their responsibilities for these financial statements, the estimates the directors consider most important to the portrayal of the Company's performance and financial condition are discussed below.

Investment in group companies

The key judgmental areas are (i) cost of capital; (ii) annual growth rate and (iii) business forecasts. The recoverable amount of an investment in a group company is the higher of its fair value less cost to sell and value in use (see Note 5).

Going Concern

See note 1a on page 13

3. Operating expenses**Auditor's remuneration**

The auditor's remuneration for statutory audit work of the Company was £10k. This cost was borne by FreeAgent Central Ltd.

Staff costs, number of employees and directors' emoluments

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

4. Tax

	December 2019 £'000	March 2019 £'000
Current taxation:		
UK corporation tax charge/(credit) for the year	-	(5)
Under/(over) provision in respect of prior periods	-	-
	<hr/>	<hr/>
	-	(5)
Deferred taxation:		
Charge/(credit) for the year	-	-
Under/(over) provision in respect of prior periods	-	-
	<hr/>	<hr/>
	-	-
Tax charge/(credit) for the year	<hr/> <hr/>	<hr/> <hr/>
	-	(5)

NOTES TO THE FINANCIAL STATEMENTS (continued)

4. Tax (continued)

The actual tax credit differs from the expected tax credit computed by applying the standard rate of UK corporation tax of 19% (March 2019: 19%) as follows:

	December 2019 £'000	March 2019 £'000
Expected tax charge/(credit)		(155)
Non-deductible items	-	149
Movements in deferred tax not recognised	-	1
Actual tax charge/(credit) for the year	<u>-</u>	<u>(5)</u>

The company had unused tax losses of £nil at 31 December 2019 (31 March 2019: £45k). A deferred tax asset was not recognised in respect of the company's unused tax losses in the prior year.

5. Investments in group companies

Investments in group companies are carried at cost less impairment. Movements during the year were as follows:

	December 2019 £'000	March 2019 £'000
At 1 April	8,918	666
Capital contribution following share issue	-	8,252
Capital contribution	9,000	-
At 31 December	<u>17,918</u>	<u>8,918</u>

Subsidiary undertakings of the Company are shown below. Their capital consists of ordinary {and preference} shares.

Name of subsidiary	Note	Country of incorporation and operation	Proportion of ownership interest %	Proportion of voting power held %	Principal activity
FreeAgent Central Ltd	1	Scotland	100	100	Accounting software development

The capital of subsidiary undertakings consist of ordinary and preference shares which are unlisted.

(1) The registered office is One Edinburgh Quay, 133 Fountainbridge, Edinburgh, EH3 9QG.

NOTES TO THE FINANCIAL STATEMENTS (continued)

6. Related parties**UK Government**

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

The Company enters into transactions with these bodies on an arms' length basis; they include the payment of: taxes including UK corporation tax and value added tax.

Group companies

At 31 December 2019

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

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

On 22 July 2020 the ultimate parent company, The Royal Bank of Scotland Group plc, was renamed NatWest Group plc.

7. Post balance sheet events

During July 2020 the directors of FreeAgent Holdings Limited approved a capital contribution of £3,500k from National Westminster Bank plc. This sum was subsequently forwarded to FreeAgent Central Limited, the ultimate recipient of the capital contribution.

The directors consider Covid-19 to be a non-adjusting post balance sheet event and as such no adjustments have been made to the measurement of assets and liabilities as at 31 December 2019. Refer to note 1a for the director's assessment of the impact on the Company. While there remains significant uncertainty regarding the developments of Covid-19 and the future economic recovery, a precise estimate of its financial effect, cannot be made at the date of issue of the financial statements. There could be an impact on profitability and operations and the directors continue to monitor this, however, at this stage do not consider there to be any material issues for the Company.