Company Registered No: 00522511

LOMBARD DISCOUNT LIMITED

ANNUAL REPORT AND FINANCIAL STATEMENTS

For the year ended 31 December 2020

CONTENTS

OFFICERS AND PROFESSIONAL ADVISERS

DIRECTORS:	I J Isaac J A Pattara
COMPANY SECRETARY:	NatWest Group Secretarial Services Limited (formerly RBS Secretarial Services Limited)
REGISTERED OFFICE:	250 Bishopsgate London EC2M 4AA
INDEPENDENT AUDITOR:	Ernst & Young LLP The Paragon Counterslip Bristol BS1 6BX

Registered in England and Wales

DIRECTORS' REPORT

ACTIVITIES AND BUSINESS REVIEW

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

Activity
The principal activity of the Company continues to be the provision of credit finance by way of leasing.

The Company is a subsidiary of NatWest Group plc (formerly known as The Royal Bank of Scotland Group plc (RBSG plc)) which provides the Company with direction and access to all central resources it needs and determines policies in all key areas such as finance, risk, human resources or environment. For this reason, the directors believe that performance indicators specific to the Company are not necessary or appropriate for an understanding of the development, performance or position of the business. The annual reports of NatWest Group plc review these matters on a group basis. Copies may be requested from Legal, Governance and Regulatory Affairs, NatWest Group plc, Gogarburn, Edinburgh, PO Box 1000 EH12 1HQ, the Registrar of Companies or at www.natwestgroup.com.

NatWest Group comprises NatWest Group plc, its subsidiaries and associated undertakings.

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 over its future development.

Financial performance

The retained profit for the year was £98k (2019: £98k) and this was transferred to reserves.

Principal risks and uncertainties

The Company seeks to minimise its exposure to financial risks other than credit risk.

Management focuses on both the overall balance sheet structure and the control, within prudent limits, of risk arising from mismatches, including currency, maturity, interest rate and liquidity. It is undertaken within limits and other policy parameters set by the NatWest Group Asset and Liability Management Committee (Group ALCO).

The Company is funded by facilities from Lombard North Central PLC. These are denominated in sterling which is the functional currency and carry no significant financial risk.

The Company's assets comprises mainly of loan receivables and deferred tax asset which would expose it to interest, credit, market, liquidity and operational risk except that the counterparties are group companies.

The principal risks associated with the Company are as follows:

Interest rate risk
Structural interest rate risk arises where assets and liabilities have different re-pricing maturities.

The Company manages interest rate risk by monitoring the consistency in the interest rate profile of its assets and liabilities and limiting any repricing mismatches.

Credit risk
Credit risk is the risk that companies, financial institutions, individuals and other counterparties will be unable to meet their obligations to the Company.

All material loans receivable are with group companies. Although credit risk arises this is not considered to be significant and no amounts are past due.

DIRECTORS' REPORT

Principal risks and uncertainties (continued)

Market risk
Market risk is the potential for loss as a result of adverse changes in risk factors including interest rates, foreign currency and equity prices together with related parameters such as market volatilities.

The principal market risk to which the Company is exposed is interest rate risk.

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 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.

Going concern

These financial statements are prepared on a going concern basis, see note 1 on page 11.

DIRECTORS AND COMPANY SECRETARY
The present directors and secretary, who have served throughout the year except where noted below, are listed on page 1.

From 1 January 2020 to date, there have been no changes to the directors and secretary of the Company.

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. In preparing these financial statements, the directors are required to:

- select suitable accounting policies and then apply them consistently;
- make judgements and estimates that are reasonable and prudent;
- state whether FRS 101 has been followed; and
- make an assessment of the Company's ability to continue as a going concern.

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

DISCLOSURE OF INFORMATION TO AUDITOR

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

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

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

AUDITOR

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

Approved by the Board of Directors and signed on its behalf:

Ian Isaac (Jul 8, 2021 09:25 GMT+1)

I J Isaac
Director
Date: 8th July 2021

INDEPENDENT AUDITOR'S REPORT TO THE MEMBERS OF LOMBARD DISCOUNT LIMITED

Opinion

We have audited the financial statements of Lombard Discount Limited ("the Company") for the year ended 31 December 2020 which comprise the Statement of Comprehensive Income, the Balance Sheet, the Statement of Changes in Equity and the related notes 1 to 11, 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 31 December 2020 and of its profit for the year then ended;
- have been properly prepared in accordance with United Kingdom Generally Accepted Accounting Practice; and
- have been prepared in accordance with the requirements of the Companies Act 2006.

Basis for opinion

We conducted our audit in accordance with International Standards on Auditing (UK) (ISAs (UK)) and applicable law. Our responsibilities under those standards are further described in the Auditor's responsibilities for the audit of the financial statements section of our report. We are independent of the company in accordance with the ethical requirements that are relevant to our audit of the financial statements in the UK, including the FRC's Ethical Standard and we have fulfilled our other ethical responsibilities in accordance with these requirements.

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

Conclusions relating to going concern

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

Based on the work we have performed, we have not identified any material uncertainties relating to events or conditions that, individually or collectively, may cast significant doubt on the entity'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. However, because not all future events or conditions can be predicted, this statement is not a guarantee as to the company's ability to continue as a going concern.

Other information

The other information comprises the information included in the annual report, other than the financial statements and our auditor's report thereon. The directors are responsible for the other information contained within the annual report.

Our opinion on the financial statements does not cover the other information and, except to the extent otherwise explicitly stated in this report, we do not express any form of assurance conclusion thereon. Our responsibility is to read the other information and, in doing so, consider whether the other information is materially inconsistent with the financial statements or our knowledge obtained in the course of the audit or otherwise appears to be materially misstated. If we identify such material inconsistencies or apparent material misstatements, we are required to determine whether there is a material misstatement in the financial statements themselves. If, based on the work we have performed, we conclude that there is a material misstatement of the other information, we are required to report that fact.

We have nothing to report in this regard.

INDEPENDENT AUDITOR'S REPORT TO THE MEMBERS OF LOMBARD DISCOUNT LIMITED

Opinion on other matter prescribed by the Companies Act 2006

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

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

Matters on which we are required to report by exception

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

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

- adequate accounting records have not been kept, or returns adequate for our audit have not been received from branches not visited by us; or
- the financial statements are not in agreement with the accounting records and returns; or
- certain disclosures of directors' remuneration specified by law are not made; or
- we have not received all the information and explanations we require for our audit
- the directors were not entitled to take advantage of the small companies' exemption in preparing the directors' report and from the requirement to prepare a strategic report.

Responsibilities of directors

As explained more fully in the directors' responsibilities statement set out on page 3, 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.

INDEPENDENT AUDITOR'S REPORT TO THE MEMBERS OF LOMBARD DISCOUNT LIMITED

Explanation as to what extent the audit was considered capable of detecting irregularities, including fraud

Irregularities, including fraud, are instances of non-compliance with laws and regulations. We design procedures in line with our responsibilities, outlined above, to detect irregularities, including fraud. The extent to which our procedures are capable of detecting irregularities, including fraud is detailed below. However, the primary responsibility for the prevention and detection of fraud rests with both those charged with governance of the entity and management.

Our approach was as follows:

- We obtained an understanding of the legal and regulatory frameworks that are applicable to the company and determined that the most significant are those that relate to the reporting framework (FRS 101 and the Companies Act 2006), the relevant direct and indirect tax compliance regulation in the United Kingdom and the Consumer Credit Act 1974 (as amended by the Consumer Credit Act 2006). In addition, the Company is required to comply with laws and regulations relating to its operations, including health and safety, employees, anti-bribery and corruption and General Data Protection Regulation ('GDPR').
- We understood how Lombard Discount Limited is complying with those frameworks by making enquiries of senior management and those responsible for legal and compliance matters. We reviewed meeting minutes of the Board and gained an understanding of the company's governance framework.
- Based on this understanding we designed our audit procedures to identify non-compliance with such laws and regulations. Our procedures involved making inquiries of those charged with governance and senior management as to their awareness of any non-compliance of laws or regulations, inquiring about the policies that have been established to prevent non-compliance with laws and regulations, inquiring about the company's methods of enforcing and monitoring compliance with such policies and reviewing the complaints logs.
- We assessed the susceptibility of the Company's financial statements to material misstatement, including how fraud might occur by considering the risk of management override and by assuming revenue, specifically topside adjustments to revenue, to be subject to fraud risk. We considered the controls established to address risks identified by the entity, or that otherwise seek to prevent, deter or detect fraud, including in a remote working environment; and how management monitors these controls. Our audit procedures also included testing a sample of manual journals to verify the transactions were appropriate and supported by source documentation.

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.

Ernst & Young LLP

Andrew Blackmore (Senior Statutory Auditor)
for and on behalf of Ernst & Young LLP, Statutory Auditor
Bristol
Date: 08th July 2021

STATEMENT OF COMPREHENSIVE INCOME
for the year ended 31 December 2020

Income from continuing operations	Notes	2020 £'000	2019 £'000
Turnover	3	91	132
Operating expenses	4	(7)	(12)
Operating profit		84	120
Profit on ordinary activities before tax		84	120
Tax credit/(charge)	5	14	(22)
Profit and total comprehensive income for the year		98	98

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

BALANCE SHEET
as at 31 December 2020

	Notes	2020 £'000	2019 £'000
Non-current assets			
Deferred tax asset	5	254	269
Current assets			
Finance lease receivables	6	12	17
Loan receivables	7	289	20
Prepayments, accrued income and other assets	8	27	187
		328	224
Total assets		582	493
Current Liabilities			
Accruals, deferred income and other liabilities	9	60	69
		60	69
Total liabilities		60	69
Equity			
Share capital	10	-	-
Retained earnings		522	424
Total equity		522	424
Total liabilities and equity		582	493

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

The financial statements of the Company were approved by the Board of Directors on 8th July 2021 and signed on its behalf by:

Ian Isaac (Jul 8, 2021 09:25 GMT+1)

I J Isaac
Director

STATEMENT OF CHANGES IN EQUITY
for the year ended 31 December 2020

	Share Capital £'000	Profit and loss account £'000	Total £'000
At 1 January 2019	-	326	136
Profit for the financial year	-	98	190
At 31 December 2019	-	424	424
Profit for the financial year	-	**98**	**98**
At 31 December 2020	-	**522**	**522**

Total comprehensive income for the year £98k (2019: £98k) 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 which were assessed over 12 months from the date of their approval.
- 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 (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.

  Management continue to monitor further impacts on profitability, assets, operations, liquidity however, at this stage do not consider there to be any additional material issues for the Company.

  In assessing going concern, a Covid-19 impact analysis was performed across the NatWest Group. The directors have also considered the uncertainties associated with Covid-19 including the different ways in which this could impact the cash flows, capital, solvency and liquidity position, of the Company and any mitigations management have within their control to implement. Based on this assessment, 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;

- under Financial Reporting Standard (FRS) 101 *Reduced Disclosure Framework*; and
- on the historical cost basis.

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 England and Wales and the financial statements are presented:

- in accordance with the Companies Act 2006:
- in sterling which is the functional currency of the Company: and
- with the benefit of the disclosure exemptions permitted by FRS 101 with regard to:
  - comparative information in respect of certain assets;
  - cash-flow statement;
  - standards not yet effective;
  - related party transactions;
  - certain disclosures from IFRS 15 "Revenue from Contracts with Customers" and IFRS 16 "Leases";
  - 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 11.

The changes to IFRS that were effective from 1 January 2020 have had no material effect on the Company's financial statements for the year ended 31 December 2020.

NOTES TO THE FINANCIAL STATEMENTS

1. Accounting policies (continued)

b) Revenue recognition

Turnover comprises income from finance leases and arises in the United Kingdom from continuing activities.

Finance lease income is allocated to accounting periods so as to give a constant periodic rate of return before tax on the net investment. Unguaranteed residual values are subject to regular review, if there is a reduction in the estimated unguaranteed residual value, income allocation is revised and any reduction in respect of amounts accrued is recognised immediately.

Rental income during the primary period of operating leases is recognised in the income statement on a straight-line basis over the lease term unless another systematic basis better represents the time pattern of the asset's use.

Rental income during the secondary period income is recognised in line with IFRS 15 'Revenue' in the period in which it arises.

Revenue from the sale of rental assets is recognised on transfer of ownership.

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 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) Leases

Finance lease contracts are those which transfer substantially all the risks and rewards of ownership of an asset to a customer. All other contracts with customers to lease assets are classified as operating leases.

Finance lease receivables are measured at the net investment in the lease, comprising the minimum lease payments and any unguaranteed residual value discounted at the interest rate implicit in the lease. Turnover includes finance lease income recognised at a constant periodic rate of return before tax on the net investment. Unguaranteed residual values are subject to regular review; if there is a reduction in their value, income allocation is revised and any reduction in respect of amounts accrued is recognised immediately.

e) Financial instruments

Financial instruments are classified either by product, by business model or by reference to the IFRS default classification.

Classification by product relies on specific designation criteria which are applicable to certain classes of financial assets or circumstances where accounting mismatches would otherwise arise. Classification by business model reflects how the Company manages its financial assets to generate cash flows. A business model assessment determines if cash flows result from holding financial assets to collect the contractual cash flows; from selling those financial assets; or both.

NOTES TO THE FINANCIAL STATEMENTS

1. Accounting policies (continued)

f) Financial instruments (continued)

The product classifications apply to financial assets that are either designated at fair value through profit or loss (DFV), or to equity investments designated as at fair value through other comprehensive income (FVOCI). In all other instances, fair value through profit or loss (FVTPL) is the default classification and measurement category for financial assets

Regular way purchases of financial assets classified as amortised cost, are recognised on the settlement date; all other regular way transactions in financial assets are recognised on the trade date.

All financial instruments are measured at fair value on initial recognition.

All liabilities not subsequently measured at fair value are measured at amortised cost.

Most financial assets are held to collect the contractual cash flows that comprise solely payments of principal and interest and are measured at amortised cost. Certain financial assets managed under a business model of both to collect contractual cash flows comprising solely of payments of principal and interest, and to sell, are measured at fair value through other comprehensive income.

g) Impairment of financial assets

At each balance sheet date each financial asset or portfolio of loans measured at amortised cost or at fair value through other comprehensive income, issued financial guarantee and loan commitment is assessed for impairment. Loss allowances are forward looking, based on 12 month expected credit losses where there has not been a significant increase in credit risk rating, otherwise allowances are based on lifetime expected losses.

Expected credit losses are a probability-weighted estimate of credit losses. The probability is determined by the risk of default which is applied to the cash flow estimates. In the absence of a change in credit rating, allowances are recognised when there is reduction in the net present value of expected cash flows. On a significant increase in credit risk, allowances are recognised without a change in the expected cash flows, although typically expected cash flows do also change; and expected credit losses are rebased from 12 month to lifetime expectations.

On restructuring a financial asset without causing derecognition of the original asset the revised cash flows are used in re-estimating the credit loss. Where restructuring causes derecognition of the original financial asset, the fair value of the replacement asset is used as the closing cash flow of the original asset.

h) Derecognition

A financial asset is derecognised when the contractual right to receive cash flows from the asset has expired or when it has been transferred and the transfer qualifies for derecognition in accordance with IFRS 9 "Financial Instruments".

A financial liability is removed from the balance sheet when the obligation is discharged, or cancelled, or expires.

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.

Leased assets

Judgement is required in the classification of a lease at inception and after any material amendment to assess whether substantially all the significant risks and rewards of ownership accrue to the lessor or the lessee.

2. Critical accounting policies and key sources of estimation uncertainty (continued)

Loan impairment provisions

In 2020 the loan impairment provisions have been established in accordance with IFRS 9. Accounting policy (f) sets out how the expected loss approach is applied. At 31 December 2020, gross loans and advances to customers totalled £12k (2019: £17k) and customer loan impairment provisions amounted to nil (2019: nil). A loan is impaired when there is objective evidence that the cash flows will not occur in the manner expected when the loan is advance. Such evidence includes changes in the credit rating of the borrower, the failure to make payments in accordance with the loan agreement; significant reductions in the value of any security, breach of limits or covenants; and observable data about relevant macroeconomic measures.

3. Turnover

	2020 £'000	2019 £'000
Finance lease income	**91**	132

4. Operating expenses

	2020 £'000	2019 £'000
Bad debt charge	**1**	6
Management fees	**6**	6
	7	12

Management fees

Management fees include the costs of staff and directors borne by the other members of the group, none of which can be apportioned meaningfully in respect of services to the Company.

Auditor's remuneration

There was no charge in either the current or prior year's financial statements for auditor's remuneration as the fees of £10k (2019: £10k) were charged in the financial statements of Lombard North Central PLC.

5. Tax

	2020 £'000	2019 £'000
Current taxation:		
UK corporation tax credit for the year	**(29)**	(32)
Deferred taxation:		
Charge for the year	**15**	54
Tax (credit)/charge for the year	**(14)**	22

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

	2020 £'000	2019 £'000
Expected tax charge	**16**	22
Remeasurement of deferred tax for changes in tax rates	**(30)**	-
Actual tax (credit)/charge for the year	**(14)**	22

NOTES TO THE FINANCIAL STATEMENTS

5. Tax (continued)

Deferred tax

Net deferred tax asset comprised:

	Capital allowances £'000
1 January 2019	323
Charge to comprehensive income	(54)
At 31 December 2019	269
Charge to comprehensive income	(15)
At 31 December 2020	**254**

In the current period, the substantively enacted UK Corporation tax rate applicable to the company from 1 April 2020 was increased from 17% to 19%. The closing deferred tax assets and liabilities have been calculated at 19% and accordingly a rate change adjustment has arisen as the opening deferred tax balance had been calculated taking into account the previously enacted rate of 17%.

Since the balance sheet date, it was announced in the UK Government's Budget on 3 March 2021 that the main UK corporation tax rate will increase to 25% from 1 April 2023. This change was substantively enacted on 24 May 2021. As a result, existing temporary differences on which deferred tax has been provided may unwind in periods subject to the 25% rate. The impact of the post balance sheet date change in tax rate is to increase the deferred tax asset by £56k.

6. Finance lease receivables

Amount receivable under finance leases	**2020 £'000**	2019 £'000
Lease payments total	-	-
Other	**12**	17
Present value of lease payments	**12**	17
Impairments	-	-
Total	**12**	17

	2020 £'000	2019 £'000
Due within one year	**12**	17

The average effective interest rate in relation to finance lease agreements approximates nil (2019: 12.0%).

No new finance lease agreements were entered into during the current year (2019: none). There were no contingent rentals recognised as income in the year (2019: nil).

7. Loan receivables

	2020 £'000	2019 £'000
Due within one year		
Amount owed by group companies	**289**	20

8. Prepayments, accrued income and other assets

	2020 £'000	2019 £'000
Group relief receivable	**27**	187

NOTES TO THE FINANCIAL STATEMENTS

9. Accruals, deferred income and other liabilities

	2020 £'000	2019 £'000
Deferred income	**55**	63
Value Added tax payable	**5**	6
	60	69

10. Share capital

	2020 £	2019 £
Authorised:		
Equity Shares		
100 ordinary shares of £1 each	**100**	100
Allotted, called up and fully paid:		
Equity Shares		
3 ordinary shares of £1 each	**3**	3

The Company has one class of ordinary shares which carries no right to fixed income.

11. Related parties

UK Government

The UK Government through HM Treasury is the ultimate controlling party of The 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; together with normal business transactions.

Group companies

At 31 December 2020

The Company's immediate parent was:	Lombard North Central PLC
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 requested from Legal, Governance and Regulatory Affairs, NatWest Group plc, Gogarburn, PO Box 1000, Edinburgh EH12 1HQ.