Company Registered No: 01150276

LOMBARD INDUSTRIAL LEASING LIMITED

ANNUAL REPORT AND FINANCIAL STATEMENTS

For the year ended 31 March 2020

CONTENTS

OFFICERS AND PROFESSIONAL ADVISERS

DIRECTORS:	L Conner I A Ellis E M Mayes
COMPANY SECRETARY:	RBS Secretarial Services Limited
REGISTERED OFFICE:	250 Bishopsgate London EC2M 4AA England
INDEPENDENT AUDITOR:	Ernst & Young LLP Statutory Auditor The Paragon Counterslip Bristol BS1 6BX

Registered in England and Wales

DIRECTORS' REPORT

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 the provision of fixed asset finance involving individually structured facilities.

Review of the year

Business review

The Company will be guided by its shareholders in seeking further opportunities for growth. A post balance sheet event is described in Note 20 to the financial statements.

Financial performance

The Company's financial performance is presented on pages 8 to 10.

The loss for the year was £509,000 (2019: profit £605,000) and this was transferred from reserves.

The directors do not recommend payment of dividend (2019: nil).

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 Group Asset and Liability Management Committee (Group ALCO).

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

The Company's assets mainly comprise finance lease receivables and loans receivable which would expose it to interest, credit, liquidity and operational risk except that the counterparties are group companies and credit risk is not considered significant.

The principal risks associated with the Company are as follows:

Interest rate risk
Structural interest rate risk arises where assets and liabilities have different repricing maturities.

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

Credit risk
Credit risk management seeks to match the risk of credit failure to price of credit on granting a facility whilst maintaining credit risk exposure in line with approved appetite for the risk that customers will be unable to meet their obligations to the Company.

DIRECTORS' REPORT

Principal risks and uncertainties (continued)

Credit risk (continued)

The key principles of the group's Credit Risk Management Framework are set out below:

- Approval of all credit exposure is granted prior to any advance or extension of credit.
- An appropriate credit risk assessment of the customer and credit facilities is undertaken prior to approval of credit exposure. This includes a review of, amongst other things, the purpose of credit and sources of repayment, compliance with affordability tests, repayment history, capacity to repay, sensitivity to economic and market developments and risk-adjusted return.
- Credit risk authority is delegated by the Board and specifically granted in writing to all individuals involved in the granting of credit approval. In exercising credit authority, the individuals act independently of any related business revenue origination.
- All credit exposures, once approved, are effectively monitored and managed and reviewed periodically against approved limits. Lower quality exposures are subject to a greater frequency of analysis and assessment.

Liquidity risk
Liquidity risk arises where assets and liabilities have different contractual maturities. Management focuses on risk arising from the mismatch of maturities across the balance sheet and from undrawn commitments and other contingent obligations.

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.

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(a) on page 11.

DIRECTORS AND SECRETARY

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

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

	Appointed	Resigned
Directors		
E M Mayes	10 May 2019	-
D G Harris	-	1 November 2019
S J Roulston	-	18 November 2019
L Conner	18 November 2019	-

DIRECTORS' REPORT

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:

L Conner
Director
Date: 15 December 2020

INDEPENDENT AUDITOR'S REPORT TO THE MEMBERS OF LOMBARD INDUSTRIAL LEASING LIMITED

Opinion

We have audited the financial statements of Lombard Industrial Leasing Limited ("the Company") for the year ended 31 March 2020 which comprise the Statement of Comprehensive Income, the Balance Sheet, the Statement of Changes in Equity and the related notes 1 to 20, 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 March 2020 and of its loss 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 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.

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, 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.

INDEPENDENT AUDITOR'S REPORT TO THE MEMBERS OF LOMBARD INDUSTRIAL LEASING LIMITED

Opinions on other matters prescribed by the Companies Act 2006

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

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

Matters on which we are required to report by exception

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

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

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

Responsibilities of directors

As explained more fully in the Directors' Responsibilities Statement set out on page 4, the directors are responsible for the preparation of the financial statements and for being satisfied that they give a true and fair view, and for such internal control as the directors determine is necessary to enable the preparation of financial statements that are free from material misstatement, whether due to fraud or error.

In preparing the financial statements, the directors are responsible for assessing the Company's ability to continue as a going concern, disclosing, as applicable, matters related to going concern and using the going concern basis of accounting unless the directors either intend to liquidate the Company or to cease operations, or have no realistic alternative but to do so.

Auditor's responsibilities for the audit of the financial statements

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

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.

INDEPENDENT AUDITOR'S REPORT TO THE MEMBERS OF LOMBARD INDUSTRIAL LEASING LIMITED

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

Richard Page (Senior Statutory Auditor)
for and on behalf of Ernst & Young LLP, Statutory Auditor
Bristol
Date: 16 December 2020

STATEMENT OF COMPREHENSIVE INCOME
for the year ended 31 March 2020

Income from continuing operations	Notes	2020 £'000	2019 £'000
Turnover	3	**5,425**	4,659
Operating income	4	**399**	38
Operating expenses	5	**(10)**	(269)
Impairment losses on finance lease	6	**(404)**	(2)
Operating profit		**5,410**	4,426
Finance income	7	**88**	55
Finance costs	8	**(3,629)**	(3,684)
Profit before tax		**1,869**	797
Tax charge	9	**(2,378)**	(192)
(Loss)/profit and total comprehensive (loss)/income for the year		**(509)**	605

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

BALANCE SHEET
as at 31 March 2020

	Notes	2020 £'000	2019 £'000
Non-current assets			
Finance lease receivables	10	**93,982**	94,682
		93,982	94,682
Current assets			
Finance lease receivables	10	**5,630**	5,623
Loans receivable	11	**11,977**	12,274
Trade and other receivables	12	**798**	797
Prepayments, accrued income and other assets	13	**136**	107
Cash at bank		**454**	719
		18,995	19,520
Total assets		**112,977**	114,202
Current liabilities			
Borrowings	14	**7,949**	8,439
Trade and other payables	15	**876**	876
Current tax liabilities		**884**	1,521
Accruals, deferred income and other liabilities	16	**1,965**	2,381
		11,674	13,217
Non-current liabilities			
Borrowings	14	**78,729**	79,673
Deferred tax liability	9	**18,835**	17,064
		97,564	96,737
Total liabilities		**109,238**	109,954
Equity			
Called up share capital	17	**500**	500
Profit and loss account		**3,239**	3,748
Total equity		**3,739**	4,248
Total liabilities and equity		**112,977**	114,202

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

The financial statements were approved by the Board of Directors on 15 December 2020 and signed on its behalf by:

L Conner
Director

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

	Share Capital £'000	Profit and loss account £'000	Total £'000
At 1 April 2018	500	3,147	3,647
Implementation of IFRS 9 on 1 April 2018	-	(4)	(4)
Profit for the year	-	605	605
At 31 March 2019	500	3,748	4,248
Loss for the year	-	**(509)**	**(509)**
At 31 March 2020	**500**	**3,239**	**3,739**

Total comprehensive loss for the year of £509,000 (2019: income £605,000) 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. 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.

  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, assets, operations, liquidity, which management continues to monitor.

  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 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.

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; 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 The Royal Bank of Scotland Group plc, these accounts are available to the public and can be obtained as set out in note 19.

The changes to IFRS that were effective from 1 April 2019 have had no material effect on the Company's Financial Statements for the year ended 31 March 2020.

1. Accounting policies (continued)

b) Revenue recognition

Turnover comprises income from finance leases and other services 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.

Fees in respect of services are recognised as the right to consideration accrues through the performance of each distinct service obligation to the customer. The arrangements are generally contractual and the cost of providing the service is incurred as each service is rendered. The price is usually fixed and always determinable.

Interest income or expense relates to financial instruments measured at amortised cost and debt instruments classified as fair value through Other Comprehensive Income using the effective interest rate method, the effective part of any related accounting hedging instruments and finance lease income recognised at a constant periodic rate of return before tax on the net investment. Negative effective interest accruing to financial assets is presented in interest payable.

Other interest relating to financial instruments measured at fair value is recognised as part of the movement in fair value.

IFRS requires rental income to be calculated using the interest rate at inception of the lease; variations from that rate are presented as contingent rentals.

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

The Company has adopted IFRS 16 'Leases' with effect from 1 April 2019, replacing IAS 17 'Leases'. The Company has applied IFRS 16 on a modified retrospective basis.

As lessor

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.

1. Accounting policies (continued)

d) Leases (continued)

Finance lease receivables 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. Interest receivable 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.

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

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

All 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.

f) Impairment of financial assets

At 31 March 2020 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.

The costs of loss allowances on assets held at amortised cost are presented as impairments in the income statement. Allowances in respect financial guarantees and loan commitments are presented in administrative expenses. Contingent liabilities are presented gross of allowances except where the asset has been wholly or partially written off.

NOTES TO THE FINANCIAL STATEMENTS

1. Accounting policies (continued)

g) 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, 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.

Loan impairment provisions
At March 2020, the loan impairment provisions were established in accordance with IFRS 9. Accounting policy 1(f) sets out how the expected loss approach was applied. A loan is impaired when there is objective evidence that the cash flows will not occur in the manner expected when the loan is advanced. 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	2019
	£'000	£'000
Finance lease income:		
Rents receivable	**6,117**	5,970
Contingent rental income	**31**	96
Amortisation	**(723)**	(1,407)
	5,425	4,659

The Company did not enter into any new leasing transactions during the year (2019: nil).

4. Operating income

	2020	2019
	£'000	£'000
Profit on disposal of operating leases	**-**	7
Fee income	**28**	30
Management fees	**371**	-
Other income	**-**	1
	399	38

Management fees is a net credit of £371k made up of charge for 2020 of £59k and release of over accrual from 2017 to 2019 of £430k. The change in estimate is due to the basis of management fee recharges being updated during the year.

NOTES TO THE FINANCIAL STATEMENTS

5. Operating expenses

	2020 £'000	2019 £'000
Audit fees	**10**	-
Management fees	**-**	241
Loss on disposal of finance leases	**-**	4
Other charges	**-**	24
	10	269

Audit Fees for 2019 were £10k,but an over accrual was also released so nets off.

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

6. Impairment losses

	2020 £'000	2019 £'000
Impairment losses on finance leases	**404**	2

7. Finance income

	2020 £'000	2019 £'000
On loans receivable from group companies	**88**	55

8. Finance costs

	2020 £'000	2019 £'000
Interest on loans from group companies	**3,629**	3,684

9. Tax

	2020 £'000	2019 £'000
Current tax:		
UK corporation tax charge for the year	**607**	1,065
Deferred taxation:		
Credit for the year	**1,771**	(874)
Under provision in respect of prior periods	**-**	1
	1,771	(873)
Tax charge for the year	**2,378**	192

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	**355**	151
Non-deductible items	**42**	40
Increase in deferred tax liability following change in rate of UK Corporation Tax	**1,981**	-
Adjustments in respect of prior periods	**-**	1
Actual tax charge for the year	**2,378**	192

9. Tax (continued)

Deferred tax

Deferred tax liability comprises:

	Capital allowances £'000
1 April 2018	17,938
Credit to profit and loss	(873)
IFRS day 1 adoptions adjustment to reserves	(1)
At 31 March 2019	17,064
Charge to profit and loss	1,771
At 31 March 2020	**18,835**

In the current period the substantively enacted tax rate applicable 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 had been calculated taking into account the previously enacted rate of 17%.

10. Finance lease receivables

	2020 £'000
Amounts included in income statement for finance leases	
Finance income on the net investment in leases	5,394
Income relating to variable lease payments not included in measurement to net investment in lease	31
	5,425

	2020 £'000
Amount receivable under finance leases	
Within 1 year	**5,681**
1 to 2 years	**5,723**
2 to 3 years	**5,564**
3 to 4 years	**5,257**
4 to 5 years	**5,245**
After 5 years	**165,676**
Lease payments total	**193,146**
Unearned income	**(93,123)**
Present value of lease payments	**100,023**
Impairments	**(411)**
Net investment in finance leases	**99,612**

2019	Within 1 year £'000	Between 1 and 5 years £'000	After 5 years £'000	Total £'000
Future minimum lease payments	5,682	22,267	170,921	198,870
Unearned finance income	(52)	(2,479)	(96,027)	(98,558)
Impairment provisions	(7)	-	-	(7)
Carrying value	5,623	19,788	74,894	100,305

10. Finance lease receivables (continued)

	2020 £'000	2019 £'000
Current	**5,630**	5,623
Non-current	**93,982**	94,682
	99,612	100,305

The Company entered into various lease agreements. The remaining leases have an average term of 26 years (2019: 26 years). Unguaranteed residual values are estimated at nil (2019: nil).

The average effective interest rate in relation to finance lease agreements approximates 4.6% (2019: 4.6%).

11. Loans receivable

	2020 £'000	2019 £'000
Due within one year		
Amounts owed by parent Royal Bank Leasing Limited	**11,977**	12,274

12. Trade and other receivables

	2020 £'000	2019 £'000
Due within one year		
Trade receivables	**1**	-
Other receivables	**797**	797
	798	797

13. Prepayments, accrued income and other assets

	2020 £'000	2019 £'000
Accrued income	**136**	107

14. Borrowings

	2020 £'000	2019 £'000
Loans from parent Royal Bank Leasing Limited	**86,678**	88,112
Current - on demand or within one year	**7,949**	8,439
Non-current:		
- between one and two years	**1,269**	816
- between two and five years	**3,430**	3,532
- after five years	**74,030**	75,325
	78,729	79,673

The Company has the following unsecured borrowing from group companies greater than five years: £74,030,000 (2018: £75,325,000) is at fixed rates varying from 2.35% to 5.8%).

15. Trade and other payables

	2020 £'000	2019 £'000
Due within one year		
Value Added Tax Payable	**876**	876

16. Accruals, deferred income and other liabilities

	2020 £'000	2019 £'000
Accruals	**1,818**	2,206
Deferred income	**147**	175
	1,965	2,381

17. Share capital

	2020 £	2019 £
Authorised:		
Equity shares		
500,000 Ordinary shares of £1 each	**500,000**	500,000
Allotted, called up and fully paid:		
Equity shares		
500,000 Ordinary shares of £1 each	**500,000**	500,000

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

18. Capital Support Deed

The Company, together with certain other subsidiaries of NatWest Holdings Limited, is party to a capital support deed (CSD) relevant to NatWest Group. Under the terms of the CSD, the Company may be required, if compatible with its legal obligations, to make distributions on, or repurchase or redeem, its ordinary shares. The amount of this obligation is limited to the Company's immediately accessible funds or assets, rights, facilities or other resources that, using best efforts, are reasonably capable of being converted to cleared, immediately available funds (the Company's available resources) {together with any amounts distributed to it by its subsidiaries pursuant to the CSD}. The CSD also provides that, in certain circumstances, funding received by the Company from other parties to the CSD becomes immediately repayable, such repayment being limited to the Company's available resources.

19. 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 March 2020

The Company's immediate parent was:	Royal Bank Leasing 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, RBS, Gogarburn, PO Box 1000, Edinburgh EH12 1HQ.

On 22 July 2020 The Royal Bank of Scotland Group plc changed name to NatWest Group plc.

20. Post balance sheet event

On 4th November 2020, Lombard Industrial Leasing Limited approved an interim dividend of £4,000,000 to its parent Royal Bank Leasing Limited.