

Company Registered No: 02008984

NATWEST (HMHP) LIMITED

ANNUAL REPORT AND FINANCIAL STATEMENTS

For the year ended 31 December 2015

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NATWEST (HMHP) LIMITED

02008984

OFFICERS AND PROFESSIONAL ADVISERS

DIRECTOR: S Nikolajsen

COMPANY SECRETARY: RBS Secretarial Services Limited

REGISTERED OFFICE: 135 Bishopsgate
London
England
EC2M 3UR

INDEPENDENT AUDITOR: Deloitte LLP
Chartered Accountant and Statutory Auditor
Saltire Court
20 Castle Terrace
Edinburgh
Scotland
EH1 2DB

Registered in England and Wales

DIRECTOR'S REPORT

The sole director of NatWest (HMHP) Limited ("the Company") presents his annual report and the audited financial statements for the year ended 31 December 2015.

ACTIVITIES AND BUSINESS REVIEW

This Director's Report has been prepared in accordance with the special 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 was to hold investments in quoted equity shares.

Business review

During the previous year, the Company disposed of all of its equity investment and reduced its issued share capital from £16,500,000 to £2 with effect from 14 March 2014. The director has no plans to invest in any further listed equities and it is the intention of the director that the Company will be wound up within the next 12 months. Post balance sheet events are described in note 10 to the financial statements.

FINANCIAL PERFORMANCE

The Company's financial performance is presented on pages 7 to 9.

The operating profit before taxation for the year was £85 (2014: £103,443). The retained profit for the year was £303 (2014: £89,873).

At the end of the year, the balance sheet showed total assets of £191,707 (2014: £205,192). Total shareholder's funds were £191,690 (2014: £191,387).

Dividends

The director does not recommend the payment of dividend (2014: £17,000,000).

PRINCIPAL RISKS AND UNCERTAINTIES

The Company seeks to minimise its exposure to financial risks.

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 RBS Asset and Liability Management Committee (RBS ALCO).

The Company's assets mainly comprise cash at bank which would expose it to currency risk, liquidity risk and market risk except that balances are with Group companies.

Operational risk

Operational risks are inherent in the Company's business. Operational risk losses occur as the result of fraud, human error, missing or inadequately designed processes, failed systems, damage to physical assets, improper behaviour or from external events. The key mitigating processes and controls include risk and control assessment, scenario analysis, loss data collection, new product approval process, key risk indicators, notifiable events process and the self certification process. The implementation of these processes and controls is facilitated and overseen by operational risk teams, with internal audit providing independent evaluation of the control framework.

DIRECTOR'S REPORT**GOING CONCERN**

The director, having taken into account his decision to wind up the Company within the next 12 months, has prepared the financial statements on a basis other than that of going concern. The director does not consider this basis of preparation has affected the recognition and measurement of the assets or liabilities of the Company.

DIRECTOR AND COMPANY SECRETARY

The present director and company secretary, who have served throughout the year are listed on page 1.

DIRECTOR'S RESPONSIBILITIES STATEMENT

The director is responsible for preparing the annual report and the financial statements in accordance with applicable law and regulations.

Company law requires the director to prepare a Director's Report and financial statements for each financial year. Under that law, the director has 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 period. In preparing these financial statements, the director is required to:

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

The director is 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 him to ensure that the Director's Report and financial statements comply with the requirements of the Companies Act 2006. He is 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

The director at the date of approval of this report confirms that:

- so far as he is aware, there is no relevant audit information of which the Company's auditor is unaware; and
- the director has taken all the steps that he ought to have taken to make himself 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.

DIRECTOR'S INDEMNITIES

The Royal Bank of Scotland Group plc has not indemnified the director under the qualifying third party terms.

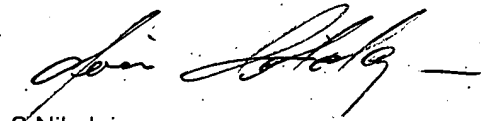
DIRECTOR'S REPORT

INDEPENDENT AUDITOR

The Royal Bank of Scotland Group plc has appointed Ernst & Young LLP as the Company's auditor for the year ending 31 December 2016.

A resolution to appoint Ernst & Young LLP as the Company's auditor will be proposed at the forthcoming meeting of the Board of Directors.

Approved and signed by the sole director.



S Nikolajsen
Director

Date: 1/8 2016

INDEPENDENT AUDITOR'S REPORT TO THE MEMBERS OF NATWEST (HMHP) LIMITED

We have audited the financial statements of NatWest.(HMHP) Limited ("the Company") for the year ended 31 December 2015 which comprise the Profit and Loss Account, the Balance Sheet, the Statement of Changes in Equity and the related notes 1 to 10. The financial reporting framework that has been applied in their preparation is applicable law and Financial Reporting Standard 101 Reduced Disclosure Framework.

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.

Respective responsibilities of director and auditor

As explained more fully in the Director's Responsibilities Statement, the director is responsible for the preparation of the financial statements and for being satisfied that they give a true and fair view. Our responsibility is to audit and express an opinion on the financial statements in accordance with applicable law and International Standards on Auditing (UK and Ireland). Those standards require us to comply with the Auditing Practices Board's Ethical Standards for Auditors.

Scope of the audit of the financial statements

An audit involves obtaining evidence about the amounts and disclosures in the financial statements sufficient to give reasonable assurance that the financial statements are free from material misstatement, whether caused by fraud or error. This includes an assessment of: whether the accounting policies are appropriate to the Company's circumstances and have been consistently applied and adequately disclosed; the reasonableness of significant accounting estimates made by the director; and the overall presentation of the financial statements. In addition, we read all the financial and non-financial information in the annual report to identify material inconsistencies with the audited financial statements and to identify any information that is apparently materially incorrect based on, or materially inconsistent with, the knowledge acquired by us in the course of performing the audit. If we become aware of any apparent material misstatements or inconsistencies we consider the implications for our report.

Opinion on financial statements

In our opinion the financial statements:

- give a true and fair view of the state of the Company's affairs as at 31 December 2015 and of its profit for the year then ended;
- have been properly prepared in accordance with Financial Reporting Standard 101 Reduced Disclosure Framework; and
- have been prepared in accordance with the requirements of the Companies Act 2006.

Opinion on other matter prescribed by the Companies Act 2006

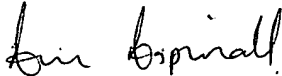
In our opinion the information given in the Director's Report for the financial year for which the financial statements are prepared is consistent with the financial statements.

INDEPENDENT AUDITOR'S REPORT TO THE MEMBERS OF NATWEST (HMHP) LIMITED

Matters on which we are required to report by exception

We have nothing to report in respect of the following matters where 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 director's remuneration specified by law are not made; or
- we have not received all the information and explanations we require for our audit; or
- the director was not entitled to take advantage of the small companies' exemption in preparing the Strategic Report or in preparing the Directors' Report.



Ann Aspinall, ACA (Senior Statutory Auditor)
for and on behalf of Deloitte LLP
Chartered Accountants and Statutory Auditor,
Edinburgh
Scotland

01 August 2016

PROFIT AND LOSS ACCOUNT
for the year ended 31 December 2015

		2015 £	2014 £
Income from discontinuing operations	Notes		
Interest receivable		90	72
Net interest income		90	72
Profit on sale of investments		-	103,421
Non-interest income		-	103,421
Total income		90	103,493
Operating expenses	3	(5)	(50)
Profit on ordinary activities before tax		85	103,443
Tax credit/(charge)	4	218	(13,570)
Profit for the financial year		303	89,873

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

BALANCE SHEET

as at 31 December 2015

	Notes	2015 £	2014 £
Current assets			
Cash at bank		191,707	205,192
Total assets		191,707	205,192
Creditors: amounts falling due within one year			
Current tax liabilities		17	13,805
Total liabilities		17	13,805
Equity: capital and reserves			
Called-up share capital	8	2	2
Profit and loss account		191,688	191,385
Total shareholder's funds		191,690	191,387
Total liabilities and shareholder's funds		191,707	205,192

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

The financial statements of the Company were approved and authorised for issue by the director on 2016. 1/8


S Nikolajsen
Director

STATEMENT OF CHANGES IN EQUITY
for the year ended 31 December 2015

	Share capital £	Available- for-sale reserve £	Profit and loss account £	Total £
At 1 January 2014	16,500,000	92,461	601,514	17,193,975
Profit for the year	-	-	89,873	89,873
Reduction in share capital	(16,499,998)	-	16,499,998	-
Dividend payable	-	-	(17,000,000)	(17,000,000)
Reduction in fair value of available-for-sale assets	-	(7,766)	-	(7,766)
Reversal of deferred tax on available-for-sale assets	-	18,726	-	18,726
Disposal of available-for-sale investments	-	(103,421)	-	(103,421)
At 31 December 2014	2	-	191,385	191,387
Profit for the year	-	-	303	303
At 31 December 2015	2	-	191,688	191,690

Total comprehensive income for the year of £303 (2014: £89,873) 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 financial statements**

The financial statements are prepared on other than going concern basis (see Director's report), in compliance with IAS 1.25 and have been prepared in accordance with 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 European Union (EU) (together IFRS) and under Financial Reporting Standard 101 (Reduced Disclosure Framework). The Company meets the definition of a qualifying entity under FRS 100 (Financial Reporting Standard 100) issued by the Financial Reporting Council.

As permitted by FRS 101, the Company has taken advantage of the disclosure exemptions available under that standard in relation to financial instruments, capital management, presentation of comparative information in respect of certain assets, presentation of a Cash-Flow Statement, standards not yet effective, impairment of assets and related party transactions. Where required, equivalent disclosures are given in the group accounts of The Royal Bank of Scotland Group plc; these financial statements are available to the public and can be obtained as set out in note 9.

The financial statements are prepared on the historical cost basis except that the following asset is stated at its fair value: available-for-sale financial assets.

The Company's financial statements are presented in Sterling which is the functional currency of the Company.

The Company is incorporated in the UK and registered in England and Wales. The Company's financial statements are presented in accordance with the Companies Act 2006.

There are number of IFRS that were effective from 1 January 2015. They have had no material effect on the Company's financial statement for the year ended 31 December 2015.

b) Revenue recognition

Interest income on financial assets that are classified as loans and receivables or available-for-sale and interest expense on financial liabilities other than those at fair value are determined using the effective interest method. The effective interest method is a method of calculating the amortised cost of a financial asset or financial liability (or group of financial assets or liabilities) and of allocating the interest income or interest expense over the expected life of the asset or liability. The effective interest rate is the rate that exactly discounts estimated future cash flows to the instrument's initial carrying amount. Calculation of the effective interest rate takes into account fees payable or receivable, that are an integral part of the instrument's yield, premiums or discounts on acquisition or issue, early redemption fees and transaction costs. All contractual terms of a financial instrument are considered when estimating future cash flows.

Dividend income is recognised when the paying company is obliged to make the payment.

NOTES TO THE FINANCIAL STATEMENTS

1 Accounting policies (continued)

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.

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. UK company law and IFRS require the director, in preparing the Company's financial statements, to select suitable accounting policies, apply them consistently and make judgements and estimates that are reasonable and prudent. In the absence of an applicable standard or interpretation, IAS 8 'Accounting Policies, Changes in Accounting Estimates and Errors', requires management to develop and apply an accounting policy that results in relevant and reliable information in the light of the requirements and guidance in IFRS dealing with similar and related issues and the IASB's Framework for the Preparation and Presentation of Financial Statements. The judgements and assumptions involved in the Company's accounting policies that are considered by the director to be the most important to the portrayal of its financial condition are discussed below. The use of estimates, assumptions or models that differ from those adopted by the Company would affect its reported results.

3. Operating expenses

	2015 £	2014 £
Bank charges	5	23
Loss on foreign exchange	-	27
	<u>5</u>	<u>50</u>

Staff costs, number of employees and director's emoluments

The director was employed by The Royal Bank of Scotland Group plc, the financial statements of which contain full disclosure of employee benefit expenses incurred in the period including share based payments and pensions. The Company has no employees and pays a management fee for services provided by other group companies. The director of the Company does not receive remuneration for specific services provided to the Company.

The auditor's remuneration for statutory audit work of £5,000 (2014: £5,000) for the Company was borne by The Royal Bank of Scotland plc.

NOTES TO THE FINANCIAL STATEMENTS

4. Tax

	2015 £	2014 £
Current taxation:		
UK corporation tax charge for the year	17	13,570
Over provision in respect of prior periods	(235)	-
Tax (credit)/charge for the year	<u>(218)</u>	<u>13,570</u>

The actual tax (credit)/charge differs from the expected tax charge computed by applying the blended UK corporation tax rate of 20.25% (2014: 21.5%) as follows:

	2015 £	2014 £
Profit on ordinary activities before tax	85	103,443
Expected tax charge	17	22,233
Other non-deductible items	-	(8,663)
Adjustments in respect of prior periods	(235)	-
Actual tax (credit)/charge for the year	<u>(218)</u>	<u>13,570</u>

In recent years the UK Government has steadily reduced the rate of UK corporation tax, with the latest rates substantively enacted on 26 October 2015 now standing at 20% with effect from 1 April 2015, 19% from 1 April 2017 and 18% from 1 April 2020. The closing deferred tax assets and liabilities have been calculated taking into account that existing temporary differences may unwind in periods subject to the reduced rates.

5. Investments - available for sale

	2015 £	2014 £
As at 1 January	-	146,852
Disposals during the year	-	(146,852)
As at 31 December	<u>-</u>	<u>-</u>

6. Deferred tax

The following are the major tax liabilities recognised by the Company, and the movements thereon.

	Fair value on financial instruments £
At 1 January 2014	18,726
Disposal of available-for-sale assets-credited to equity	(18,726)
At 31 December 2014 and 2015	<u>-</u>

NOTES TO THE FINANCIAL STATEMENTS

7. Commitments and contingent liabilities

The Company, together with other members of The Royal Bank of Scotland Group plc, is party to a capital support deed (CSD). 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). 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.

8. Share capital

	2015 £	2014 £
Equity shares		
Authorised:		
20,000,000 Ordinary Shares of £1 each	<u>20,000,000</u>	<u>20,000,000</u>
Allotted, called-up and fully paid:		
2 Ordinary Shares of £1 each	<u>2</u>	<u>2</u>

The Company has one class of Ordinary Shares which carry no right to fixed income.

9. Related parties

UK Government

The UK Government through HM Treasury is the ultimate controlling party of The Royal Bank of Scotland Group plc. Its shareholding is managed by UK Financial 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.

Group undertakings

The Company's immediate parent company is National Westminster Bank Plc, a company incorporated in the UK. As at 31 December 2015 National Westminster Bank Plc heads the smallest group in which the Company is consolidated. Copies of the consolidated financial statements may be obtained from Corporate Governance and Secretariat, RBS, Gogarburn, PO Box 1000, Edinburgh EH12 1HQ.

The Company's ultimate holding company is The Royal Bank of Scotland Group plc, a company incorporated in the UK. As at 31 December 2015, The Royal Bank of Scotland Group plc heads the largest group in which the Company is consolidated. Copies of the consolidated financial statements may be obtained from Corporate Governance and Secretariat, RBS, Gogarburn, PO Box 1000, Edinburgh, EH12 1HQ.

10. Post balance sheet events

On 8 July 2016, the Company proposed an interim dividend to the sole shareholder, National Westminster Bank Plc payable end of July 2016.