

Company Registered No: 02060602

LOMBARD LEASING CONTRACTS LIMITED

ANNUAL REPORT AND FINANCIAL STATEMENTS

For the year ended 31 March 2019

MONDAY



A8LDTLCJ

A11

30/12/2019

#155

COMPANIES HOUSE

CONTENTS**Page**

OFFICERS AND PROFESSIONAL ADVISERS

1

DIRECTORS' REPORT

2

INDEPENDENT AUDITOR'S REPORT

5

STATEMENT OF COMPREHENSIVE INCOME

8

BALANCE SHEET

9

STATEMENT OF CHANGES IN EQUITY

10

NOTES TO THE FINANCIAL STATEMENTS

11

LOMBARD LEASING CONTRACTS LIMITED

02060602

OFFICERS AND PROFESSIONAL ADVISERS

DIRECTORS:

L Conner
I A Ellis
E Mayes

COMPANY SECRETARY:

RBS Secretarial Services Limited

REGISTERED OFFICE:

1 Princes Street
London
EC2R 8BP

INDEPENDENT AUDITOR:

Ernst & Young LLP
Statutory Auditor
The Paragon
Counterslip
Bristol
BS1 6BX

Registered in England and Wales

DIRECTOR'S REPORT

The directors of Lombard Leasing Contracts Limited ("the Company") present their annual report together with the audited financial statements for the financial year ended 31 March 2019.

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 was the provision of fixed asset finance usually involving individually structured facilities.

Review of the year

Business review

The directors are satisfied with the Company's performance in the year. The Company ceased to trade in 2017 and has not traded subsequently.

Financial performance

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

The retained loss for the year was £85,000 (2018: retained profit £48,834,000) and this was transferred from reserves.

An interim dividend of £nil was paid during the year (2018: £44,000,000). A dividend of £7,000,000 was paid after the balance sheet date, see note 17 for information.

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 National Westminster Bank Plc. These are denominated in sterling which is the functional currency and carry no significant financial risk.

The Company's assets mainly comprise loans receivable which would expose it to interest, credit, liquidity, market and operational risk.

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 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 (continued)**PRINCIPAL RISKS AND UNCERTAINTIES (continued)****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 and foreign currency 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 the RBS 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

The Company sold its entire portfolio of assets held for lease in 2018 and ceased to trade but the directors do not have the ability to liquidate the company in the next 12 months and so it is expected that the Company will remain non-trading.

The directors however, having a reasonable expectation that the Company has adequate resources to continue in operational existence for the foreseeable future, have prepared the financial statements on a going concern basis.

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 2018 to date the following changes have taken place:

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

DIRECTORS' REPORT (continued)

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

- select suitable accounting policies and then apply them consistently;
- make judgements and estimates that are reasonable and prudent;
- state whether FRS 101 has been followed; 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:

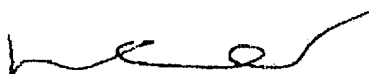
- so far as they are aware, there is no relevant audit information of which the Company's auditor is unaware; and
- directors have taken all the steps that they ought to have taken to make themselves aware of any relevant audit information, and to establish that the Company's auditor is aware of that 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 on 20 December 2019 and signed on its behalf:



L Conner
Director
Date: 23 December 2019

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

Opinion

We have audited the financial statements of Lombard Leasing Contracts Limited ('the Company') for the year ended 31 March 2019 which comprise the Statement of Comprehensive Income, the Balance Sheet, the Statement of Changes in Equity and the related notes 1 to 17, 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 Financial Reporting Standard 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 2019 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 LEASING CONTRACTS 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 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

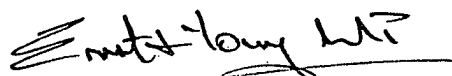
Our objectives are to obtain reasonable assurance about whether the financial statements as a whole are free from material misstatement, whether due to fraud or error, and to issue an auditor's report that includes our opinion. Reasonable assurance is a high level of assurance, but is not a guarantee 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 LEASING CONTRACTS 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.

A handwritten signature in black ink, appearing to read 'Ernst & Young LLP', with a horizontal line underneath.

Richard Page (Senior Statutory Auditor)
for and on behalf of Ernst & Young LLP, Statutory Auditor
Bristol
Date 24 December 2019

STATEMENT OF COMPREHENSIVE INCOME
for the year ended 31 March 2019

		2019	2018
	Notes	£'000	£'000
Income from discontinued operations			
Turnover	3	-	6,959
Cost of sales		-	(2,614)
Operating income	4	-	51,808
Operating expenses	5	(159)	(402)
Operating (loss)/profit		(159)	55,751
Finance income	6	55	80
Finance costs	7	-	(195)
(Loss)/profit before tax		(104)	55,636
Tax credit/(charge)	8	19	(6,802)
(Loss)/profit and total comprehensive (loss)/income for the year		(85)	48,834

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

BALANCE SHEET
as at 31 March 2019

	Notes	2019 £'000	2018 £'000
Current assets			
Loans receivable	10	8,600	8,600
Prepayments, accrued income and other assets	11	20	108
Cash at bank		155	11
		<u>8,775</u>	<u>8,719</u>
Total assets		<u>8,775</u>	<u>8,719</u>
Current liabilities			
Borrowings	12	54	54
Accruals, deferred income and other liabilities	13	313	172
		<u>367</u>	<u>226</u>
Total liabilities		<u>367</u>	<u>226</u>
Equity			
Called up share capital	14	-	-
Profit and loss account		8,408	8,493
Total equity		<u>8,408</u>	<u>8,493</u>
Total liabilities and equity		<u>8,775</u>	<u>8,719</u>

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 20 December 2019 and signed on its behalf on 23 December 2019 by:



L Conner
Director

STATEMENT OF CHANGES IN EQUITY
for the year ended 31 March 2019

	Note	Share Capital £'000	Profit and loss account £'000	Total £'000
At 1 April 2017		-	3,659	3,659
Profit for the year		-	48,834	48,834
Dividends paid	9	-	(44,000)	(44,000)
At 31 March 2018		-	8,493	8,493
Loss for the year		-	(85)	(85)
At 31 March 2019		-	8,408	8,408

Total comprehensive loss for the year of £85,000 (2018: comprehensive income £48,834,000) 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 financial statements

These financial statements are prepared:

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

The Company has early adopted all of the amendments to FRS 101 as a result of the Triennial review 2017 amendments with effect from 1 April 2018.

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:
 - 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 16.

Adoption of IFRS 9

The Company's accounting policies have changed on the adoption of IFRS 9 "Financial Instruments" with effect from 1 April 2018. There has been no restatement of prior years and no material impact to the Company's equity at 1 April 2018.

Other amendments to IFRS

Other changes to IFRS that were effective from 1 April 2018 have had no material effect on the Company's financial statements for the year ended 31 March 2019.

NOTES TO THE FINANCIAL STATEMENTS**1. Accounting policies (continued)****b) Revenue recognition**

Turnover comprised income from operating leases and arose in the United Kingdom from discontinued activities.

Rental income from operating leases is recognised in the Profit and Loss Account on a straight-line basis over the lease term unless another systematic basis better represents the time pattern of the asset's use.

Fees in respect of services are recognised as the right to consideration accrues through the provisions of services to customers.

Interest income or expense on financial instruments that are measured at amortised cost and fair value through other comprehensive income is determined using the effective interest rate method. The effective interest rate allocates the interest income or interest expense over the expected life of the asset or liability at the rate that exactly discounts all estimated future cash flows to equal the instruments' initial carrying amount. Calculation of the effective interest rate takes into account fees payable or receivable that are an integral part of the instruments' 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.

c) Taxation

Income tax expense or income, comprising current tax and deferred tax, is recorded in the Profit or 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

Contracts to lease assets are classified as finance leases if they transfer substantially all the risks and rewards of ownership of the asset to the customer; all other contracts with customers to lease assets are classified as operating leases.

Operating lease assets are included within Property, plant and equipment and depreciated over their useful lives.

NOTES TO THE FINANCIAL STATEMENTS**1. Accounting policies (continued)****e) Financial Instruments**

On initial recognition, financial instruments are measured at fair value. Subsequently they are measured at amortised cost.

Amortised cost assets – have to meet both the following criteria:

- the asset is held within a business model whose objective is solely to hold assets to collect contractual cash flows; and
- the contractual terms of the financial asset are solely payments of principal and interest on the outstanding balance.

Amortised cost liabilities – all liabilities that are not subsequently measured at fair value are measured at cost.

Reclassifications – financial liabilities cannot be reclassified. Financial assets are only reclassified where there has been a change in the business model.

Business model assessment – business models are assessed at portfolio level, being the level at which they are managed. This is expected to result in the most consistent classification of assets because it aligns with the stated objectives of the portfolio, its risk management, and the ability to monitor sales of assets from a portfolio. The criteria for classifying cash flows as solely principal and interest are assessed against the contractual terms of a facility, with attention to leverage features; prepayment and extension terms; and triggers that might reset the effective rate of interest.

f) Impairment of financial assets

At March 2019, under IFRS 9 each financial asset or portfolio of loans measured at amortised cost 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.

The costs of loss allowances on assets held at amortised cost are presented as impairments in the income statement. Financial assets are presented gross of allowances except where the asset has been wholly or partially written off.

In 2018 under IAS 39 the Company assessed whether there was any objective evidence that a financial asset or group of financial assets classified as loans and receivables was impaired. A financial asset or portfolio of financial assets was impaired and an impairment loss incurred if there was objective evidence that an event or events since initial recognition of the asset had adversely affected the amount or timing of future cash flows from the asset.

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.

NOTES TO THE FINANCIAL STATEMENTS

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 factors the directors consider most important to the portrayal of the Company's performance and financial condition are discussed below.

Loan impairment provisions

In the financial year, 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.

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.

3. Turnover

	2019 £'000	2018 £'000
Operating lease income:		
Rents receivable	-	6,959

The Company did not enter into any new leasing transactions during the year (2018: nil).

4. Operating income

	2019 £'000	2018 £'000
Profit on disposal of leases	-	51,806
Other income	-	2
	-	51,808

5. Operating expenses

	2019 £'000	2018 £'000
Commission payable	-	8
Legal and professional fees	18	196
Audit fees	15	15
Management fees	126	183
	159	402

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.

NOTES TO THE FINANCIAL STATEMENTS

6. Finance income

	2019 £'000	2018 £'000
On loans receivable from group companies	55	80

7. Finance cost

	2019 £'000	2018 £'000
Interest on loans from group companies	-	165
Other - Break costs	-	30
	-	195

8. Tax

	2019 £'000	2018 £'000
Current tax:		
UK corporation tax (credit)/charge for the year	(20)	35,017
Under/(over) provision in respect of prior periods	1	(3,768)
	(19)	31,249
Deferred taxation:		
Credit for the year	-	(24,447)
Tax (credit)/charge for the year	(19)	6,802

The actual tax (credit)/charge differs from the expected tax (credit)/charge computed by applying the blended rate of UK corporation tax of 19% (2018: standard rate 19%) as follows:

	2019 £'000	2018 £'000
Expected tax (credit)/charge	(20)	10,570
Adjustments in respect of prior periods	1	(3,768)
Actual tax (credit)/charge for the year	(19)	6,802

In recent years the UK Government has steadily reduced the rate of UK corporation tax, with the latest rates substantively enacted at the balance sheet date standing at 19% from 1 April 2017 and 17% from 1 April 2020. The closing deferred tax liabilities have been calculated taking into account that existing temporary differences may unwind in periods subject to the reduced rates.

Deferred tax

Deferred tax liability comprises:

	Capital allowances £'000
1 April 2017	24,447
Credit to profit and loss	(24,447)
At 31 March 2018	-
Charge to profit and loss	-
At 31 March 2019	-

9. Ordinary dividends

	2019 £'000	2018 £'000
Interim dividend paid	-	44,000

NOTES TO THE FINANCIAL STATEMENTS

10. Loans receivable

	2019 £'000	2018 £'000
Due within one year		
Amounts owed by fellow subsidiary	8,600	8,600

11. Prepayments, accrued income and other assets

	2019 £'000	2018 £'000
Accrued income	1	-
Group relief receivable from group companies	19	105
Other	-	3
	20	108

12. Borrowings

	2019 £'000	2018 £'000
Loans from fellow subsidiary	54	54
Current - on demand or within one year	54	54

13. Accruals, deferred income and other liabilities

	2019 £'000	2018 £'000
Accruals	313	172

14. Share capital

	2019 £	2018 £
Authorised:		
Equity shares		
100 Ordinary shares of £1 each	100	100
Allotted, called up and fully paid:		
Equity shares		
100 Ordinary shares of £1 each	100	100

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

15. 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). 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.

NOTES TO THE FINANCIAL STATEMENTS**16. 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 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

As at 31 March 2019

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:	The Royal Bank of Scotland Group plc

All parent companies are incorporated in the UK. Copies of their accounts may be obtained from Corporate Governance and Regulatory Affairs, The Royal Bank of Scotland, Gogarburn, PO Box 1000, Edinburgh EH12 1HQ.

17. Post balance sheet event

On 31 October 2019 a dividend of £7,000,000 was paid to the parent company Lombard North Central Plc.