

Company Registered No: 02353800

COMPANIES HOUSE

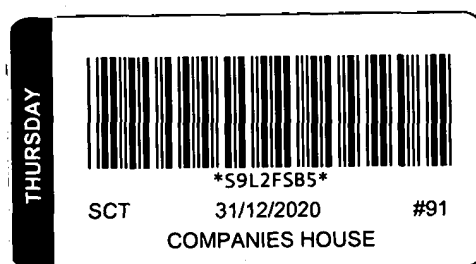
31 DEC 2020

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NATWEST CAPITAL FINANCE LIMITED

ANNUAL REPORT AND FINANCIAL STATEMENTS

For the year ended 31 March 2020



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OFFICERS AND PROFESSIONAL ADVISERS

DIRECTORS:

I A Ellis
L Conner
E M Mayes

COMPANY SECRETARY:

NatWest Group Secretarial Services Limited

REGISTERED OFFICE:

1 Princes Street
London
EC2R 8BP

INDEPENDENT AUDITOR:

Ernst & Young LLP
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 was the provision of fixed asset finance usually involving individually structured facilities. The Company transferred its entire finance lease business to RBSSAF (2) Limited during the prior year on 30 November 2018 year resulting in it ceasing to trade.

Review of the year**Business review**

During the year the company has begun to tidy up the balance sheet in preparation for liquidation. The loan receivable balance was settled and accruals represent revised management and audit fees creating the net retained profit for the year. A post balance sheet event is described in Note 14 to the financial statements.

The Company ceased to trade during the period and it's the intention of the directors to liquidate the entity within the next 12 months of these financial statements being approved. As required by IAS 1 Presentation of Financial Statements, the financial statements have been prepared on a basis other than that of going concern. No material adjustments to the valuation of the assets at recoverable amount and liabilities at settlement value arose as a result of ceasing to apply the going concern basis. Any cost of liquidation will be borne by National Westminster Bank Plc.

Financial performance

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

The retained profit for the year was £37,000 (2019: £57,000) and this was transferred to reserves.

A dividend of £1,000,000 was paid during the year (2019: nil) and a further interim dividend of £216,710 was paid in August 2020.

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 principal risks associated with the Company are as follows:

Operational risk

Operational risk is the risk of unexpected losses attributable to human error, systems failures, fraud or inadequate internal financial controls and procedures. The Company manages this risk, in line with NatWest Group 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.

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

These financial statements are prepared on a basis other than that of going concern, 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' 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. For the reasons stated in the Directors' Report and Note 1(a), the financial statements have been prepared on a basis other than 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.

DIRECTORS' REPORT (continued)

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 NATWEST CAPITAL FINANCE LIMITED

Opinion

We have audited the financial statements of NatWest Capital Finance 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 14 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 2020 and of its profit for the year then ended;
- have been properly prepared in accordance with United Kingdom Generally Accepted Accounting Practice; and
- have been prepared in accordance with the requirements of the Companies Act 2006.

Basis for opinion

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

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

Emphasis of Matter - financial statements prepared on a basis other than going concern

We draw attention to note 1(a) to the financial statements which explains that the directors intend to liquidate the Company and therefore do not consider it to be appropriate to adopt the going concern basis of accounting in preparing the financial statements. Accordingly, the financial statements have been prepared on a basis other than going concern as described in note 1(a). Our opinion is not modified in respect of this matter.

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 NATWEST CAPITAL FINANCE 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 3, the directors are responsible for the preparation of the financial statements and for being satisfied that they give a true and fair view, and for such internal control as the directors determine is necessary to enable the preparation of financial statements that are free from material misstatement, whether due to fraud or error.

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

Auditor's responsibilities for the audit of the financial statements

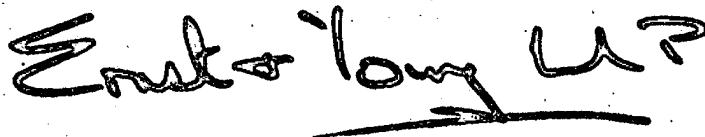
Our objectives are to obtain reasonable assurance about whether the financial statements as a whole are free from material misstatement, whether due to fraud or error, and to issue an auditor's report that includes our opinion. Reasonable assurance is a high level of assurance, but is not a guarantee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

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 NATWEST CAPITAL FINANCE 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, United Kingdom
Date: 16 December 2020

STATEMENT OF COMPREHENSIVE INCOME
for the year ended 31 March 2020

		2020	2019
	Notes	£'000	£'000
Income from discontinued operations			
Turnover	3	-	318
Operating income	4	52	-
Operating expenses	5	(10)	(43)
Operating profit		42	275
Finance income	6	3	2
Finance cost	7	-	(208)
Profit before tax		45	69
Tax charge	8	(8)	(12)
Profit and total comprehensive income for the year		37	57

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

BALANCE SHEET
as at 31 March 2020

	Notes	2020 £'000	2019 £'000
Current assets			
Loans receivable	9	-	1,000
Prepayments, accrued income and other assets	10	-	42
Cash at bank		346	236
		346	1,278
Total assets		346	1,278
Current liabilities			
Current tax liabilities		74	-
Accruals, deferred income and other liabilities	11	54	97
		128	97
Total liabilities		128	97
Equity			
Called up share capital	12	-	-
Profit and loss account		218	1,181
Total equity		218	1,181
Total liabilities and equity		346	1,278

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 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	-	1,124	1,124
Profit for the year	-	57	57
At 31 March 2019	-	1,181	1,181
Profit for the year	-	37	37
Dividends paid	-	(1,000)	(1,000)
At 31 March 2020	-	218	218

Total comprehensive income for the year of £37,000 (2019: £57,000) 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 other than going concern basis. Under this basis, the assets have been measured at recoverable values and liabilities at settlement/transfer values. The directors, having regard to their intention to place the Company in liquidation within the next 12 months, have prepared the accounts on a basis other than as a going concern. Assets are reflected expected recoverable value and liabilities at expected settlement (extinguishment) value. The costs of winding up will be borne by National Westminster Bank Plc.

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.

There remains significant uncertainty regarding the developments of the pandemic and the future economic recovery:

The directors have considered the impact of Covid-19 on the Company and, given the decision to place the Company in liquidation within the next 12 months, the directors do not consider that the Covid-19 pandemic will have a material impact on the Company in the future.

- 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).

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 13.

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.

NOTES TO THE FINANCIAL STATEMENTS

1. Accounting policies (continued)

b) Revenue recognition

Turnover comprised income from finance leases, loans, and other services which arose in the United Kingdom from continuing activities.

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

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

Interest income or expense relates to financial instruments measured at amortised cost 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.

IFRS require rental income to be calculated using the interest rate at inception of the lease; variations from that rent 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, other comprehensive income or in equity. Provision is made for current tax at rates enacted or substantively enacted at the balance sheet date.

Deferred tax is the tax expected to be payable or recoverable in respect of temporary differences between the carrying amount of an asset or liability for accounting purposes and its carrying amount for tax purposes. Deferred tax liabilities are generally recognised for all taxable temporary differences and deferred tax assets are recognised to the extent that it is probable that they will be recovered. Deferred tax is not recognised on temporary differences that arise from initial recognition of an asset or a 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) 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.

NOTES TO THE FINANCIAL STATEMENTS

1. Accounting policies (continued)

d) Financial instruments (continued)

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.

e) Derecognition

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

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

2. Critical accounting policies and key sources of estimation uncertainty

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

3. Turnover

	2020 £'000	2019 £'000
Finance lease income:		
Rents receivable	-	2,984
Amortisation	-	(1,018)
Contingent rental expense	-	(1,648)
	-	318

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

4. Operating income

	2020 £'000	2019 £'000
Management fees	52	-

Management fees is a net credit of £52k made up of charge for 2020 of Nil and release of over accrual from 2017 to 2019 of £52k. The change in estimate is due to the basis of management fee recharges being updated during the year.

5. Operating expenses

	2020 £'000	2019 £'000
Audit fee	10	16
Management fees	-	27
	10	43

NOTES TO THE FINANCIAL STATEMENTS

6. Finance income

	2020 £'000	2019 £'000
On loans receivable from group companies	3	2

7. Finance costs

	2020 £'000	2019 £'000
Interest on loans from group companies	-	208

8. Tax

	2020 £'000	2019 £'000
Current taxation:		
UK corporation tax charge for the year	8	198
Deferred taxation:		
Credit for the year	-	(185)
Over provision in respect of prior periods	-	(1)
	-	(186)
Tax charge for the year	8	12

The actual tax charge is the expected tax charge computed by applying the UK corporation tax rate of 19% (2018 - 19%) as follows:

	2020 £'000	2019 £'000
Expected tax charge	8	13
Adjustments in respect of prior periods	-	(1)
Tax charge for the year	8	12

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%.

Deferred tax

Deferred tax liability comprises:

	Capital allowances £'000	Other £'000	Total £'000
1 April 2018	7,445	22	7,467
Credit to profit and loss	(184)	(2)	(186)
Transfer to RBSSAF(2) Limited	(7,261)	(20)	(7,281)
At 31 March 2019	-	-	-
At 31 March 2020	-	-	-

9. Loans receivable

	2020 £'000	2019 £'000
Due within one year		
Amounts owed by parent National Westminster Bank plc	-	1,000

10. Prepayments, accrued income and other assets

	2020 £'000	2019 £'000
Group relief receivable	-	42

NOTES TO THE FINANCIAL STATEMENTS

11. Accruals, deferred income and other liabilities

	2020 £'000	2019 £'000
Accruals,	54	97

12. Share capital

	2020 £	2019 £
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

13. 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

As at 31 March 2020

The Company's immediate parent was:	National Westminster Bank 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 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 its name to NatWest Group plc.

14. Post balance sheet event

On 31 August 2020 an interim dividend of £216,710 was paid to the parent National Westminster Bank Plc.