

**Company Registered No: 02353835**

**NATWEST CORPORATE FINANCE LIMITED**

**ANNUAL REPORT AND FINANCIAL STATEMENTS**

**For the year ended 30 June 2014**

**Corporate Governance and Secretariat  
The Royal Bank of Scotland Group plc  
PO Box 1000  
Gogarburn  
Edinburgh  
EH12 1HQ**

THURSDAY



\*A3N0V2KR\*

A21

18/12/2014

#450

COMPANIES HOUSE

<b>CONTENTS</b>	<b>Page</b>
Officers and professional advisers	2
Directors' report	3
Independent auditor's report	5
Profit and loss account	7
Balance sheet	8
Statement of changes in equity	9
Notes to the financial statements	10

**OFFICERS AND PROFESSIONAL ADVISERS**

**DIRECTORS:**

**S J Caterer  
N T J Clibbens  
T D Crome  
A P Gadsby**

**SECRETARY:**

**RBS Secretarial Services Limited**

**REGISTERED OFFICE:**

**1 Princes Street  
London  
EC2R 8PB**

**AUDITOR:**

**Deloitte LLP  
3 Rivergate  
Temple Quay  
Bristol  
BS1 6GD**

**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 Company provides fixed asset finance usually involving structured facilities. Its only lease terminated during a prior period and the Company ceased to trade and is not expected to trade in the foreseeable future.

**Review of the year****Business review**

The directors are satisfied with the Company's performance in the year.

**Financial performance**

The retained profit for the year was £36,000 (2013: retained loss £53,000) and this was transferred to/from reserves. The directors do not recommend the payment of a dividend (2013: £nil).

**Principal risks and uncertainties**

The Company ceased to trade during a prior period. Since then its assets are denominated in Sterling and are with group companies. Accordingly the Company's exposure to risk is now limited to group credit risk on balances receivable on demand.

**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 is not currently trading. The directors, having taken into account their decision to wind up the company in the near future, have prepared the financial statements on the basis other than a going concern, as required by IAS 1 – Presentation of Financial Statements. No material adjustments arose as a result of ceasing to apply the 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 2.

From 1 July 2013 to date the following changes have taken place:

	<b>Appointed</b>	<b>Resigned</b>
<b>Directors</b>		
P D J Sullivan		30 December 2013
J E Rogers		1 April 2014
R F Warren		1 April 2014
N T J Clibbens	1 April 2014	
T D Crome	1 April 2014	
A P Gadsby	1 April 2014	

**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 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 Financial Reporting Standard 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
- the director has 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**

Deloitte LLP has expressed its willingness to continue in office as auditor.

Approved by the Board of Directors and signed on its behalf



**Director: S J Caterer**

Date: 12 December 2014

## **INDEPENDENT AUDITOR'S REPORT TO THE MEMBERS OF NATWEST CORPORATE FINANCE LIMITED**

We have audited the financial statements of Natwest Corporate Finance Limited for the year ended 30 June 2014 which have been prepared on a basis other than that of going concern and which comprise the Profit and Loss Account, the Balance Sheet, the Statement of Changes in Equity and the related notes 1 to 12. 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 directors and auditor**

As explained more fully in the Directors' Responsibilities Statement, the directors are 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 directors; 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 30 June 2014 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 directors' 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 CORPORATE  
FINANCE LIMITED (continued)**

**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 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 from preparing a strategic report or in preparing the directors' report.

*Mark Taylor*

**Mark Taylor FCA** (Senior Statutory Auditor)  
for and on behalf of Deloitte LLP  
Chartered Accountants and Statutory Auditor  
**Bristol, United Kingdom**

Date *15 December 2014*

**PROFIT AND LOSS ACCOUNT**  
**for the year ended 30 June 2014**

<b>Income from Discontinued operations</b>	<b>Notes</b>	<b>2014 £'000</b>	<b>2013 £'000</b>
<b>Profit on ordinary activities before tax</b>	<b>3</b>	-	-
<b>Tax credit/(charge)</b>	<b>4</b>	<b>36</b>	<b>(53)</b>
<b>Profit/(loss) and total comprehensive income/(loss) for the year</b>		<b>36</b>	<b>(53)</b>

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

**BALANCE SHEET**  
**as at 30 June 2014**

	Notes	2014 £'000	2013 £'000
<b>Fixed assets</b>			
Deferred tax asset	7	-	1,117
<b>Current assets</b>			
Prepayments, accrued income and other assets	5	602	187
		<b>602</b>	<b>187</b>
<b>Total assets</b>		<b>602</b>	<b>1,304</b>
<b>Creditors: amounts falling due within one year</b>			
Trade and other payables	6	476	1,214
		<b>476</b>	<b>1,214</b>
<b>Total assets less current liabilities</b>		<b>126</b>	<b>90</b>
<b>Total liabilities</b>		<b>476</b>	<b>1,214</b>
<b>Equity: Capital and reserves</b>			
Called up share capital	9	-	-
Profit and loss account		126	90
<b>Total shareholders' funds</b>		<b>126</b>	<b>90</b>
<b>Total liabilities and shareholders' funds</b>		<b>602</b>	<b>1,304</b>

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

The financial statements were approved by the Board of Directors on 12 December 2014 and signed on its behalf by:



**Director: S J Caterer**

**STATEMENT OF CHANGES IN EQUITY**  
**for the year ended 30 June 2014**

	<b>Share capital £'000</b>	<b>Profit and loss account £'000</b>	<b>Total £'000</b>
<b>At 1 July 2012</b>	-	143	143
Loss and total comprehensive loss for the year	-	(53)	(53)
<b>At 30 June 2013</b>	-	90	90
Profit and total comprehensive income for the year	-	36	36
<b>At 30 June 2014</b>	-	126	126

Total comprehensive income for the year of £36,000 (2013: total comprehensive loss £53,000) 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 basis of other than going concern and have been prepared in accordance with the recognition and measurement principles of International Financial Reporting Standards issued by the IASB and interpretations issued by the International Financial Reporting Interpretations Committee of the IASB as adopted by the 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.

Accordingly, in the year ended 30 June 2014 the Company has undergone transition from reporting under IFRSs adopted by the European Union to FRS 101 as issued by the Financial Reporting Council which the Company has adopted early. This transition is not considered to have had a material effect on the financial statements.

As permitted by FRS 101, the Company has taken advantage of the disclosure exemptions available under that standard in relation to presentation of a cash-flow statement, standards not yet effective and related party transactions. 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 12.

The accounts are prepared on the historical cost basis.

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 accounts are presented in accordance with the Companies Act 2006.

The company is not currently trading. The directors, having taken into account their decision to wind up the company in the near future, have prepared the financial statements on the basis other than a going concern, as required by IAS 1 – Presentation of Financial Statements. These events did not require the Company to re-measure, reclassify or adjust the settlement date of any assets or liabilities.

There are a number of changes to IFRS that were effective from 1 July 2013. They have had no material effect on the Company's Financial Statements for the year ended 30 June 2014.

**b) 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.

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

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.

**c) Financial liabilities**

On initial recognition financial liabilities are classified into held-for-trading; designated as at fair value through profit or loss; or amortised cost.

Other than derivatives, which are recognised and measured at fair value, all other financial liabilities are measured at amortised cost using the effective interest method.

**d) Derecognition**

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 financial results of the Company are sensitive to the accounting policies, assumptions and estimates that underlie the preparation of financial statements. Since the Company ceased to trade the only remaining sensitivity or uncertainty relates to the estimation of deferred tax.

**3. Profit/(loss) on ordinary activities before tax**

Profit/(loss) on ordinary activities before tax is stated after charging:

**Staff costs, number of employees and directors' emoluments**

All staff and directors were employed by group companies and the accounts of The Royal Bank of Scotland Group plc contain full disclosure of employee benefit expenses incurred in the period including share based payments and pensions. The Company has no employees. The directors of the Company do not receive remuneration for specific services provided to the Company.

**Auditor's remuneration**

There was no charge in either the current or prior year's financial statements for auditor's remuneration as the fees of £5,000 (2013: £8,000) were charged in the financial statements of The Royal Bank of Scotland Group plc.

## NOTES TO THE FINANCIAL STATEMENTS (continued)

## 4. Tax

	2014 £'000	2013 £'000
Current taxation:		
UK corporation tax credit for the year	-	(384)
Over provision in respect of prior periods	(1,153)	-
	<u>(1,153)</u>	<u>(384)</u>
Deferred taxation:		
Charge for the year	-	372
Impact of tax rate changes	-	65
Under provision in respect of prior periods	1,117	-
	<u>1,117</u>	<u>437</u>
Tax (credit)/charge for the year	<u>(36)</u>	<u>53</u>

Where appropriate current tax consists of sums payable or receivable for group relief.

The actual tax (credit)/charge differs from the expected tax charge computed by applying the blended rate of UK corporation tax of 22.5% (2013: blended tax rate 23.75%) as follows:

	2014 £'000	2013 £'000
Expected tax charge	-	-
Increase in deferred tax following change in rate of UK corporation tax	-	53
Adjustments in respect of prior periods	(36)	-
Actual tax (credit)/charge for the year	<u>(36)</u>	<u>53</u>

## 5. Prepayments, accrued income and other assets

	2014 £'000	2013 £'000
Group relief receivable	<u>602</u>	<u>187</u>

## 6. Trade and other payables

	Due within one year 2014 £'000	2013 £'000
Amounts due to group undertakings	<u>476</u>	<u>1,214</u>

## NOTES TO THE FINANCIAL STATEMENTS (continued)

**7. Deferred tax**

Net deferred tax asset comprises:

	<b>Embedded derivative £'000</b>
<b>At 1 July 2012</b>	(1,554)
Charge to profit and loss	437
<b>At 30 June 2013 and 30 June 2014</b>	(1,117)
Charge to profit and loss	1,117
<b>At 30 June 2014</b>	-

**8. Financial instruments and risk management****(i) Fair value of financial instruments not carried at fair value**

The directors consider that the carrying amounts of financial liabilities recognised in the financial statements approximate to their fair values. Where the financial instruments are of short maturity, the carrying value is equal to the fair value.

All financial liabilities are classed as amortised cost.

**(ii) Financial risk management**

The principal risks associated with the Company's businesses are as follows:

**Interest rate risk**

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

The financial liabilities of the Company consist of amounts due to group undertakings. The amounts due to group undertakings do not have any significant interest rate risk as they are non-interest earning.

**Financial liabilities**

The contractual maturity of the undiscounted cash flows payable from the balance sheet date including future interest payments, for both the current and the prior year, is 3-12 months.

The Company's intra-group liabilities may in certain circumstances become repayable on demand pursuant to the terms of the capital support deed (see note 11 commitments and contingent liabilities).

## NOTES TO THE FINANCIAL STATEMENTS (continued)

**9. Share capital**

		2014 £	2013 £
Authorised:			
1,000	Ordinary shares of £1	<u>1,000</u>	<u>1,000</u>
Allotted, called up and fully paid:			
Equity shares			
100	Ordinary shares of £1	<u>100</u>	<u>100</u>

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

**10. Capital resources**

The Company's capital consists of equity comprising issued share capital, retained earnings and amounts due to group undertakings. The Company is a member of The Royal Bank of Scotland group of companies which has regulatory disciplines over the use of capital. In the management of capital resources, the Company is governed by the group's policy which is to maintain a strong capital base: it is not separately regulated. The group has complied with the Prudential Regulation Authority's capital requirements throughout the year.

**11. Commitments and contingent liabilities**

The Company, together with other members of the RBSG group companies, 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.

**12. 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 and value added tax.

**NOTES TO THE FINANCIAL STATEMENTS (continued)****12. Related parties (continued)****Group undertakings**

The Company's immediate parent company is National Westminster Bank Plc, a company incorporated in the UK. As at 30 June 2014 National Westminster Bank Plc heads the smallest group in which the Company is consolidated. Copies of the consolidated accounts may be obtained from Corporate Governance and Secretariat, The Royal Bank of Scotland plc, Gogarburn, PO Box 1000, Edinburgh, EH12 1HQ.

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