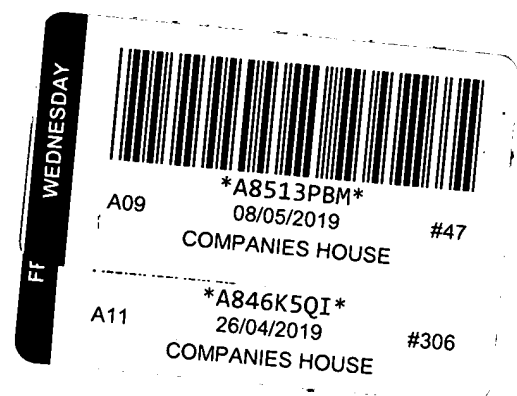


Company Registered No: 11194605

NATWEST TRUSTEE AND DEPOSITARY SERVICES LIMITED

REPORT AND FINANCIAL STATEMENTS

For the period 8 February 2018 to 31 December 2018



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OFFICERS AND PROFESSIONAL ADVISERS

DIRECTORS: Jeffrey Scott (Chairperson)
James Rowney
Lynn Cleary
Graham Halstead
Stephen Reilly
Andy Wright

COMPANY SECRETARY: Rachael Pocklington

REGISTERED OFFICE: 250 Bishopsgate
London
United Kingdom
EC2M 4AA

INDEPENDENT AUDITOR: Ernst & Young LLP
Atria One
144 Morrison Street
Edinburgh
EH3 8EX

Registered in England and Wales

STRATEGIC REPORT

The directors of NatWest Trustee and Depositary Services Limited ("the Company") present their report together with the first audited financial statements for the period from 8 February 2018 (date of incorporation) to 31 December 2018.

ACTIVITIES AND BUSINESS REVIEW

Activity

The Company was formed to place Trustee and Depositary Services (TDS) business outside the ring-fence bank as per the ring-fencing legislation, which was previously operated from the National Westminster Bank Plc (NatWest Plc). The Company has been authorised by the Financial Conduct Authority (FCA) as a MiFID investment firm with appropriate top-up permissions to provide trustee and depositary services to Collective Investment Schemes (CIS), including Alternative Investment Funds (AIFs) and Undertakings for Collective Investment in Transferable Securities Directive (UCITS), in the UK. The Company therefore provides corporate trustee and depositary services to UK domiciled Authorised Fund Managers (AFMs) in respect of the CIS they operate.

The Company is a subsidiary of The Royal Bank of Scotland International (Holdings) Limited which in turn is a subsidiary of The Royal Bank of Scotland Group plc (RBS Group) which provides the Company with direction and access to all central resources it needs and determines policies in all key areas such as finance, risk, human resources and environment. For this reason, the directors believe that performance indicators specific to the Company are not necessary or appropriate for an understanding of the development, performance or position of the business. The annual reports of RBS Group review these matters on a group basis. Copies can be obtained from Corporate Governance and Regulatory Affairs, RBS Gogarburn, Edinburgh, PO Box 1000 EH12 1HQ, the Registrar of Companies or at www.rbs.com.

The Company is regulated by the Financial Conduct Authority (FCA).

Review of the period

Business review

The Company was incorporated on 8 February 2018 and commenced trading from 1 July 2018. Client transitions occurred on a phased basis commencing on 27 July 2018 with the majority of high value clients transferring from the end of September onwards. The directors are satisfied with the Company's performance during the period. The Company will be guided by its shareholder in seeking further opportunities for growth.

Financial Performance

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

The operating profit before taxation for the period was £2,605k. The retained profit for the period was £2,044k.

At the end of the period, total assets were £75,530k.

Principal risks and uncertainties

The principal inherent risks associated with the company are as follows:

Compliance & Conduct Risk

The risk relating to inappropriate behaviour towards customers, or in the markets in which the Company operate. This includes regulatory compliance risk which relates to the risk that evidence of compliance is not adequately recorded, managed or evidenced in line with the relevant standard or expectations.

Financial Crime Risk

This includes:

- Money laundering and/or Terrorist Financing: The Company's products and services are used to facilitate money laundering and terrorist financing and/or the Company fails to comply with money laundering and terrorist financing regulation and legislation.
- Sanctions: The Company's customers and/or transactions contravene sanctions and/or RBS fails to comply with sanctions regulation and legislation.

STRATEGIC REPORT***Principal risks and uncertainties (continued)*****Operational Risk**

The risk of loss resulting from inadequate or failed internal processes, people and systems, or from external events. This includes risk of unexpected losses attributable to people risk, human error, process and payment execution, systems failures, fraud or inadequate internal financial controls and procedures, information and cyber security, data and records management, outsourcing and contract management, business resilience, risk and change management and regulatory and financial reporting. 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. RBS Group also maintains contingency facilities to support operations in the event of disasters.

Going Concern

The directors, 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' RESPONSIBILITIES STATEMENT

The directors are responsible for preparing the report and the financial statements in accordance with applicable law and regulations.

Company law requires the directors to prepare a Strategic report, 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 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 Strategic report, 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.

Approved by the Board of Directors and signed on its behalf:


GRAHAM HALSTEAD
Director
Date: 04 April 2019

DIRECTORS' REPORT

The Strategic report includes the review of the year, risk report, disclosure of information to the auditor and directors' responsibilities statement.

DIRECTORS AND COMPANY SECRETARY

The present directors and secretary are listed on page 1.

The present directors and secretary, along with their dates of appointment are set out below.

	Appointed	Resigned
Directors		
Lynn Cleary	8 February 2018	-
Stephen Reilly	8 February 2018	-
Andy Wright	8 February 2018	-
Jeffrey Scott	1 October 2018	-
James Rowney	1 October 2018	-
Graham Halstead	1 October 2018	-
Secretary		
Rachael Pocklington	8 February 2018	-

AUDITOR

A resolution to appoint Ernst & Young LLP as the Company's auditor was approved on 23 May 2018.

Approved by board of directors and signed on its behalf.


GRAHAM HALSTEAD
Director
Date: 04 April 2019

INDEPENDENT AUDITOR'S REPORT TO THE MEMBERS OF NATWEST TRUSTEE AND DEPOSITARY SERVICES LIMITED

Opinion

We have audited the financial statements of Natwest Trustee and Depositary Services Limited for the period to 31 December 2018 which comprise the Statement of Comprehensive Income, Balance Sheet, Statement of Changes in Equity the related notes 1 to 13 including a summary of significant accounting policies. The financial reporting framework that has been applied in their preparation is applicable law and United Kingdom Accounting Standards including FRS 101 "Reduced Disclosure Framework" (United Kingdom Generally Accepted Accounting Practice).

In our opinion, the financial statements:

- give a true and fair view of the company's affairs as at 31 December 2018 and of its profit for the period 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.

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 strategic report and the directors' report for the financial year for which the financial statements are prepared is consistent with the financial statements; and
- the strategic report and directors' report have been prepared in accordance with applicable legal requirements.

INDEPENDENT AUDITOR'S REPORT TO THE MEMBERS OF NATWEST TRUSTEE AND DEPOSITARY SERVICES LIMITED

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 strategic report or 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.

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.

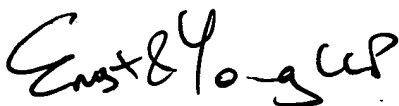
Auditor's responsibilities for the audit of the financial statements

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.

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.



Amarjit Singh (Signing Partner)
for and on behalf of Ernst & Young LLP, Statutory Auditor
Date: 4 April 2019

STATEMENT OF COMPREHENSIVE INCOME
for the period ended 31 December 2018

		2018
Income from continuing operations	Notes	£'000
Turnover	3	6,766
Operating expenses	4	<u>(4,161)</u>
Operating profit		2,605
Tax charge	9	<u>(561)</u>
Profit and total comprehensive income for the period		<u>2,044</u>

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

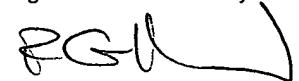
BALANCE SHEET

as at 31 December 2018

	Notes	2018 £'000
Current assets		
Cash at bank		72,403
Amounts due from group companies	6	221
Prepayments, accrued income and other assets	7	2,890
		<u>75,514</u>
Non-current assets		
Deferred tax asset	8	16
Total assets		<u>75,530</u>
Current liabilities		
Amounts due to group companies	10	6,093
Accruals, deferred income and other liabilities	11	1,729
Current tax liabilities	9	577
		<u>8,399</u>
Non-current liabilities		
Accruals, deferred income and other liabilities	11	87
Total liabilities		<u>8,486</u>
Equity		
Called up share capital	12	65,000
Profit and loss account		2,044
Total equity		<u>67,044</u>
Total liabilities and equity		<u>75,530</u>

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

The financial statements were approved by the Board of Directors and authorised for issue on 04 April 2019 and signed on its behalf by:


GRAHAM HALSTEAD
 Director

STATEMENT OF CHANGES IN EQUITY
for the period ended 31 December 2018

	Notes	Share Capital £'000	Profit and loss account £'000	Total £'000
At 8 February 2018		-	-	-
Share Capital Issued	12	65,000	-	65,000
Profit for the period		-	2,044	2,044
At 31 December 2018		65,000	2,044	67,044

Total comprehensive income for the period of £2,044k was wholly attributable to the owners of the Company.

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

NOTES TO THE FINANCIAL STATEMENTS**1. Accounting policies****a) Preparation and presentation of accounts**

These financial statements are prepared:

- on a going concern basis;
- 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 European Union (EU) (together IFRS); and
- on the historical cost basis.

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

The Company meets the definition of a qualifying entity (financial) 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 with amounts rounded to the nearest thousands; 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: Disclosures" and IFRS 13 "Fair value Measurement".

Where required, equivalent disclosures are given in the group accounts of RBS Group, these financial statements are available to the public and can be obtained as set out in note 13.

b) Foreign currencies

Transactions in foreign currencies are translated into Sterling at the foreign exchange rate ruling at the date of the transaction. Monetary assets and liabilities denominated in foreign currencies are translated into sterling at the rates of exchange ruling at the balance sheet date. Foreign exchange differences arising on translation are reported in profit or loss.

c) Revenue recognition

Fees in respect of services are recognised as the right to consideration accrues through the provision of services to customers. The arrangements are generally contractual and the cost of providing the service is incurred as the service is rendered. The price is usually fixed and always determinable. Fees charged for managing investments are recognised as revenue as the services are provided. Incremental costs that are directly attributable to securing an investment management contract are deferred and charged as expense as the related revenue is recognised.

d) Employee benefits

The Company provides post-retirement benefits in the form of pensions to eligible employees.

Contributions to defined benefit and defined contribution pension schemes are recognised in the income statement when payable.

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

Income tax expense, 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 period 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 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.

f) Provisions

The Company recognises a provision for a present obligation resulting from a past event when it is more likely than not that it will be required to transfer economic benefits to settle the obligation and the amount of the obligation can be estimated reliably.

g) Financial instruments

On initial recognition, financial instruments are measured at fair value. Subsequently they are measured as follows: designated at fair value through profit or loss; amortised cost, the default class for liabilities; fair value through profit or loss, the default class for assets; or financial assets may be designated as at fair value through other comprehensive income. 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.

The Company's financial assets are classified into 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.

h) Impairment of financial assets

At each balance sheet date each financial asset or portfolio of loans measured at amortised cost or at fair value through other comprehensive income 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.

i) 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.

j) Cash at bank

Cash at bank represents deposits with banks.

k) Assets under management

The Company holds off balance sheet balances due to its fiduciary capacity. A CASS (Client Assets Specialist Sourcebook) audit is carried out separately on an annual basis for the UK Financial Conduct Authority. Ernst and Young LLP have provided this service during the 2018 period.

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 is discussed below.

Provision for bad debts

In calculating the probability of default under IFRS 9 a degree of judgement is required in relation to defining the probability of default at each grade with historical default rates being a key consideration. No provision is included in these financial statements as the outcome of the calculation was too low to be considered of relevance.

3. Turnover

	2018 £'000
Depository fees	6,766

4. Operating expenses

	2018 £'000
Wages, salaries and other staff costs	1,856
Directors' fees	15
Pension costs	216
National insurance costs	206
Other administrative expenses	1,779
Premises and equipment	89
Operating expenses	4,161

The Company made contributions of £92k to its defined benefit pension contribution fund and £124k to the defined contribution scheme during the period.

The average number of persons employed by the Company during the period is 152.

Directors' emoluments

The Company does not remunerate all of the directors nor can remuneration from elsewhere in the group be apportioned meaningfully in respect of their services to the Company.

5. Profit/(loss) on ordinary activities before tax

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

	2018 £'000
Auditor's remuneration-audit services	148
Management fees to group companies	831
	979

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

The auditor's remuneration in relation to the audit of the financial statements was £24k (inclusive of VAT) whilst the remaining £124k (inclusive of VAT) relates to the CASS (Client Assets Specialist Sourcebook) audit.

NOTES TO THE FINANCIAL STATEMENTS

6. Amounts due from group companies

	2018 £'000
Amounts due from The Royal Bank of Scotland International Limited	40
Amounts due from fellow group subsidiaries	181
	<u>221</u>

7. Prepayments, accrued income and other assets

	2018 £'000
Prepayments, accrued income and other assets	<u>2,890</u>

8. Deferred tax

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

	Provisions £'000
At 8 February	-
Credit to Income statement	16
At 31 December 2018	<u>16</u>

NOTES TO THE FINANCIAL STATEMENTS

9. Tax

	2018 £'000
Current taxation:	
Charge for the period	577
Current tax charge for the period	<u>577</u>
Deferred taxation:	
Credit for the period	(16)
Tax charge for the period	<u>561</u>

The actual tax charge differs from the expected tax charge computed by applying the standard rate of UK corporation tax of 19% as follows:

	2018 £'000
Profit on ordinary activities before tax	<u>2,605</u>
Expected tax charge	495
Non deductible items	66
Actual tax charge for the period	<u>561</u>

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 assets and liabilities have been calculated taking into account that existing temporary differences may unwind in periods subject to the reduced rates.

10. Amounts due to group companies

	2018 £'000
Amount due to The Royal Bank of Scotland International Limited	5,928
Amount due to fellow group subsidiaries	165
	<u>6,093</u>

11. Accruals, deferred income and other liabilities

	2018 £'000
Due within one year – Accruals, deferred income and other liabilities	1,729
Due after more than one year – staff bonus accruals	87
	<u>1,816</u>

Accruals are comprised of value added tax, NIC and accrued costs.

12. Share capital

	2018 £
Allotted, called up and fully paid:	
Equity shares	
65,000,100 ordinary shares of £1 each	<u>65,000,100</u>

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

NOTES TO THE FINANCIAL STATEMENTS

13. Related parties

UK Government

The UK Government through HM Treasury is the ultimate controlling party of RBS 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.

Group companies

At 31 December 2018

The Company's immediate parent was:	The Royal Bank of Scotland International (Holdings) Limited
The smallest consolidated accounts including the company were prepared by:	
The ultimate parent company was:	The Royal Bank of Scotland Group plc

The immediate parent company is incorporated in Jersey and the ultimate parent company is 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.