

Company Registered No: NI006915

LOMBARD & ULSTER LIMITED

ANNUAL REPORT AND FINANCIAL STATEMENTS

For the year ended 31 December 2019



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LOMBARD & ULSTER LIMITED

NI006915

OFFICERS AND PROFESSIONAL ADVISORS

DIRECTORS:

I J Isaac
P S McCarthy
J A Pattara

COMPANY SECRETARY:

RBS Secretarial Services Limited

REGISTERED OFFICE:

11-16 Donegall Square East
Belfast
Co Antrim
BT1 5UB

INDEPENDENT AUDITOR:

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

Registered in Northern Ireland

DIRECTORS' REPORT**ACTIVITIES AND BUSINESS REVIEW**

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

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

Historically, the principal activity of the Company has been the provision of credit finance by way of instalment credit and then primarily that of a holding company.

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

The directors are satisfied with the Company's performance in the year. The Company will be guided by its shareholders over its future development. During the year the Company sold holdings in its two subsidiaries and recognised a profit on sale. Post balance sheet events are described in note 13 to the financial statements.

Financial performance

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

The retained profit for the year was £34,494k (2018: £15,113k). A dividend of £35,429k was paid during the year (2018: nil).

At the end of the year total assets were £38,385k (2018: £39,186k).

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 market, interest rate, credit and operational risk. 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 and cash which would expose it to market, interest rate and credit risk.

The principal risks associated with the Company are:

Interest rate risk

Structural interest rate arises where assets and liabilities have different repricing maturities.

The financial assets of the Company consist of amounts due from group companies which do not have any significant interest rate risk as they are repayable on demand.

Credit risk

Credit risk management seeks to match the risk of credit failure to price of credit on granting a facility whilst maintaining credit risk exposure in line with approved appetite for the risk that customers will be unable to meet their obligations to the Company.

DIRECTORS' REPORT

Principal risks and uncertainties (continued)

Credit risk (continued)

The key principles of the group's Credit Risk Management Framework are set out below:

- Approval of all credit exposure is granted prior to any advance or extension of credit.
- An appropriate credit risk assessment of the customer and credit facilities is undertaken prior to approval of credit exposure. This includes a review of, amongst other things, the purpose of credit and sources of repayment, compliance with affordability tests, repayment history, capacity to repay, sensitivity to economic and market developments and risk-adjusted return.
- Credit risk authority is delegated by the Board and specifically granted in writing to all individuals involved in the granting of credit approval. In exercising credit authority, the individuals act independently of any related business revenue origination.
- All credit exposures, once approved, are effectively monitored and managed and reviewed periodically against approved limits. Lower quality exposures are subject to a greater frequency of analysis and assessment.

Market risk

Market risk is the potential for loss as a result of adverse changes in risk factors including interest rates, foreign currency and equity prices together with related parameters such as market volatilities.

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 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' Duties

Section 172(1) of the Companies Act 2006 (Section 172) is one of the statutory duties that directors have and requires them to promote the success of the company for the benefit of shareholders as a whole while taking into account the interests of other stakeholders and, in so doing, have regard to the matters set out in Section 172(1)(a) to (f). These include the long term consequences of decisions, colleague interests, the need to foster the company's business relationships with suppliers, customers and others; the impact on community and the environment and the company's reputation.

Directors are supported in the discharge of their duties by the Company Secretary. All directors receive guidance on their statutory duties, including Section 172(1), and were briefed on the reporting requirements introduced by the Companies (Miscellaneous Reporting) Regulations 2018 in advance of the effective date. NatWest Group has introduced a new approach to board and committee papers with greater focus on ensuring relevant stakeholder interests are clearly articulated and guidance on documenting decisions has been refreshed to ensure these are recorded in a consistent manner across NatWest Group.

Going concern

These financial statements are prepared on a going concern basis, 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 January 2019 to date, there have been no changes to the directors and secretary of the Company.

DIRECTORS' REPORT

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 year. 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 and signed on its behalf:



I J Isaac
Director
Date: 3rd September 2020

INDEPENDENT AUDITOR'S REPORT TO THE MEMBERS OF LOMBARD & ULSTER LIMITED

Opinion

We have audited the financial statements of Lombard & Ulster Limited ("the Company") for the year ended 31 December 2019 which comprise the Statement of Comprehensive Income, the Balance Sheet, the Statement of Changes in Equity and 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 2019 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 – Effects of Covid-19

We draw attention to Notes 1(a) and 13 of the financial statements, which describes the economic and social disruption the company is facing as a result of Covid-19, which is impacting financial markets and personnel available for work and being able to access offices. Our opinion is not modified in respect of this matter.

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
- 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 & ULSTER 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 requirement to prepare a Strategic report.

Responsibilities of directors

As explained more fully in the directors' responsibilities statement set out 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 & ULSTER 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.

Ernst & Young LLP.

Robin Enstone (Senior statutory auditor)
for and on behalf of Ernst & Young LLP, Statutory Auditor
Bristol, United Kingdom
Date: 4th September 2020

STATEMENT OF COMPREHENSIVE INCOME
for the year ended 31 December 2019

		2019 £'000	2018 £'000
Income from continuing operations	Notes		
Operating income	3	467	6
Operating profit		467	6
Finance income	4	260	134
Profit on sale of investments in subsidiaries	7	33,905	-
Other income	5	-	15,000
Profit on before tax		34,632	15,140
Tax charge	6	(138)	(27)
Profit and total comprehensive income for the year		34,494	15,113

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

BALANCE SHEET

as at 31 December 2019

	Notes	2019 £'000	2018 £'000
Non-current assets			
Investments in subsidiaries	7	-	1,524
Current assets			
Loans receivable	8	37,133	36,915
Trade and other receivables	9	474	-
Cash at bank		778	747
		38,385	37,662
Total assets		38,385	39,186
Current liabilities			
Current tax liabilities		164	-
Accruals, deferred income and other liabilities	10	7	-
Group relief payable		-	37
		171	37
Total liabilities		171	37
Equity			
Called up share capital	11	4,000	4,000
Profit and loss account		34,214	35,149
Total equity		38,214	39,149
Total liabilities and equity		38,385	39,186

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

The financial statements were approved by the Board of Directors on 3rd September 2020 and signed on its behalf by:



I J Isaac
Director

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

	Share Capital £'000	Profit and loss account £'000	Total £'000
At 1 January 2018	4,000	20,036	24,036
Profit for the year	-	15,113	15,113
At 31 December 2018	4,000	35,149	39,149
Profit for the year	-	34,494	34,494
Dividends paid	-	(35,429)	(35,429)
At 31 December 2019	4,000	34,214	38,214

Total comprehensive income for the year of £34,494k (2018: £15,113k) 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. 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.

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 and continue as viable business.

There remains significant uncertainty regarding the developments of the pandemic and the future economic recovery. The most likely expected financial impact is in respect of the Company's profitability, assets, and liquidity, which management continues to monitor.

In assessing going concern, a Covid-19 impact analysis was performed across NatWest Group. The directors have also considered the uncertainties associated with Covid-19 including the different ways in which this could impact the cash flows, capital, solvency and liquidity position, of the Company and any mitigations management have within their control to implement. Based on this assessment, the directors have a reasonable expectation that the Company has adequate resources to continue in operational existence for the foreseeable future and have prepared the financial statements 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 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 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 Northern Ireland 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 NatWest Group plc, these financial statements are available to the public and can be obtained as set out in note 12.

The changes to IFRS that were effective from 1 January 2019 have had no material effect on the Company's Financial Statements for the year ended 31 December 2019.

NOTES TO THE FINANCIAL STATEMENTS

1. Accounting policies (continued)

b) Consolidated financial statements

The financial statements contain information about the Company as an individual company and do not contain consolidated financial information as the parent of a group. The Company is exempt under IFRS 10 Consolidated Financial Statements and section 400 of the Companies Act 2006 from the requirement to prepare consolidated financial statements as in accordance with IFRS 10 the Company and its subsidiaries are included by full consolidation in the IFRS consolidated financial statements of its parent, The Royal Bank of Scotland Group plc, a public company registered in Scotland whose registered address is 36 St Andrew Square, Edinburgh, EH2 2YB.

c) Revenue recognition

Interest income or expense relates to financial instruments measured at amortised cost and debt instruments classified as fair value through OCI using the effective interest rate method. Negative effective interest accruing to financial assets is presented in interest payable.

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

d) Taxation

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

e) Investments in group companies

Investments in group subsidiaries are stated at cost less any impairment.

f) 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 (DFV), or to equity investments designated as at fair value through other comprehensive income (FVOCI). In all other instances, fair value through profit or loss (MFVTPL) is the default classification and measurement category for financial assets

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.

NOTES TO THE FINANCIAL STATEMENTS

1. Accounting policies (continued)

f) Financial instruments (continued)

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.

g) 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, issued financial guarantee and loan commitment 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.

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

Loan impairment provisions

In 2019 and 2018 the loan impairment provisions have been established in accordance with IFRS 9. Accounting policy 1(g) sets out how the expected loss approach is 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.

3. Operating income

	2019 £'000	2018 £'000
Bad debt credit	-	6
BDR VAT reclaim	467	-
	<u>467</u>	<u>6</u>

BDR VAT Reclaim

The Company was part of a claim originally submitted to HM Revenue and Customs (HMRC) on 22 March 2010 and was for bad debt relief across the main RBS VAT grouped entities which wrote HP business in the period prior to 19 March 1997. That original claim was rejected by HM Revenue and Customs (HMRC) on 31 March 2010 but subsequently stood behind an appeal by GMAC UK Plc.

NOTES TO THE FINANCIAL STATEMENTS

3. Operating income (continued)

BDR VAT Reclaim (continued)

On 28 March 2017 "Revenue and Customs Brief 1 (2017): VAT – historical bad debt relief claims" was published which sets out HMRC's position on claims for historical bad debt relief following the Court of Appeal's judgments in British Telecommunications of 11 April 2014 and GMAC UK Plc on 25 October 2016. That brief confirmed that claims relating to supplies of goods made between 1 April 1989 and 19 March 1997 will be paid subject to satisfactory evidence that the bad debts occurred and that the VAT hasn't been previously reclaimed. On 8 May 2019 the required evidence was submitted to HMRC to settle the claim. On 5 December 2019 HMRC confirmed its satisfaction and repayment has been subsequently received.

Directors' emoluments

The Company does not remunerate directors or other employees nor can remuneration from elsewhere in the group be apportioned meaningfully in respect of their services to the Company. The average number of persons employed by the Company during the year was 4 (2018: 8).

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 £6k (2018: £6k) were charged in the financial statements of Lombard North Central PLC.

4. Finance income

	2019 £'000	2018 £'000
On loans receivable from group companies	260	134

5. Other income

	2019 £'000	2018 £'000
Dividend income from subsidiaries	-	15,000

6. Tax

	2019 £'000	2018 £'000
Current tax:		
UK corporation tax charge for the year	138	27
Tax charge for the year	138	27

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

	2019 £'000	2018 £'000
Expected tax charge	6,580	2,877
Non-taxable items	(6,442)	(2,850)
Actual tax charge for the year	138	27

In recent years the UK Government has steadily reduced the rate of UK corporation tax, with the rates substantively enacted at the balance sheet date standing at 19% from 1 April 2017 and 17% from 1 April 2020. Since the balance sheet date, it was announced in the UK Government's Budget on 11 March 2020 that the reduction in the UK Corporation rate to 17% from 1 April 2020 will not proceed. Instead, the UK Corporation tax rate will remain at 19%. This change was substantively enacted on 17 March 2020 and is therefore a non adjusting post balance sheet event.

NOTES TO THE FINANCIAL STATEMENTS

7. Investments in subsidiaries

Investments in group subsidiaries are carried at cost less impairment. Carrying value was as follows:

	2019 £'000	2018 £'000
At 1 January	1,524	1,524
Disposals	(1,524)	-
At 31 December	-	1,524

The subsidiary undertakings of the Company were:

Name of subsidiary	Country of incorporation	Proportion of ownership interest %	Proportion of voting power held %	Principal activity
JCB Finance Limited ⁽¹⁾	England and Wales	75	75	Credit finance and leasing
JCB Finance Pension Limited ⁽²⁾	Northern Ireland	50	50	Dormant company

Accounting reference date: ⁽¹⁾ 31 December, ⁽²⁾ 31 December

⁽¹⁾ The registered office is The Mill, High street, Rocester, England.

⁽²⁾ The registered office is 11-16 Donegall Square East, Belfast, Northern Ireland.

During the year the company disposed of investments in JCB Finance Limited and JCB Finance Pension Limited at their net asset value, recognising a profit on sale of £33,905k.

8. Loans receivable

	2019 £'000	2018 £'000
Due within one year		
Amounts owed by parent Lombard North Central PLC	37,133	36,915

9. Trade and other receivables

	2019 £'000	2018 £'000
Due within one year		
BDR VAT reclaim	474	-

10. Accruals, deferred income and other liabilities

	2019 £'000	2018 £'000
Accruals	7	-

11. Share capital

	2019 £'000	2018 £'000
Authorised:		
6,000,000 Ordinary shares of £1 each	6,000	6,000
Allotted, called up and fully paid:		
Equity shares		
4,000,000 Ordinary shares of £1 each	4,000	4,000

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

NOTES TO THE FINANCIAL STATEMENTS**12. 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; together with transactions undertaken in the normal course of business.

Group companies

At 31 December 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 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.

13. Post balance sheet event

The directors consider Covid-19 to be a non-adjusting post balance sheet event and as such no adjustments have been made to the measurement of assets and liabilities as at 31 December 2019. Refer to note 1a for the director's assessment of the impact on the Company. While there remains significant uncertainty regarding the developments of Covid-19 and the future economic recovery, a precise estimate of its financial effect, cannot be made at the date of issue of the financial statements. There could be an impact on profitability, assets, and liquidity and the directors continue to monitor this, however, at this stage do not consider there to be any material issues for the Company.