

Company Registered No: SC046694

RBS COLLECTIVE INVESTMENT FUNDS LIMITED
ANNUAL REPORT AND AUDITED FINANCIAL STATEMENTS

For the year ended 31 December 2020



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OFFICERS AND PROFESSIONAL ADVISERS

DIRECTORS:

D B Anderson (non-executive)
S M Eastment (independent non-executive)
P B Hunt
L Y Newman
G S Perceval Maxwell (independent non-executive)

COMPANY SECRETARY:

NatWest Group Secretarial Services Limited

REGISTERED OFFICE:

6-8 George Street
Edinburgh
Scotland
EH2 2PF

INDEPENDENT AUDITOR:

Ernst & Young LLP
Chartered Accountants and Statutory Auditor
Atria One
144 Morrison Street
Edinburgh
EH3 8EX

Registered in Scotland

STRATEGIC REPORT

The directors of RBS Collective Investment Funds Limited ("the Company") present their annual report together with the audited financial statements for the year ended 31 December 2020.

ACTIVITIES AND BUSINESS REVIEW

Principal activity

The principal activity of the Company continues to be acting as the Authorised Corporate Director of RBS Investment Funds ICVC and RBS Stakeholder Investment Fund ICVC (collectively, "the Funds").

The Company is a subsidiary of NatWest Group plc (formerly known as The Royal Bank of Scotland Group plc (RBSG plc)) 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 or 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 NatWest Group plc review these matters on a group basis. Copies may be requested from Legal, Governance and Regulatory Affairs, NatWest Group plc, Gogarburn, Edinburgh, PO Box 1000 EH12 1HQ; the Registrar of Companies; or at www.natwestgroup.com.

Business review

The directors are satisfied with the Company's performance in the year. The Company will be guided by NatWest Group plc in seeking further opportunities for growth.

The principal challenge to the Company's financial performance in 2020 was the discovery of the novel coronavirus ("COVID-19") and its resulting global spread, declared as a pandemic by the World Health Organisation on 11th March 2020. Governments took wide-spread action to limit its spread and the uncertainties presented caused volatility in global markets.

Market movements are a key driver of the Company's assets under management ("AUM"), the level of which impacts the Company's financial performance. AUM began 2020 at £3.2bn, falling to £2.7bn in April and recovering to £3.2bn by the end of the year, as substantial monetary and fiscal packages along with positive COVID-19 vaccine efficacy news was reflected in global markets.

Given the significance of the pandemic for fund performance, we issued a special update to customers in early April between the normal six-monthly statements. Whilst highlighting the adverse impact up to the end of March, the communication stressed the lessons from previous crises:

- that sudden market shocks tend not to have an enduring impact on long-term market returns; and
- withdrawing from an investment based on short-term falls could mean customers lose out if the value goes back up.

Markets did recover significantly from the end of March lows, as noted above, although overall returns remained challenging for the Funds, particularly for UK investments. We believe that active customer communication helped avoid an increase in customer redemptions. In fact, redemptions in 2020 were at the lowest level in recent years.

Outlook

Markets have continued to recover during 2021 and the continued administration of vaccines will result in restrictions to economic activity being slowly lifted. However, the long-term economic impact of the pandemic and the measures taken by governments to address it remain uncertain.

FINANCIAL PERFORMANCE

The Company's financial performance is presented in the Statement of Comprehensive Income on page 12.

Total operating expenses decreased by £2,805k (2019: increased by £3,046k).

Profit on ordinary activities before taxation for the year was £17,099k (2019: £16,594k). Profit and total comprehensive income for the year was £13,850k (2019: £14,811k).

At the end of the year, total assets were £47,039k (2019: £33,438k) and shareholders' funds were £38,661k (2019: £24,811k).

STRATEGIC REPORT**Dividends**

No dividend was paid during the year (2019: £23,887k).

PRINCIPAL RISKS AND UNCERTAINTIES

The Company has a robust risk management and internal control system in place, which seeks to identify risk, including emerging risks, and manage or otherwise mitigate their impact on the Company.

Management focuses on both the overall financial position 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 NatWest Holdings Asset and Liability Management Committee.

The Company is wholly funded by equity held by NatWest Group. This is denominated in Sterling which is the functional and operating currency and carries no significant financial risk.

The principal risks associated with the Company are as follows:

Market risk

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

The Company's revenue is derived from the value of its AUM and is therefore subject to market risk. Adverse movements in equity and bond prices will reduce AUM and, therefore, revenue. The Company is exposed to this risk in the course of its business activity.

Certain expenses are also derived from the value of AUM and can therefore also be affected by market risk.

Operational risk

Operational risks are inherent in the Company's business. Operational risk losses occur as the result of fraud, human error, missing or inadequately designed processes, failed systems, damage to physical assets, improper behaviour, external events and the failure or circumvention of controls employed to address cyber and data security risks. As the majority of services are outsourced, operational risks at service providers are also important. The key mitigating processes and controls include oversight of service providers, risk management and internal controls, scenario analysis, new product approval process, review of key risk indicators and the notifiable events process. The implementation of these processes and controls is facilitated and overseen by operational risk teams, with NatWest Group's internal audit and compliance functions providing independent evaluation of the control framework.

Currency risk

Currency risk is the risk of loss due to adverse exchange rate changes affecting the value of transactions and balances that are not denominated in the operating currency of the Company.

The Company's transactions and balances are denominated only in Sterling. The Company, therefore, has no exposure to currency risk, other than indirectly in the effect of currency fluctuations on AUM.

Credit risk

Credit risk is the risk that companies, financial institutions, individuals and other counterparties will be unable to meet their obligations to the Company.

The Company's exposure to credit risk is limited to cash amounts held in facilities offered with other banks. These facilities are either immediate access facilities or recoverable with one month's notice. The credit ratings of counterparty banks are monitored for compliance with NatWest's credit risk management framework.

STRATEGIC REPORT**PRINCIPAL RISKS AND UNCERTAINTIES (continued)****Liquidity risk**

Liquidity risk arises where assets and liabilities have different contractual maturities. Management focuses on risk arising from the mismatch of maturities across the statement of financial position and from undrawn commitments and other contingent obligations.

Capital risk

The Company is regulated by the Financial Conduct Authority and required to retain sufficient capital to operate effectively, meet minimum regulatory requirements and support strategic goals. Capital is the total value of issued share capital and retained earnings.

The Company's exposure to capital risk is limited to incurring losses of a scale that would result in capital being below the minimum regulatory requirement. This risk is considered low as the Company is expected to be profitable in the foreseeable future and has £10m of share capital as well as retained reserves of nearly three times this amount.

GOVERNANCE**The Board**

The Board comprises five directors: two executive directors, one non-independent non-executive director, and two independent non-executive directors. No changes to the composition of the Board were made during the year.

The Board is collectively responsible for the long-term success of the Company, and the delivery of sustainable value to its shareholder and other stakeholders, including investors in the Funds. It monitors and maintains the consistency of the Company's activities within the strategic direction of NatWest Group. It reviews and approves risk appetite for strategic and material risks, taking account of NatWest Group's Risk Appetite Framework, and it monitors performance against risk appetite for the Company. It approves the Company's key financial objectives and keeps the capital and liquidity positions of the Company under review.

In order to ensure its effective independent oversight of the appointed Investment Manager (Coultts & Company), the Board has delegated authority to a Board Investment Oversight Committee, whose members are both non-executive directors of the Company, with one being independent and acting as chair.

Board Investment Oversight Committee

The Board Investment Oversight Committee supports the Board in discharging its responsibilities for monitoring the Investment Management process. In particular, this includes monitoring investment performance, fund parameters, the management and control of investments in line with applicable regulations, and any other matters as may be required from time to time.

Directors' Duties and Engagement with Stakeholders**Section 172(1) statement**

This section of the Strategic Report forms the directors' statement required under section 414CZA of The Companies Act 2006 ('the Act'), describing how the directors have had regard to the matters set out in section 172(1) of the Act.

Section 172(1) contains one of the statutory duties of the directors: it requires them to promote the success of the Company for the benefit of its members as a whole, whilst having regard to other stakeholders and matters as set out in s.172(1) (a) to (f). These include the likely long-term consequences of directors' decisions; employee interests; the need to foster the Company's business relationships with service providers, customers and others; the Company's impact on the community and environment; its reputation, and the need to act fairly between the Company's shareholders.

In February 2020, and following an extensive period of stakeholder engagement, the NatWest Group plc Board approved a new purpose – "We champion potential, helping people, families and businesses to thrive."

Various steps were taken during the year to embed NatWest Group's purpose across the group, including in Board discussions and decision-making, helping the Company to ensure different stakeholder needs were considered. Purpose was built into the Company's Board Terms of

STRATEGIC REPORT

Reference and Board Committee papers now include a dedicated section which explains how the proposal or update aligns to NatWest Group's purpose. This is complemented by a section detailing stakeholder impacts.

Board training and support on s.172(1) duties

Directors are supported in the discharge of their duties by the Company Secretary. All directors receive guidance on their statutory duties, including s.172(1), and regular 'teach-in' sessions are held on relevant topics.

Key Stakeholders

The Company's key stakeholders are: investors in the Funds ("customers"), NatWest employees ("colleagues", being full time, part time, contractors and agency staff employed by NatWest Group) engaged on the Company's work, material suppliers such as the Investment Manager, Transfer Agents, Fund Accountants and the Depositary, as well as the Company's shareholder. These key stakeholders have been identified by virtue of contracts held by those stakeholders either directly with the Company or with the funds managed by the Company.

Customers

Serving customers is one of the key pillars of the NatWest Group purpose: to champion potential, helping people, families and businesses to thrive. The Board pays careful attention to the outcomes that the Company's funds deliver to its Customers and, through the Assessment of Value, sets out any proposed improvements to deliver on this commitment. This has been evidenced by the review and subsequent reduction of charges for customers that applied from 1 January 2021, together with the launch of a platform share class with lower charges, to accommodate customers who hold their assets on an external platform who already pay an external platform charge. Additional communications were also issued to customers during the significant market volatility experienced during 2020 due to COVID-19, informing customers of what was happening and providing reassurance that volatility is a natural function of markets and this would stabilise in due course.

Colleagues

A highly engaged workforce is crucial in helping NatWest Group to achieve its purpose. To achieve this, NatWest Group is striving to ensure it is a really great place to work.

Twice a year our colleagues are asked to share their views on what it is like to work for NatWest Group via a collective opinion survey. This year has been slightly different in that, as well as the main survey, NatWest Group undertook several ad hoc pulse surveys in response to COVID-19. Most experiences have been positive, with NatWest Group enabling colleagues to work from home and encouraging flexible working. However, for some of our colleagues this has been a challenging time, particularly with physical and mental health and overall wellbeing. The main survey shows that our handling of the pandemic has helped to increase engagement levels to an all-time high. NatWest Group is now ahead of benchmark scores for the global financial services industry on all key measures.

During the COVID-19 pandemic NatWest Group acted quickly to implement practical support for colleagues, and it remains imperative that the right support and channels are available to our colleagues to help them recover and ultimately thrive throughout these challenging times. NatWest Group focused on ensuring that colleagues working from home have appropriate equipment, including laptops, mobile phones and furniture such as desks and chairs. In addition, colleagues with transferable skills were temporarily moved to support our clients and cover workloads of colleagues, such as those required to self-isolate or with caring responsibilities. Policies were adjusted, where necessary, to support colleagues and ensure that they are aware of the practical and emotional wellbeing support in place across NatWest Group.

Service providers

The Board recognises the key role service providers - such as the Depositary, Risk Manager, Fund Administrators and Transfer Agents - play in ensuring that the Company delivers a reliable service to customers. During the year, the Board held two 'deep dive' sessions with individual service providers, as part of a regular Board-level engagement programme, in addition to the regular interactions and monitoring that took place at management level.

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The Company is also committed to managing the wider social, environmental and economic impacts of its operations, which includes the way it deals with its customers and manages sustainability issues in its supply chain. Refer to www.natwestgroup.com for NatWest Group's Modern Slavery Statement and details of the Group's new Supplier Charter, both of which apply to relevant subsidiaries within NatWest Group, including the Company. The Supplier Charter, which replaced NatWest Group's previous

Supplier Code of Conduct, sets out expectations in terms of ethical business conduct, human rights, environmental sustainability, and diversity and inclusion. In line with the Group's purpose, it details not only what the Company expects from its suppliers, but also outlines what the Company's own commitments are in these key areas.

Community and Environment

The Company and NatWest Group are committed to tackling climate change. Investments held by the Funds are analysed by the Investment Manager on environmental, social and governance ("ESG") factors. Two targets have been set by the Investment Manager to reduce the carbon footprint of the Funds:

- 25% reduction in carbon emissions in the equity investments held by the Funds in 2021
- 50% reduction in overall carbon emissions in all investments held by the Funds by 2030.

Shareholder

The Company recognises the benefits that being part of a wider group provides, for example in terms of the ability to call on extensive IT and other specialist resources such as on cyber-crime defences. The shareholder's perspective is provided through interactions at management and board levels.

How stakeholder interests have influenced decision making

The Company recognises the importance of engaging with stakeholders to help inform the Company's strategy and board decision making. Relevant stakeholder interests are taken into account by the Board when it takes decisions.

The Company defines principal decisions as those that are material or of strategic importance to the Company and also those that are significant to any of the Company's key stakeholder groups. In making its decisions, the Board considers the outcomes of relevant stakeholder engagement, as well as the need to maintain a reputation for high standards of business conduct and to consider the long-term consequences of its decisions.

Please refer to the Annual Report and Accounts of NatWest Group plc for further information on NatWest Group's approach to stakeholder engagement.

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 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 101 Reduced Disclosure Framework ("FRS 101"), 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, refer to note 1(a).

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.

STRATEGIC REPORT

GOING CONCERN

These financial statements are prepared on a going concern basis, see note 1 (a) on page 14.

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 directors have taken all the steps that they ought to have taken to make themselves aware of any information relevant to the audit, 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' INDEMNITIES

In terms of Section 236 of the Companies Act 2006, all directors listed on page 1 have been granted Qualifying Third Party Indemnity Provisions by NatWest Group.

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



P B Hunt
Director
Date: 23 April 2021

DIRECTORS' REPORT

The Strategic report includes the review of the year, risk report, disclosure of information to auditor, directors' indemnities and note of post balance sheet events. Details of the board's engagement with employees, customers, service provider and others, and how these stakeholders' interests have influenced board decision making are set out on pages 4 to 6 of the Strategic Report which includes a section 172(1) statement.

CHANGE OF REGISTERED OFFICE

On 27 July 2020, the Registered Office of the Company changed from 24/25 St. Andrew Square Edinburgh EH2 1AF to 6-8 George Street Edinburgh EH2 2PF.

DIRECTORS AND COMPANY SECRETARY

The present directors and company secretary, who have served throughout the year except where noted below, are listed on page 1.

From 1 January 2020 to date the following changes have taken place:

	Appointed	Resigned
Company Secretary		
NatWest Group Secretarial Services Limited	19 March 2021	
R A Ricks	21 February 2020	19 March 2021
A K Arber		21 February 2020

INDEPENDENT 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:



P B Hunt
Director
Date: 23 April 2021

INDEPENDENT AUDITOR'S REPORT TO THE MEMBERS OF RBS COLLECTIVE INVESTMENT FUNDS LIMITED**Opinion**

We have audited the financial statements of RBS Collective Investment Funds Limited ("the Company") for the year ended 31 December 2020 which comprise the Statement of Comprehensive Income, the Balance Sheet, the Statement of Changes in Equity and the related notes 1 to 16, 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 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. 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

In auditing the financial statements, we have concluded that the directors' use of the going concern basis of accounting in the preparation of the financial statements is appropriate. Our evaluation of the directors' assessment of the company's ability to continue to adopt the going concern basis of accounting included:

- We confirmed our understanding of the Company's going concern assessment process and engaged with the Directors and Management to determine if all key factors were considered in their assessment;
- We inspected the Directors' assessment of going concern, including the revenue forecast, for the going concern period, which is at least 12 months from the date the financial statements were authorised for issue. In preparing the revenue forecast, the Company has concluded that it is able to continue to meet its liabilities as they fall due;
- We have reviewed the factors and assumptions, including the impact of the COVID-19 pandemic. We considered the appropriateness of the methods used to calculate the forecast and determined, through testing of the methodology and calculations, that the methods utilised were appropriate to be able to make an assessment for the Company;
- We reviewed the Company's going concern disclosures included in the annual report in order to assess that the disclosures were appropriate and in conformity with the reporting standards.

Based on the work we have performed, we have not identified any material uncertainties relating to events or conditions that, individually or collectively, may cast significant doubt on the Company's ability to continue as a going concern for a period of at least twelve months from when the financial statements are authorised for issue.

Our responsibilities and the responsibilities of the directors with respect to going concern are described in the relevant sections of this report. However, because not all future events or conditions can be predicted, this statement is not a guarantee as to the Company's ability to continue as a going concern.

INDEPENDENT AUDITOR'S REPORT TO THE MEMBERS OF RBS COLLECTIVE INVESTMENT FUNDS LIMITED**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 contained within the annual report.

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.

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 course of 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 themselves. 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.

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 6, 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.

INDEPENDENT AUDITOR'S REPORT TO THE MEMBERS OF RBS COLLECTIVE INVESTMENT FUNDS LIMITED**Explanation as to what extent the audit was considered capable of detecting irregularities, including fraud**

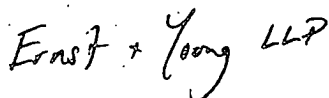
Irregularities, including fraud, are instances of non-compliance with laws and regulations. We design procedures in line with our responsibilities, outlined above, to detect irregularities, including fraud. The risk of not detecting a material misstatement due to fraud is higher than the risk of not detecting one resulting from error, as fraud may involve deliberate concealment by, for example, forgery or intentional misrepresentations, or through collusion. The extent to which our procedures are capable of detecting irregularities, including fraud is detailed below. However, the primary responsibility for the prevention and detection of fraud rests with both those charged with governance of the entity and management.

- We obtained an understanding of the legal and regulatory frameworks that are applicable to the Company and determined that the most significant are United Kingdom Generally Accepted Accounting Practice including FRS 101 and the Companies Act 2006.
- We understood how RBS Collective Investment Funds Limited is complying with those frameworks through discussion with management and those charged with governance and a review of the Company's documented policies and procedures.
- We assessed the susceptibility of the Company's financial statements to material misstatement, including how fraud might occur through discussions with management and from our knowledge of the business. We also considered the risk of management override, specifically management's propensity to influence the accounting estimate associated with the indirect cost allocation model resulting in understated expenses. We reviewed and challenged management's assessment of the data inputs and assumptions used, agreeing to source information and arithmetical accuracy.
- Based on this understanding we designed our audit procedures to identify non-compliance with such laws and regulations. Our procedures involved a review of the reporting to the directors with respect to the application of the documented policies and procedures and review of the financial statements to ensure compliance with the reporting requirements of the Company.

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.

Handwritten signature of David Reeves in black ink, reading "Ernst & Young LLP".

David Reeves (Senior statutory auditor)
for and on behalf of Ernst & Young LLP, Statutory Auditor
Edinburgh
23 April 2021

STATEMENT OF COMPREHENSIVE INCOME
for the year ended 31 December 2020

		2020 £'000	2019 £'000
Continuing operations	Notes		
Interest receivable		77	125
Net interest income	3	77	125
Fees and commissions receivable		32,028	34,169
Fees and commissions payable		(1,495)	(1,384)
Non-interest income		30,533	32,785
Total income		30,610	32,910
Operating expenses	4	(13,511)	(16,316)
Profit on ordinary activities before tax		17,099	16,594
Tax charge	6	(3,249)	(1,783)
Profit and total comprehensive income for the year		13,850	14,811

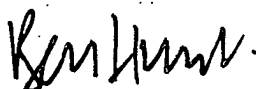
The accompanying notes on pages 15 to 18 form an integral part of these financial statements.

STATEMENT OF FINANCIAL POSITION
as at 31 December 2020

	Note	2020 £'000	2019 £'000
Current assets			
Trade and other receivables	8	3,189	2,006
Amounts due from group undertakings	9	37,698	24,029
Prepayments, accrued income and other assets	10	3,038	3,084
Cash at bank	11	3,114	4,319
Total current assets		47,039	33,438
Current liabilities			
Trade and other payables	12	2,102	1,943
Current tax liability		3,268	3,154
Amounts due to group undertakings	13	2,222	2,289
Accruals, deferred income and other liabilities	14	786	1,241
Total current liabilities		8,378	8,627
Equity			
Share capital	15	10,000	10,000
Retained earnings		28,661	14,811
Total equity		38,661	24,811
Total liabilities and equity		47,039	33,438

The accompanying notes on pages 15 to 18 form an integral part of these financial statements.

The financial statements of the Company were approved by the Board of Directors and authorised for issue on April 2021 and signed on its behalf by:



P B Hunt
Director

STATEMENT OF CHANGES IN EQUITY
for the year ended 31 December 2020

	Share capital £'000	Retained earnings £'000	Total £'000
At 1 January 2019	10,000	23,887	33,887
Profit for the year	-	14,811	14,811
Dividends paid	-	(23,887)	(23,887)
At 31 December 2019	10,000	14,811	24,811
Profit for the year	-	13,850	13,850
At 31 December 2020	10,000	28,661	38,661

Total comprehensive income for the year of £13,850k (2019: £14,811k) was wholly attributable to the equity holders of the Company.

The accompanying notes on pages 15 to 18 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 assessing going concern, a COVID-19 impact analysis was performed across the Natwest Group. The directors have also considered the uncertainties associated with COVID-19 including the different ways in which this could impact the capital 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 meet regulatory capital requirements and 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* and in accordance with international accounting standards in conformity with the requirements of the Companies Act; and
- on the historical cost basis.

b) Revenue recognition

Revenue is recognised upon transfer of control of promised services to customers i.e. when (or as) a performance obligation is satisfied, in an amount that reflects consideration to which the Company is entitled in exchange for those services net of VAT. The Company includes variable consideration as part of its transaction price when it is highly probable that a significant reversal will not occur.

Financial assets and financial liabilities which are held at fair value through profit or loss, held for trading or designated as at fair value through profit or loss are recorded at fair value. Changes in fair value are recognised in the Statement of Comprehensive Income.

Fees in respect of services are recognised as the right to consideration accrues through the provisions of services to customers. The arrangements are contractual and the cost of providing the service is incurred as the service is rendered. The price is usually fixed relative to the value of the Fund assets managed and is always determinable.

Management fees are recognised as the services are performed over time. Such fees are based on an agreed-upon percentage of the net asset value of each collective investment scheme under the management of the Company and stated in the applicable prospectus of those schemes. These fees are affected by changes to net asset value, including market appreciation and depreciation, foreign exchange movements and net inflows or outflows. Management fees are shown net of fees waived pursuant to contractual expense limitations of the funds or voluntary waivers. Management fees are generally invoiced monthly in arrears. Fees are not collected in advance.

c) Taxation

Income tax expense or income, comprising current tax, is recorded in the Statement of Comprehensive Income 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 31 December 2020.

d) 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.

e) Cash at bank

Cash at bank comprises cash and demand deposits with banks together with short-term highly liquid investments that are readily convertible to known amounts of cash and subject to insignificant risk of change in value.

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, there are no particular judgements and assumptions involved in the Company's accounting policies that are considered by the directors to be significant to the portrayal of the Company's performance and financial condition.

3. Net interest income

	2020 £'000	2019 £'000
Bank interest	77	125

4. Operating expenses

	2020 £'000	2019 £'000
Outsourcing and consulting fees ⁽¹⁾	12,049	14,904
Other administrative expenses	595	617
Financial services compensation scheme levy	811	739
Auditor's remuneration - audit services	56	56
	13,511	16,316

Notes:

- (1) Outsourcing and consulting fees were all recurring expenses in 2020 (2019: £12,429k recurring and £2,475k non-recurring, which were incurred to fulfil the objectives of Project Shackleton in 2019).

5. Profit before tax

Profit before tax is stated after charging

	2020 £'000	2019 £'000
Auditor's remuneration - audit services	56	56
Auditor's remuneration - fund audit services	37	78
Auditor's remuneration - client money audit	61	50
Management recharge to NatWest Group companies	1,388	1,262
	1,542	1,446

Directors' emoluments

	2020 £'000	2019 £'000
Amounts paid to Non-Executive Directors:	120	52

Fees for Non-Executive Directors are shown above. The Company does not remunerate Executive Directors. There are no other employees.

6. Tax

	2020 £'000	2019 £'000
Current taxation:		
UK corporation tax charge for the year	3,249	3,154
Over provision in respect of prior periods	-	(1,371)
Tax charge for the year	3,249	1,783

NOTES TO THE FINANCIAL STATEMENTS

6. Tax (continued)

The actual tax charge differs from the expected tax charge computed by applying the standard UK corporation tax rate of 19% (2019: 19%) as follows:

	2020 £'000	2019 £'000
Profit on ordinary activities before tax	17,099	16,594
Expected tax charge	3,248	3,153
Non deductible items	1	1
Adjustment in respect of prior periods	-	(1,371)
Actual tax charge for the year	3,249	1,783

7. Ordinary dividends

	2020 £'000	2019 £'000
Final dividend paid in respect of the prior year	-	23,887

No dividend was paid during the year (2019: £23,887k).

8. Trade and other receivables

	2020 £'000	2019 £'000
Trade receivables	3,245	2,062
Less: provisions	(56)	(56)
	3,189	2,006

Trade receivables primarily relate to debtors arising from i) the sale of fund units to the investors ii) amounts due from the fund following the cancellation of units.

9. Amounts due from group undertakings

	2020 £'000	2019 £'000
The Royal Bank of Scotland plc	37,698	24,029

Amounts due from The Royal Bank of Scotland plc relate to an interest-bearing deposit. The balance is recoverable immediately upon demand.

This has been assessed for impairment under IFRS 9. The balance is in stage 1 and there is no material charge to apply.

10. Prepayments, accrued income and other assets

	2020 £'000	2019 £'000
Accrued income	2,800	2,889
Prepayments	238	195
	3,038	3,084

11. Cash at bank

	2020 £'000	2019 £'000
Cash at bank	3,114	4,319

NOTES TO THE FINANCIAL STATEMENTS

12. Trade and other payables

	2020 £'000	2019 £'000
Trade creditors	2,102	1,943

Trade creditors mainly relates to the purchase of fund units from the underlying investors and amounts due to the fund following the creation of units.

13. Amounts due to group undertakings

	2020 £'000	2019 £'000
Coutts & Company	1,241	1,325
National Westminster Group Plc	981	964
	2,222	2,289

14. Accruals, deferred income and other liabilities

	2020 £'000	2019 £'000
Amounts falling due within one year:		
Accruals	777	1,225
Other liabilities	9	16
	786	1,241

15. Share capital

	2020 £'000	2019 £'000
Equity shares		
Allotted, called up and fully paid:		
20,000,000 ordinary shares of £0.50 each	10,000	10,000

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

16. 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 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. This includes the payment of UK corporation tax.

Group Companies

At 31 December 2020

The Company's immediate parent was:	RBSG Collective Investments Holdings Limited
The smallest consolidated accounts including the Company were prepared by:	Coutts & Company
The ultimate parent company was:	NatWest Group plc

All parent companies are incorporated in the UK. Copies of their accounts may be requested from Legal, Governance and Regulatory Affairs, NatWest Group plc, Gogarburn, PO Box 1000, Edinburgh EH12 1HQ.