Company Registered No: SC080104

ROYAL SCOT LEASING LIMITED

ANNUAL REPORT AND FINANCIAL STATEMENTS

For the year ended 30 September 2018

CONTENTS

OFFICERS AND PROFESSIONAL ADVISERS

DIRECTORS:	I A Ellis D G Harris S J Roulston E Mayes
COMPANY SECRETARY:	RBS Secretarial Services Limited
REGISTERED OFFICE:	24/25 St Andrew Square Edinburgh EH2 1AF
INDEPENDENT AUDITOR:	Ernst & Young LLP Statutory Auditor The Paragon Counterslip Bristol BS1 6BX

Registered in Scotland

DIRECTORS' REPORT

The directors of Royal Scot Leasing Limited ("the Company") present their annual report together with the audited financial statements for the year ended 30 September 2018.

ACTIVITIES AND BUSINESS REVIEW

This Directors' report has been prepared in accordance with the provisions applicable to companies entitled to the small companies exemption and therefore does not include a Strategic report.

Activity
The principal activity of the Company continues to be the provision of fixed asset finance usually involving individually structured facilities.

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 in seeking further opportunities for growth. Post balance sheet events are described in note 22 to the financial statements

Financial performance

The retained profit for the year was £75,000 (2017: loss of £82,000) and this was transferred to reserves.

The directors do not recommend a payment of interim dividends.

PRINCIPAL RISKS AND UNCERTAINTIES

The Company seeks to minimise its exposure to financial risks other than credit risk.

Management focuses on both the overall balance sheet structure and the control, within prudent limits, of risk arising from mismatches, including currency, maturity, interest rate and liquidity. It is undertaken within limits and other policy parameters set by the Group Asset and Liability Management Committee (Group ALCO).

The Company is funded by facilities from Royal Bank Leasing Limited.

The Company's assets mainly comprise finance lease receivables which would expose it to interest, credit, liquidity, residual value risk and operational risk.

The principal risks associated with the Company are as follows:

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

The Company manages interest rate risk by monitoring the consistency in the interest rate profile of its assets and liabilities, and limiting any repricing mismatches.

Currency risk
The Company undertakes certain transactions denominated in foreign currencies, hence exchange rate fluctuations arise. The Company's policy is normally to match foreign currency receivables with borrowings in the same currency.

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.

All material loans receivable are with group companies. Although credit risk arises this is not considered to be significant and no amounts are past due.

DIRECTORS' 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 balance sheet and from undrawn commitments and other contingent obligations.

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

Residual value risk
Residual value risk is the risk that the value of operating lease assets at the end of the lease term is less than estimated at inception of the lease contract and thus the Company may be subject to losses on disposal of the operating lease assets. The Company manages this risk on a on going basis.

Operational risk
Operational risk is the risk of unexpected losses attributable to human error, systems failures, fraud or inadequate internal financial controls and procedures. The Company manages this risk, in line with the RBS group framework, through systems and procedures to monitor transactions and positions, the documentation of transactions and periodic review by internal audit. The Company also maintains contingency facilities to support operations in the event of disasters.

Going Concern
The 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 AND SECRETARY

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

From 1 October 2017 to date the following changes have taken place:

Directors	Appointed	Resigned
G L Hawkins	-	13 December 2017
E Mayes	-	6 March 2018
Andrew Tackaberry	13 December 2017	11 December 2018
I A Ellis	6 March 2018	-
E Mayes (Re-appointment)	10 May 2019	-

DIRECTORS' RESPONSIBILITIES STATEMENT

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

Company law requires the directors to prepare a Directors' report and financial statements for each financial year. Under that law, the directors have elected to prepare the financial statements in accordance with Financial Reporting Standard (FRS) 101 Reduced Disclosure Framework and must not approve the financial statements unless they are satisfied that they give a true and fair view of the state of affairs at the end of the year and the profit or loss of the Company for that 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.

DIRECTORS' REPORT

DIRECTORS' RESPONSIBILITIES STATEMENT (continued)

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:

E Mayes
Director
Date: 28 June 2019

INDEPENDENT AUDITOR'S REPORT TO THE MEMBERS OF ROYAL SCOT LEASING LIMITED

Opinion

We have audited the financial statements of Royal Scot Leasing Limited ('the Company') for the year ended 30 September 2018 which comprise the Statement of Comprehensive Income, the Balance Sheet, the Statement of Changes in Equity and the related notes 1 to 22, including summary of significant accounting policies. The financial reporting framework that has been applied in their preparation is applicable law and United Kingdom Accounting Standards (United Kingdom Generally Accepted Accounting Practice), including FRS 101 'Reduced Disclosure Framework'.

In our opinion the financial statements:

- give a true and fair view of the Company's affairs as at 30 September 2018 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.

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.

INDEPENDENT AUDITOR'S REPORT TO THE MEMBERS OF ROYAL SCOT LEASING LIMITED

Opinion on other matter 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 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 on pages 3 & 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 applicable law and International Standards on Auditing 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 ROYAL SCOT LEASING 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

Richard Page (Senior Statutory Auditor)
for and on behalf of Ernst & Young LLP,Statutory Auditor
Bristol, United Kingdom
Date: 28 June 2019

STATEMENT OF COMPREHENSIVE INCOME
for the year ended 30 September 2018

Income from continuing operations	Notes	2018 £'000	2017 £'000
Turnover	3	1,774	1,920
Cost of sales	4	(1,258)	(1,389)
Operating income	5	33	3
Operating expenses	6	(230)	(477)
Operating profit		319	57
Finance income	7	174	111
Finance costs	8	(358)	(242)
Profit/(loss) before tax		135	(74)
Tax charge	9	(60)	(8)
Profit/(loss) and total comprehensive income/(loss) for the year		75	(82)

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

BALANCE SHEET
as at 30 September 2018

	Notes	2018 £'000	2017 £'000
Non-current assets			
Property, plant and equipment	10	2,204	3,462
Finance lease receivables	11	1,389	2,564
Deferred tax asset	9	406	248
		3,999	6,274
Current assets			
Finance lease receivables	11	-	6,633
Loans receivable	13	5,400	6,019
Trade and other receivables	14	1,096	2,050
Prepayments, accrued income and other assets	15	176	601
Cash at bank		555	1,809
		7,227	17,112
Total assets		11,226	23,386
Current liabilities			
Borrowings	16	3,707	14,591
Trade and other payables	17	7,141	8,208
Accruals, deferred income and other liabilities	18	209	1,583
		11,057	24,382
Non-current liabilities			
Borrowings	16	4,006	2,916
		4,006	2,916
Total liabilities		15,063	27,298
Equity			
Called up share capital	19	10	10
Profit and loss account		(3,847)	(3,922)
Total equity		(3,837)	(3,912)
Total liabilities and equity		11,226	23,386

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

The financial statements of the Company were approved by the Board of Directors on 28 June 2019 and signed on its behalf by:

E Mayes
Director

STATEMENT OF CHANGES IN EQUITY
for the year ended 30 September 2018

	Share capital £'000	Profit and loss account £'000	Total £'000
At 1 October 2016	10	(3,840)	(3,830)
Loss for the year	-	(82)	(82)
At 30 September 2017	10	(3,922)	(3,912)
Profit for the year	-	**75**	**75**
At 30 September 2018	**10**	**(3,847)**	**(3,837)**

Total comprehensive income for the year of £75,000 (2017: comprehensive loss of £82,000) was wholly attributable to the owners of the Company.

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

NOTES TO THE FINANCIAL STATEMENTS

1. Accounting policies

a) Preparation and presentation of accounts
These financial statements are prepared:

- on a 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 EU (together IFRS); and
- on a historical cost basis.

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

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 Scotland 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; and
    - related party transactions.
    - disclosure requirements of IFRS 7 "Financial Instruments: Disclosure and IFRS 13 "Fair value Measurement"

Where required, equivalent disclosures are given in the group accounts of The Royal Bank of Scotland Group plc, these accounts are available to the public and can be obtained as set out in note 21.

There were no changes to IFRS that were effective from 1 October 2017 which had a material effect on the Company's Financial Statements for the year ended 30 September 2018.

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 the profit or loss account.

c) Revenue recognition
Turnover comprises income from finance leases, operating leases, loans and other services and arises in the United Kingdom from continuing activities.

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

Rental income during the primary period of operating leases is recognised in the income statement on a straight-line basis over the lease term unless another systematic basis better represents the time pattern of the asset's use.
Rental income during the secondary period income is recognised in line with IFRS 15 'Revenue' in the period which arises.

NOTES TO THE FINANCIAL STATEMENTS

1. Accounting policies (continued)

c) Revenue recognition (continued)
Interest income on financial assets that are classified as loans and receivables, available-for-sale or held-to-maturity and interest expense on financial liabilities other than those at fair value are determined using the effective interest method. The effective interest method is a method of calculating the amortised cost of a financial asset or financial liability (or a group of financial assets or liabilities) and of allocating the interest income or interest expense over the expected life of the asset or liability.

d) Taxation
Income tax expense or income, comprising current tax and deferred tax, is recorded in the profit and loss account except income tax on items recognised outside profit or loss which is credited or charged to other comprehensive income or to equity as appropriate.

Current tax is income tax payable or recoverable in respect of the taxable profit or loss for the year arising in income or in equity. Provision is made for current tax at rates enacted or substantively enacted at the balance sheet date.

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) Property, plant and equipment
Items of property, plant and equipment are stated at cost less accumulated depreciation and impairment losses. Where an item of property, plant and equipment comprises major components having different useful lives, they are accounted for separately.

The depreciable amount is the cost of an asset less its residual value. Depreciation is charged to profit or loss on a straight-line basis so as to write-off the depreciable amount of plant and equipment (including assets owned and let on operating leases) over its estimated useful life as follows:

Aircraft- 25 years

The residual value and useful life of the plant and equipment is reviewed at each balance sheet date and updated for any changes to previous estimates.

f) Impairment of property, plant and equipment
At each reporting date, the Company assesses whether there is any indication that its plant and equipment are impaired. If any such indication exists, the Company estimates the recoverable amount of the asset and the impairment loss if any. The recoverable amount of an asset is the higher of its fair value less cost to sell and its value in use. Value in use is the present value of future cash flows from the asset or cash generating unit discounted at a rate that reflects market interest rates adjusted for risks specific to the asset or cash-generating unit that have not been taken into account in estimating future cash flows. If the recoverable amount of the asset is less than its carrying value, an impairment loss is recognised immediately in profit or loss and the carrying value of the asset reduced by the amount of the loss.

NOTES TO THE FINANCIAL STATEMENTS

1. Accounting policies (continued)

g) Leases
Contracts to lease assets are classified as finance leases if they transfer substantially all the risks and rewards of ownership of the asset to the customer; all other contracts with customers to lease assets are classified as operating leases.

Finance lease receivables are stated in the balance sheet at the amount of the net investment in the lease, being the minimum lease payments and any unguaranteed residual value discounted at the interest rate implicit in the lease.

Operating lease assets are included within property, plant and equipment and depreciated over their useful lives of the lease (see accounting policy e).

h) 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.

i) Financial assets
On initial recognition, financial assets are classified into loans and receivables.

Loans and receivables
Non-derivative financial assets with fixed or determinable repayments that are not quoted in an active market are classified as loans and receivables, except those that are classified as available-for-sale or as held-for-trading, or designated as at fair value through profit or loss. Loans and receivables are initially recognised at fair value plus directly related transaction costs. They are subsequently measured at amortised cost using the effective interest method (see accounting policy 1(b)) less any impairment losses.

j) Impairment of financial assets
The Company assesses at each balance sheet date whether there is any objective evidence that a financial asset or group of financial assets classified as held-to-maturity, available-for-sale or loans and receivables is impaired. A financial asset or portfolio of financial assets is impaired and an impairment loss incurred if there is objective evidence that an event or events since initial recognition of the asset have adversely affected the amount or timing of future cash flows from the asset.

k) Financial liabilities
On initial recognition financial liabilities are classified at amortised cost.

l) 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 IAS 39 "Financial Instruments: Recognition and Measurement".

A financial liability is removed from the Balance Sheet when the obligation is discharged, cancelled or expires.

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 are discussed below.

Leased assets
Judgement is required in the classification of a lease at inception and after any material amendment to assess whether substantially all the significant risks and rewards of ownership accrue to the lessor or the lessee.

Loan impairment provisions
The Company's loan impairment provisions are established to recognise incurred impairment losses in its portfolio of loans classified as loans and receivables and carried at amortised cost. A loan is impaired when there is objective evidence that events since the loan was granted have affected expected cash flows from the loan. The impairment loss is the difference between the carrying value of the loan and the present value of estimated cash flows at the loan's original effective interest rate.

Residual values
The Company assesses objective evidence for impairment of residual values at each balance sheet date adjusting the future depreciation to be recognised on operating leases accordingly. An impairment loss is incurred and measured as the shortfall between the carrying value of the residual interest and the discounted value of the estimated future cash flows, including cash flows from guarantors. Unguaranteed residual values are subject to regular review, if there is a reduction in the finance lease receivables estimated unguaranteed residual value, income allocation is revised and any reduction in respect of amounts accrued is recognised immediately.

3. Turnover

	2018	2017
	£'000	£'000
Finance lease income:		
Rents receivable	**7,581**	2,549
Amortisation	**(7,125)**	(2,030)
Contingent rental expense	**(45)**	(129)
	411	390
Operating lease income -rents receivable	**1,363**	1,530
	1,774	1,920

4. Cost of sales

	2018	2017
	£'000	£'000
Depreciation	**1,258**	1,389

NOTES TO THE FINANCIAL STATEMENTS

5. Operating income

	2018 £'000	2017 £'000
Other income	33	3

6. Operating expenses

	2018 £'000	2017 £'000
Operating expenses has been arrived at after charging/ (crediting):		
Loss on disposal of assets held for sale	10	56
Maintenance costs	-	326
Management fees	90	82
Audit fee	15	17
Legal & professional fees	61	15
Foreign exchange loss/(gain)	52	(33)
Other charges	2	14
	230	477

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

7. Finance income

	2018 £'000	2017 £'000
On loans receivable from group companies	174	111

8. Finance costs

	2018 £'000	2017 £'000
Interest on loans from group companies	358	242

9. Tax

	2018 £'000	2017 £'000
Current taxation:		
UK corporation tax charge for the year	221	118
Over provision in respect of prior periods	(3)	-
	218	118
Deferred taxation:		
Credit for the year	(158)	(110)
Tax charge for the year	60	8

9. Tax (continued)

The actual tax charge differs from the expected tax charge/(credit) computed by applying the standard rate of UK corporation tax of 19% (2017: blended tax rate 19.5%) as follows:

	2018	2017
	£'000	£'000
Expected tax charge/(credit)	**26**	(15)
Non-deductible items	**37**	17
Adjustments in respect of prior periods	**(3)**	(1)
Increase in deferred tax following changes in rate of UK corporation tax	**-**	7
Actual tax charge for the year	**60**	8

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

Deferred tax

Deferred tax asset comprises:

	Capital allowances £'000	**Other £'000**	**Total £'000**
At 1 October 2016	(136)	(2)	(138)
Charge/(credit) to profit and loss account	(112)	2	(110)
At 30 September 2017	(248)	-	(248)
Credit to profit and loss account	**(158)**	**-**	**(158)**
At 30 September 2018	**(406)**	**-**	**(406)**

10. Property, plant and equipment

	Assets for hire under operating lease £'000
Cost	
1 October 2017 and 30 September 2018	6,040
Accumulated depreciation and impairment	
1 October 2017	2,578
Depreciation charge	**1,258**
At 30 September 2018	**3,836**
Net book value	
At 30 September 2018	**2,204**
At 30 September 2017	3,462

Security

No property, plant and equipment has been pledged as security for liabilities of the Company (2017: none).

NOTES TO THE FINANCIAL STATEMENTS

11. Finance lease receivables

2018	Within 1 year £'000	Between 1 and 5 years £'000	After 5 years £'000	Total £'000
Future minimum lease payments	**(952)**	**1,240**	**2,492**	**2,780**
Unearned finance income	**(12)**	**(287)**	**(1,092)**	**(1,391)**
Present value of minimum lease payments receivable	**(964)**	**953**	**1,400**	**1,389**
2017				
Future minimum lease payments	6,927	799	3,189	10,915
Unearned finance income	(294)	(125)	(1,299)	(1,718)
Present value of minimum lease payments receivable	6,633	674	1,890	9,197

The future capital spend within one year results in a net negative present value of minimum payments receivable. Present value of capital draw downs within one year of £1,714,659 and present value of future lease payments recievable £750,680. As the lease receivable is not expected to be recovered within a year, the balance of £1,389,000 is reported as due after one year and presented under fixed assets on the balance sheet.

	2018 £'000	2017 £'000
Due within one year	**-**	6,633
Due after more than one year	**1,389**	2,564
	1,389	9,197

Marco Polo lease matured in May 2018 which had an average term of 10 years. The remaining lease GE Medical has an average term of 20 years (2017: 15 years).

Unguaranteed residual values are estimated at nil (2017: nil).

The average effective interest rate in relation to finance lease agreements approximates 8.8% (2017: 7.4%).

12. Operating lease arrangements

	Within 1 year £'000	Between 1 and 5 years £'000	After 5 years £'000	Total £'000
2018	**-**	**-**	**-**	**-**
2017	720	-	-	720

	2018 £'000	2017 £'000
Nature of operating leases in the balance sheet: Aircraft	**2,204**	3,462

13. Loans receivable

	2018 £'000	2017 £'000
Due within one year		
Amounts owed by parent Royal bank Leasing Ltd	**5,400**	6,019

NOTES TO THE FINANCIAL STATEMENTS

14. Trade and other receivables

	2018 £'000	2017 £'000
Due within one year		
Trade receivables	1,043	2,046
Value Added Tax recoverable	53	-
Other receivables	-	4
	1,096	2,050

15. Prepayments, accrued income and other assets

	2018 £'000	2017 £'000
Accrued income	2	-
Group relief receivable	174	601
	176	601

16. Borrowings

	2018 £'000	2017 £'000
Overdrafts from NatWest Markets Plc	-	109
Loans from parent Royal Bank Leasing Ltd	7,713	17,398
	7,713	17,507
Current – on demand or within one year	3,707	14,591
Non-current:		
- between one and two years	575	229
- between two and five years	1,337	49
- after five years	2,094	2,638
	4,006	2,916

The Company has the following unsecured borrowing from group undertakings greater than five years:

£2,094,000 (2017: £2,522,000) is at a fixed rate of 5.74%
Nil (2017: £116,000) is at a floating rate

17. Trade and other payables

	2018 £'000	2017 £'000
Due within one year		
Trade creditors	-	1,841
Value Added Tax payable	76	44
Other payables	7,065	6,323
	7,141	8,208

18. Accruals, deferred income and other liabilities

	2018 £'000	2017 £'000
Accruals *	209	1,575
Deferred income	-	8
	209	1,583

*Accruals includes nil (2017: £1,464k) amounts owed to Royal Bank Leasing Ltd.

19. Share capital

	2018 £'000	2017 £'000
Authorised:		
1,000,000 ordinary shares of £1 each	**1,000**	1,000
Allotted, called up and fully paid:		
Equity shares		
10,000 ordinary shares of £1 each	**10**	10

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

20. Commitments

Other Commitments

2018	Within 1 year £'000	Between 1-5 years £'000	After 5 years £'000	Total £'000
Contracts to buy assets to be leased under finance leases:	**1,742**	**1,495**	**-**	**3,237**

2017				£'000
Contracts to buy assets to be leased under finance leases:	832	1,004	765	2,601

21. Related parties

UK Government
The UK Government through HM Treasury is the ultimate controlling party of The Royal Bank of Scotland Group plc. Its shareholding is managed by UK Government Investments Limited, a company it wholly-owns and as a result, the UK Government and UK Government controlled bodies are related parties of the Company.

The Company enters into transactions with these bodies on an arms' length basis; they include the payment of taxes including UK corporation tax and Value Added Tax.

Group companies

As at 30 September 2018

The Company's immediate parent was:	Royal Bank Leasing Limited
The smallest consolidated accounts including the company were prepared at 31 December 2018 by:	NatWest Markets 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 Corporate Governance and Regulatory Affairs, The Royal Bank of Scotland, Gogarburn, PO Box 1000, Edinburgh EH12 1HQ.

NOTES TO THE FINANCIAL STATEMENTS

22. Post balance sheet events

Subsequent to the year end, in anticipation of government ring-fencing legislation, on 1 October 2018 the intermediate parent company became National Westminster Bank plc which, going forward, will be the smallest consolidated accounts in which the Company will appear. There were no changes in the immediate or ultimate parent company.

On 5 December 2018, the company sold its operating leases with South African Express airlines, generating a gain of £5,233,000.