

Company Registered No: SC080104

ROYAL SCOT LEASING LIMITED

ANNUAL REPORT AND FINANCIAL STATEMENTS

For the year ended 30 September 2020



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ROYAL SCOT LEASING LIMITED

SC080104

OFFICERS AND PROFESSIONAL ADVISERS

DIRECTORS:
L McKirkle
I A Ellis
E M Mayes

COMPANY SECRETARY: NatWest Group Secretarial Services Limited
(formerly RBS Secretarial Services Limited)

REGISTERED OFFICE: RBS Gogarburn
175 Glasgow Road
Edinburgh
EH12 1HQ

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

Registered in Scotland

DIRECTORS' REPORT**CHANGE OF REGISTERED OFFICE**

On 3 August 2020, the Registered Office of the Company changed from 24/25 St Andrew Square, Edinburgh EH2 1AF to 175 Glasgow Road, Edinburgh, EH12 1HQ.

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***

During the year, the Company has made a loss of £219k. There have been a number of factors which has led to the loss for the year ended 30 September 2020. There have been reduced rentals due to the disposal of the lease in the prior year along with significant exchange losses due to the fluctuating interest rates which has been caused by the unpredictability of the Covid-19 pandemic. As a result the directors consider the entity to continue on a going concern basis after making their relevant assessment.

Financial performance

The retained loss for the year was £219,000 (2019: retained profit £4,624,000) and this was transferred from reserves.

The directors do not recommend a payment of interim dividend.

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 NatWest Group Asset and Liability Management Committee (Group ALCO).

The Company is funded by facilities from Royal Bank Leasing Limited. These are denominated in sterling which is the functional currency and carry no significant financial risk.

The Company's assets mainly comprise finance lease receivables which would expose it to interest, currency, credit, liquidity, market 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.

DIRECTORS' REPORT***Principal risks and uncertainties (continued)*****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.

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.

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, foreign currency and equity prices together with related parameters such as market volatilities.

The principal market risk to which the Company is exposed is to interest rate risk.

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.

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 and subsequently except where noted below, are listed on page 1.

From 1 October 2019 to date the following changes have taken place:

Directors	Appointed	Resigned
D Harris	-	1 November 2019
S Roulston	-	18 November 2019
L Conner	18 November 2019	5 March 2021
L McKirkle	5 March 2021	-

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:

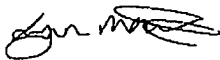
- so far as they are aware, there is no relevant audit information of which the Company's auditor is unaware; and
- directors have taken all the steps that they ought to have taken to make themselves aware of any relevant audit information, and to establish that the Company's auditor is aware of that 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 have expressed their willingness to continue in office as auditor.

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



Lynn McKirkle
Director

Date: 28th June 2021

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 2020 which comprise the Statement of Comprehensive Income, the Balance Sheet, the Statement of Changes in Equity and the related notes 1 to 20, 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 30 September 2020 and of its loss 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

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 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.

A handwritten signature in black ink, appearing to read "Ernst & Young LLP", with a horizontal line drawn underneath.

Richard Page (Senior Statutory Auditor)
for and on behalf of Ernst & Young LLP, Statutory Auditor
Bristol, United Kingdom
Date: 29 June 2021

STATEMENT OF COMPREHENSIVE INCOME
for the year ended 30 September 2020

		2020	2019
Income from continuing operations	Notes	£'000	£'000
Turnover	3	239	351
Cost of Sales	4	-	(238)
Operating Income	5	1	5,560
Operating expenses	6	(279)	187
Impairment losses	7	(75)	(1)
Operating (loss)/profit		(114)	5,859
Finance Income	8	27	89
Finance costs	9	(183)	(227)
(Loss)/profit before tax		(270)	5,721
Tax credit/(charge)	10	51	(1,097)
(Loss)/profit and total comprehensive (loss)/income for the year		(219)	4,624

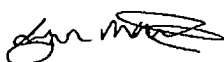
The accompanying notes form an integral part of these financial statements.

BALANCE SHEET
as at 30 September 2020

	Notes	2020 £'000	2019 £'000
Non-current assets			
Finance lease receivables	11	1,184	1,385
Current assets			
Loans receivable	12	-	3,032
Trade and other receivables	13	9	234
Prepayments, accrued income and other assets	14	73	1
Cash at bank		2,214	4,085
		<u>2,296</u>	<u>7,352</u>
Total assets		<u>3,480</u>	<u>8,737</u>
Current Liabilities			
Borrowings	15	461	4,156
Trade and other payables	16	103	126
Current tax liabilities		-	50
Accruals, deferred income and other liabilities	17	179	139
		<u>743</u>	<u>4,471</u>
Non-current liabilities			
Borrowings	15	2,170	3,480
Total liabilities		<u>2,913</u>	<u>7,951</u>
Equity			
Called up share capital	18	10	10
Profit and loss account		557	776
Total equity		<u>567</u>	<u>786</u>
Total liabilities and equity		<u>3,480</u>	<u>8,737</u>

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 28th June 2021 and signed on its behalf by:



Lynn McKirkle
Director

STATEMENT OF CHANGES IN EQUITY
for the year ended 30 September 2020

	Share Capital £'000	Profit and loss account £'000	Total £'000
At 1 October 2018	10	(3,847)	(3,837)
Implementation of IFRS 9	-	(1)	(1)
Profit for the financial year	-	4,624	4,624
At 30 September 2019	10	776	786
Loss for the financial year	-	(219)	(219)
At 30 September 2020	10	557	567

Total comprehensive loss for the year of £219,000 (2019: income £4,624,000) 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 financial statements

These financial statements are prepared:

- on a going concern basis which was assessed over 12 months from the date of their approval. 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.

The 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.

Management continues to monitor further impacts on profitability, assets, operations and liquidity however, at this stage do not consider there to be any additional material issues for the Company

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 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*; 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 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;
 - 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 (formerly known as The Royal Bank of Scotland Group plc), these accounts are available to the public and can be obtained as set out in note 20.

The changes to IFRS that were effective from 1 October 2019 have had no material effect on the Company's financial statements for the year ended 30 September 2020.

b) Foreign currencies

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

NOTES TO THE FINANCIAL STATEMENTS**1. Accounting policies (continued)****c) Revenue recognition**

Turnover comprises income from finance leases, operating leases and arises in the United Kingdom from continuing activities.

Rental income during the primary period of operating leases is recognized 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 is recognized in line with IFRS 15 'Revenue' in the period in which it arises.

Revenue from the sale of rental assets is recognised on transfer of ownership.

Fee income in respect of lending arrangements is considered integral to the yield and is included in the effective interest rate on these arrangements.

Fees in respect of services are recognised as the right to consideration accrues through the performance of each distinct service obligation to the customer. The arrangements are generally contractual and the cost of providing the service is incurred as the service is rendered. The price is usually fixed and always determinable.

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, the effective part of any related accounting hedging instruments and finance lease income recognised at a constant periodic rate of return before tax on the net investment. Negative effective interest accruing to financial assets is presented in interest payable.

Other interest relating to financial instruments measured at fair value is recognised as part of the movement in fair value.

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, 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.

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

The Company has adopted IFRS 16 'Leases' with effect from 1 January 2019, replacing IAS 17 'Leases'. The Company has applied IFRS 16 on a modified retrospective basis.

Finance lease contracts are those which transfer substantially all the risks and rewards of ownership of an asset to a customer. All other contracts with customers to lease assets are classified as operating leases.

Loans to customers include finance lease receivables measured at the net investment in the lease, comprising the minimum lease payments discounted at the interest rate implicit in the lease. Interest receivable includes finance lease income recognised at a constant periodic rate of return before tax on the net investment.

Rental income from operating leases is recognised in other operating income on a straight-line basis over the lease term unless another systematic basis better represents the time pattern of the asset's use. Operating lease assets are included within Property, plant and equipment and depreciated over their useful lives.

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 (FVTPL) 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.

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. Certain financial assets managed under a business model of both to collect contractual cash flows comprising solely of payments of principal and interest, and to sell, are measured at fair value through other comprehensive income ('FVOCI').

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.

NOTES TO THE FINANCIAL STATEMENTS

1. Accounting policies (continued)

g) Impairment of financial assets (continued)

The costs of loss allowances on assets held at amortised cost are presented as impairments in the income statement.

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, 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 2020 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. At 30 September 2020, gross finance lease receivable to customers totalled £4,471k (2019: £2,583k) and customer finance lease receivable impairment provisions amounted to £78k (2019: £3k). 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.

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.

3. Turnover

	2020 £'000	2019 £'000
Finance lease income:		
Rents receivable	711	736
Amortisation	(472)	(636)
	239	100
Operating lease income - Rent receivables	-	251
	239	351

4. Cost of sales

	2020 £'000	2019 £'000
Depreciation	-	238

5. Operating Income

	2020 £'000	2019 £'000
Profit on disposal of leases	-	5,471
Management Fees	-	78
Other income	1	11
	1	5,560

NOTES TO THE FINANCIAL STATEMENTS

6. Operating expenses

	2020 £'000	2019 £'000
Audit fees	17	13
Management fees	24	-
Exchange losses/(gains)	238	(209)
Other charges	-	9
	<u>279</u>	<u>(187)</u>

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. Impairment losses

The following impairment losses were recognised during the year:

	2020 £'000	2019 £'000
Impairment losses on finance leases	<u>75</u>	<u>1</u>

8. Finance income

	2020 £'000	2019 £'000
Interest on loans receivable from group companies	<u>27</u>	<u>89</u>

9. Finance costs

	2020 £'000	2019 £'000
Interest on loans from group companies	<u>183</u>	<u>227</u>

10. Tax

	2020 £'000	2019 £'000
Current taxation:		
UK corporation tax (credit)/charge for the year	<u>(51)</u>	<u>691</u>
	(51)	691
Deferred taxation:		
Charge for the year	<u>-</u>	<u>406</u>
	-	406
Tax (credit)/charge for the year	<u>(51)</u>	<u>1,097</u>

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

	2020 £'000	2019 £'000
Expected tax (credit)/charge	(51)	1,087
Non-deductible items	-	10
Actual tax (credit)/charge for the year	<u>(51)</u>	<u>1,097</u>

NOTES TO THE FINANCIAL STATEMENTS

10. Tax (continued)

Deferred tax

Net deferred tax asset comprises:

	Capital allowances £'000
1 October 2018	(406)
Credit to income	406
At 30 September 2019 and 2020	-

In the current period, the substantively enacted UK Corporation tax rate applicable to the company from 1 April 2020 was increased from 17% to 19%.

Since the balance sheet date, it was announced in the UK Government's Budget on 3 March 2021 that the main UK corporation tax rate will increase to 25% from 1 April 2023. This change was substantively enacted on 24 May 2021.

11. Finance lease receivables

	2020 £'000
Amounts included in income statement for finance leases	
Finance income on the net investment in leases	239
Amount receivable under finance leases	2020 £'000
Within 1 year	651
1 to 2 years	631
2 to 3 years	696
3 to 4 years	676
4 to 5 years	734
After 5 years	1,083
Lease payments total	4,471
Future drawdowns	(2,255)
Unearned income	(954)
Present value of lease payments	1,262
Impairments	(78)
Net investment in finance leases	1,184

	Within 1 year £'000	Between 1 and 5 years £'000	After 5 years £'000	Total £'000
2019				
Future minimum lease payments	(1,137)	1,858	1,817	2,538
Unearned finance income	16	(423)	(743)	(1,150)
Present value of minimum lease payments receivable	(1,121)	1,435	1,074	1,388
Impairment provisions	(3)	-	-	(3)
Carrying value	(1,124)	1,435	1,074	1,385

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 £1,489,986 and present value of future lease payments receivable £648,753. As the lease receivable is not expected to be recovered within a year, the balance of £1,184,000 is reported as due after one year and presented under fixed assets on the balance sheet.

NOTES TO THE FINANCIAL STATEMENTS

11. Finance lease receivables (continued)

	2020 £'000	2019 £'000
Due within one year	-	-
Due after more than one year	1,184	1,385
	<u>1,184</u>	<u>1,385</u>

The Company has entered into finance leasing arrangements for medical equipment. The average term of the lease interest into is 20 years (2019: 20 years).

The average effective interest rate in relation to finance lease agreements approximates 8.8% (2019: 8.7%).

12. Loans receivable

	2020 £'000	2019 £'000
Due within one year		
Amounts owed by parent Royal Bank Leasing Limited	-	3,032

13. Trade and other receivables

	2020 £'000	2019 £'000
Due within one year		
Trade Receivables	-	205
Value Added Tax recoverable	9	29
	<u>9</u>	<u>234</u>

14. Prepayments, accrued income and other assets

	2020 £'000	2019 £'000
Accrued income	-	1
Group relief receivable	73	-
	<u>73</u>	<u>1</u>

15. Borrowings

	2020 £'000	2019 £'000
Loan from parent Royal Bank Leasing Limited	2,631	7,636
Current - on demand or within one year	461	4,156
Non-current		
-between one and two years	441	1,098
-between two and five years	741	786
-after 5 years	988	1,596
	<u>2,170</u>	<u>3,480</u>

The Company has the following unsecured borrowing from Group undertakings greater than five years £988,000 (2019: £1,596,000) at a fixed rate of 5.74%.

16. Trade and other payables

	2020 £'000	2019 £'000
Value Added Tax payable	37	52
Other payables	66	74
	<u>103</u>	<u>126</u>

NOTES TO THE FINANCIAL STATEMENTS

17. Accruals, deferred income and other liabilities

	2020 £'000	2019 £'000
Accruals	179	139

18. Share capital

	2020 £'000	2019 £'000
Authorised:		
1,000,000 ordinary shares of £1 each	1,000	1,000
Allotted, called up and fully paid:		
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.

19. Commitments and other commitments

	Within 1 Year £'000	Between 1 and 5 years £'000	Total £'000
2020			
Contracts to buy assets to be leased under finance leases:	1,490	765	2,255
2019			
Contracts to buy assets to be leased under finance leases:	1,798	804	2,602

20. 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.

Group companies

As at 30 September 2020

The Company's immediate parent was:	Royal Bank Leasing Limited
The smallest consolidated accounts including the Company were prepared by:	National Westminster Bank Plc
The ultimate parent Company was:	NatWest 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.