Company Registered Number: SC102144

ADAM & COMPANY INVESTMENT MANAGEMENT LIMITED

ANNUAL REPORT AND FINANCIAL STATEMENTS

For the year ended 31 December 2020

Contents

BOARD OF DIRECTORS AND SECRETARY

Directors
Graham Storrie
Managing Director

Peter Gordon Flavel
Director

Andrew Richard Kyle
Director

Company Secretary
Kate Alexandra Ramage

Auditors
Ernst & Young
Statutory Auditor
25 Churchill Place
London
United Kingdom
E14 5EY

Registered office
6-8 George Street
Edinburgh
Scotland
United Kingdom
EH2 2PF

Adam & Company Investment Management Limited
Registered in Scotland No. SC102144

The directors of Adam & Company Investment Management Limited ("the Company") present the Annual report, together with audited financial statements for the year ended 31 December 2020. The financial statements are prepared under United Kingdom Accounting Standards including FRS 101 "Reduced Disclosure Framework" (United Kingdom Generally Accepted Accounting Practice).

Principal activities
The principal activities of the Company continue to be that of discretionary investment management services and the provision of investment advice to high net worth individuals.

The Company continues to be part of the Private Banking business within NatWest Group plc (NWG) (Renamed from The Royal Bank of Scotland Group plc (RBS Group) on 22 June 2020), which provides support and access to all central resources. Copies of the consolidated accounts of the ultimate holding company may be obtained from Legal, Governance and Regulatory Affairs, Gogarburn, PO Box 1000, Edinburgh EH12 1HQ.

As part of the Private Banking Franchise within NatWest Group, the Company's performance is measured via targets focussing on customer satisfaction, the performance of the Company's products they invest in, employee engagement and financial returns. The Company's key priorities are to develop the best client experience, invest in a high performing culture, deepen needs met for sustainable growth, optimise the operating model and simplify the business.

There are no significant changes to the performance of the Company.

Business review

The directors are satisfied with the Company's trading performance during the year.

Performance highlights

	2020 £m	2019 £m
Total income	10.7	10.7
Operating expenses	(7.4)	(6.9)
Operating profit before tax	3.3	3.8
Profit and total comprehensive income for the year	2.7	3.0
Assets under management (AUM)	1,713	1,671
Cost: income ratio	69.2%	64.6%

Financial Performance
Operating profit has reduced over the year.

Total income in 2020 was consistent with the prior year. The COVID-19 pandemic severely impacted global securities markets in March and April with a gradual recovery during the remainder of the year. AUM, which is the main determinant of income, followed this movement, with total income also recovering to end the year at £10.7million (2019: £10.7million).

Operating expenses increased by £0.5 million.

At the end of the year, total assets were £12.9 million (2019 - £15.8 million), largely comprising intercompany receivables due from The Royal Bank of Scotland plc (the parent company), which received the dividend of £5.94 million in July 2020. Total liabilities were £1.8 million (2019 - £1.5 million).

AUM at the end of the year was £1,713 million, (2019 - £1,671 million).

On 22 February 2021, the Company completed a reduction of its share capital. 6,350,000 Ordinary Shares of £1 each were cancelled. Distributable reserves increase by £6.35million.

On 9 March 2021, the Company paid a dividend of £6.35million.

On 15 April 2021, NatWest Group agreed to sell the Company to Canaccord Genuity Wealth Management. The sale is not expected to affect the operations of the Company and remains subject to regulatory approval.

Accounting policies
The reported results of the Company are sensitive to the accounting policies, assumptions and estimates that underlie the preparation of its financial statements. Details of the Company's critical accounting policies and key sources of estimation uncertainty are included in the accounting policies on page 11.

The ultimate parent of the Company has been notified and has not objected to the use of Financial Reporting Standard 101 Reduced Disclosure Framework as the basis of preparation of these financial statements.

Risk management
The Company employs a continuous process for identifying and managing its principal risks. The risks associated with the Company's business and the Company's policies for managing each of these risks and its exposure thereto are detailed in note 6 to the accounts. These policies and processes are compliant with the NatWest Group's framework.

Outlook
Positive covid-19 vaccine efficacy news emerged in November, with the UK Government commencing a nationwide vaccine programme in December. Lockdown restrictions should reduce in Q2 2021 and should cause an increase in economic activity. The recovery in global stock markets has also continued, with some global markets reaching all time high levels.

Additionally, the Investment Firm Prudential Regulations ("IFPR") become effective from 1[t] January 2022.

STRATEGIC REPORT

Outlook (continued)
The directors remain confident that the Company is well positioned to meet the continuing challenges of the covid-19 situation, the evolving regulatory environment it operates within *and the needs of customers and will explore further growth* opportunities. They consider the Company to be in a stable financial position and confirm it has adequate resources to continue in business for the foreseeable future.

Directors' Duties and Engagement with Stakeholders

Section 172(1) statement

NatWest Group recognises the importance of engaging with stakeholders and understanding their views, to help inform strategy and board discussions and decision-making. This section of the Strategic report describes how the directors have had regard to the matters set out in section 172(1) (a) to (f), and forms the directors' statement required under section 414CZA, of the Companies Act 2006.

The company is a wholly owned subsidiary of NatWest Group plc and as such, its operations are aligned to the strategy and purpose of NatWest Group plc and it follows the policies and procedures of NatWest Group plc, as applicable. This is reflected, as appropriate, in the disclosures below.

Our Stakeholders

The company's key stakeholders and the engagement methods used by directors to understand their views and interests are set out below.

Customers
During the year, the board received regular updates on customer issues through presentations by management at Board meetings, including information such as investment performance and risk metrics. The Board were also regularly updated on the nature and extent of COVID-19 support provided to customers.

Further information on customers can be found in the NatWest Group plc 2020 Annual Report and Accounts.

Colleagues
Information on how NatWest Group engages with colleagues can be found in the NatWest Group plc 2020 Annual Report and Accounts. This includes details of the NatWest Group Colleague Advisory Panel, colleague opinion surveys, the NatWest Group Academy, the People Pledge, our wellbeing strategy and NatWest Group's inclusion guidelines and policies.

Regulators
Information on how NatWest Group engages with colleagues can be found in the NatWest Group plc 2020 Annual Report and Accounts. This includes details of the NatWest Group Colleague Advisory Panel, colleague opinion surveys, the NatWest Group Academy, the People Pledge, our wellbeing strategy and NatWest Group's inclusion guidelines and policies.

Suppliers

The Board is mindful of the role suppliers play in ensuring a reliable service is delivered to customers, and of the importance of relationships with key suppliers, particularly in the current environment.

Information on NatWest Group's Supplier Charter, Modern Slavery Act Statement and Human Rights statement can be found in the NatWest Group plc 2020 Annual Report and Accounts.

Community and environment
Details of NatWest Group's engagement with communities and its response on climate change can be found in the NatWest Group plc 2020 Annual Report and Accounts. Please also refer to the NatWest Group plc's 2020 Climate-related Disclosure Report and ESG Supplement available on natwestgroup.com

How stakeholder interests have influenced decision making

Relevant stakeholder interests, including those of colleagues, customers, suppliers and others are considered by the board during its discussions and when it takes decisions. In making its decisions, the board also considers the need to maintain a reputation for high standards of business conduct and the long-term consequences of its decisions.

The following principal decisions, defined as those that are material to the company and also significant to any of the company's key stakeholder groups, were taken:

- The board approved a dividend of £5.94 million paid to the Company's shareholder in July 2020.
- The board approved a share capital reduction in February 2021.
- A dividend payment of £6,350,000 to the Company's shareholder was approved by the board in March 2021, following the share capital reduction. In approving the dividend payment, the directors considered the capital requirements of the Company and were satisfied that the Company had sufficient reserves for the dividend to be paid
- In April 2021, NatWest Group agreed to the acquisition of the Company by Canaccord Genuity Wealth Management.

Further details on how NatWest Group plc engages with its stakeholders can be found in the NatWest Group plc 2020 Annual Report and Accounts and on natwestgroup.com.

On behalf of the Board:

Graham Storrie
Graham Storrie (Apr 27, 2021 15:45 GMT+1)

Graham Storrie
Managing Director

Date: 27 April 2021

Adam & Company Investment Management Limited registered in Scotland No. SC102144

REPORT OF THE DIRECTORS

The directors present their report together with the audited accounts for the year ended 31 December 2020. It should be read in conjunction with the Strategic Report.

Change of registered office
On 7 September 2020, the registered office of the Company changed from 25 St Andrew Square, Edinburgh EH2 1AF to 6-8 George Street, Edinburgh EH2 2PF.

Directors and secretaries
The names of the current members of the Board of Directors are shown on page 1.

From 1 January 2020 to date, there have been no changes to the directors and secretary of the Company.

Share capital
Analysis of share capital can be found in note 5 to the financial statements.

Dividends
A dividend of £5.94 million was paid in July 2020 (2019 - £10.98 million).

Going concern
These financial statements are prepared on a going concern basis, see note 1 on page 11.

The Company's business activities and future developments, together with the factors likely to affect its development, performance and position, including principal risks, are set out in the Strategic Report on pages 2 & 3.

Post balance sheet events
On 22nd February 2021, the Company completed a share capital reduction. 6,350,000 Ordinary Shares of £1 each were cancelled. Distributable reserves increased by £6.35m.

On 9th March 2021, the Company paid a dividend of £6.35m.

On 15th April 2021, NatWest Group agreed to sell the Company to Canaccord Genuity Wealth Management. The sale is not expected to affect the operations of the Company and remains subject to regulatory approval.

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.

Directors' disclosure to auditor
Each of the directors at the date of approval of this report confirms that:

- so far as the director is aware, there is no relevant audit information of which the Company's auditor is unaware; and
- the director has taken all steps he/she ought to have taken as a director in order to make himself/herself aware of any relevant audit information and to establish that the Company's auditor is aware of that information.

This confirmation is given and should 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.

On behalf of the Board:

Graham Storrie
Graham Storrie (Apr 27, 2021 15:45 GMT+1)

Graham Storrie
Managing Director

Date: 27 April 2021

Adam & Company Investment Management Limited registered in Scotland No. SC102144

STATEMENT OF DIRECTORS'RESPONSIBILITIES

This statement should be read in conjunction with the responsibilities of the auditor set out in their report on page 7.

Company law requires the directors to prepare financial statements for each financial year. Under that law the directors have prepared the financial statements in accordance with United Kingdom Generally Accepted Accounting Practice (United Kingdom Accounting Standards, comprising Financial Reporting Standard 101 'Reduced Disclosure Framework' (FRS 101), and applicable law). Under company law the directors must not approve the financial statements unless they are satisfied that they give a true and fair view of the state of affairs of the Company and of 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 applicable UK Accounting Standards, comprising FRS 101, have been followed, subject to any material departures disclosed and explained in the financial statements; and
- make an assessment of the Company's ability to continue as a going concern.

The directors are responsible for keeping proper accounting records which disclose with reasonable accuracy at any time the financial position of the Company and to enable them to ensure that the Annual Report and Accounts complies with 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.

The directors confirm that to the best of their knowledge:

- the financial statements, prepared in accordance with FRS101, give a true and fair view of the assets, liabilities, financial position and profit or loss of the Company ; and
- the Strategic report (incorporating the Business review) and Report of the directors includes a fair review of the development and performance of the business and the position of the Company.

On behalf of the Board:

Graham Storrie
Graham Storrie (Apr 27, 2021 15:45 GMT+1)

Graham Storrie
Managing Director

Date: 27 April 2021

INDEPENDENT AUDITOR'S REPORT TO THE MEMBER OF ADAM & COMPANY INVESTMENT MANAGEMENT LIMITED

Opinion

We have audited the financial statements of Adam & Company Investment Management 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 10, 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 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 Financial Reporting Council'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.

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 12 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.
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 5, 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.

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

Our approach was as follows:

- We obtained an understanding of the legal and regulatory frameworks that are applicable to the Company and determined that the most significant are the regulations, licence conditions and supervisory requirements of the Financial Conduct Authority (FCA); Tax Legislation as governed by HM revenue and Customs; and Companies Act 2006.
- We understood how the Company is complying with those frameworks by making inquiries of management, internal audit and those responsible for legal and compliance matters. We also reviewed correspondence between the Company and regulatory bodies; reviewed minutes of the Board Committees; and gained an understanding of the Company's governance framework.
- We assessed the susceptibility of the Company's financial statements to material misstatement, including how fraud might occur by considering the controls established to address risks identified to prevent or detect fraud. We also identified the risks of fraud and identified areas that we considered when performing our fraud procedures, such as cybersecurity, the impact of remote working, and the appropriateness of the information produced by the entity used when performing our audit procedures.
- Based on this understanding we designed our audit procedures to identify non-compliance with such laws and regulations. Our procedures involved inquiries of legal counsel, executive management, and internal audit. We also tested controls and performed procedures to respond to the fraud risks.
- The Company operates in a highly regulated environment. As such, the Senior Statutory Auditor considered the experience and expertise of the engagement team to ensure that the team had the appropriate competence and capabilities.

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.

Michael-John Albert
Michael-John Albert (Apr 27, 2021 16:52 GMT+1)

Michael-John Albert (Senior Statutory Auditor)
for and on behalf of Ernst & Young LLP , Statutory Auditor
London
Date: 27 April 2021

STATEMENT OF COMPREHENSIVE INCOME FOR THE YEAR ENDED 31 DECEMBER 2020

Continuing operations	Note	2020 £'000	2019 £'000
Fees and commission receivable		10,701	10,718
Total income		10,701	10,718
Operating expenses	1	(7,401)	(6,922)
Operating profit before tax		3,300	3,796
Tax charge	2	(600)	(763)
Profit for the year		2,700	3,033

The accompanying notes on pages 13 to 17, and the accounting policies on pages 11 to 12, form an integral part of these financial statements.

BALANCE SHEET AS AT 31 DECEMBER 2020

	Notes	2020 £'000	2019 £'000
Current Assets			
Amounts due from holding companies and fellow subsidiaries		9,479	12,388
Other assets	3	3,040	2,984
Total current assets		12,519	15,372
Non current assets			
Deferred tax asset		366	383
Total assets		12,885	15,755
Current Liabilities			
Other liabilities	4	1,835	1,461
Total liabilities		1,835	1,461
Owner's equity		11,050	14,294
Total equity		11,050	14,294
Total liabilities and equity		12,885	15,755

The accompanying notes on pages 13 to 17, and the accounting policies on pages 11 to 12, form an integral part of these financial statements.

The accounts were approved by the Board of Directors on 27 April 2021 and signed on its behalf by:

Graham Storrie
Graham Storrie (Apr 27, 2021 15:45 GMT+1)

Graham Storrie
Managing Director

Andrew Kyle
Andrew Kyle (Apr 27, 2021 15:04 GMT+1)

Andrew Richard Kyle
Director

STATEMENT OF CHANGES IN EQUITY FOR THE YEAR ENDED 31 DECEMBER 2020

	Called-up share capital £'000	Retained earnings £'000	Total £'000
At 1 January 2019	8,350	13,891	22,241
Profit for the year	-	3,033	3,033
Dividends	-	(10,980)	(10,980)
At 31 December 2019	8,350	5,944	14,294
Profit for the year	-	2,700	2,700
Dividends	-	(5,944)	(5,944)
At 31 December 2020	8,350	2,700	11,050

The accompanying notes on pages 13 to 17, and the accounting policies on pages 11 to 12, form an integral part of these financial statements.

ACCOUNTING POLICIES

1. Presentation of financial statements
The accounts, set out on pages 9 to 27, including these accounting policies on pages 13 to 14, are prepared on a going concern basis and in accordance with international accounting standards in conformity with the requirements of the Companies Act 2006.

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. This conclusion is based on the directors' assessment of the Company's financial position, including the reasonable expectation of financial and operational support provided by the parent company. The directors, in relying on this support, have considered the parent company's ability to provide this support with no issues noted.

The significant accounting policies and relevant judgements are set out below.

The Company, a private unlimited company, is incorporated and domiciled in the UK and registered in England and Wales. The Company's accounts are presented in accordance with the Companies Act 2006.

The functional currency of the accounts is pounds sterling.

The accounts are prepared on a historical cost basis.

The Company meets the definition of a qualifying entity under FRS 101 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 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 9.

The changes to IFRS that were effective from 1 January 2020 have had no material effect on the Company's financial statements for the year ended 31 December 2020.

2. Income recognition
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.

In accordance with IFRS 15, revenue is recognised when the company satisfies a performance obligation. A performance obligation may be satisfied at a point in time or over time depending on how the transfer of services occurs.

3. Taxation
Income tax expense or income, comprising current tax and deferred tax, is recorded in the consolidated 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 profit or loss, other comprehensive income or 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 their recovery is probable. Deferred tax is not recognised on temporary differences that arise from initial recognition of an asset or a 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.

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

Regular way purchases of financial assets classified as amortised cost are recognised on the settlement date; all other regular way transactions in financial assets are recognised on the trade date.

All financial instruments are measured at fair value on initial recognition.

All liabilities not subsequently measured at fair value are measured at amortised cost.

5. Offsetting of financial instruments
Financial assets and financial liabilities are offset and the net amount is reported in the statement of financial position (balance sheet) if there is a currently enforceable legal right to offset the recognised amounts and there is an intention to settle on a net basis, to realise the assets and settle the liabilities simultaneously.

6. 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 (ECL) where there has not been a significant increase in credit risk rating, otherwise allowances are based on lifetime expected losses.

ECL 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 ECL are rebased from 12 month to lifetime expectations.

On restructuring a financial asset without causing derecognition of the original asset the revised cash flows are used in re-estimating the credit loss. Where restructuring causes derecognition of the original financial asset, the fair value of the replacement asset is used as the closing cash flow of the original asset. Derecognition could be caused by materially altering the nature of contractual cash flows of the financial instrument, for example from debt to equity

The costs of loss allowances on assets held at amortised cost are presented as impairments in the income statement. Allowances in respect of financial guarantees and loan commitments are presented in administrative expenses. Financial assets are presented gross of allowances except where the asset has been wholly or partially written off.

7. Provisions and contingent liabilities
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.

Contingent liabilities are possible obligations arising from past events, whose existence will be confirmed only by uncertain future events, or present obligations arising from past events that are not recognised because either an outflow of economic benefits is not probable or the amount of the obligation cannot be reliably measured. Contingent liabilities are not recognised but information about them is disclosed unless the possibility of any outflow of economic benefits in settlement is remote.

8. Employee benefits
This policy should be read in conjunction with note 1 on page 13.

Short-term employee benefits, such as salaries, paid absences, and other benefits are accounted for on an accruals basis over the period in which the employees provide the related services. Employees may receive variable compensation satisfied by cash, by debt instruments issued by the Company or by NatWest Group shares.

Variable compensation that is settled in cash or debt instruments is charged to profit or loss over the period from the start of the year to which the variable compensation relates to the expected settlement date taking account of forfeiture and claw back criteria.

NatWest Group provides post-retirement benefits in the form of pensions and healthcare plans to eligible employees on behalf of the Company.

Contributions to defined contribution pension schemes and defined benefit pension schemes are recognised in the Statement of Comprehensive Income when payable.

There is no contractual agreement or policy on the way that the cost of NatWest Group Pension Fund, a defined benefit pension scheme, and healthcare plans are allocated to the Company. It therefore accounts for the charges it incurs as payments to a defined contribution scheme.

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. UK company law and IFRS require the directors, in preparing the Company's financial statements, to select suitable accounting policies, apply them consistently and make judgements and estimates that are reasonable and prudent. In the absence of an applicable standard of interpretation, IAS 8 'Accounting Policies, Changes in Accounting Estimates and Errors', requires management to develop and apply an accounting policy that results in relevant and reliable information in the light of the requirements and guidance in IFRS dealing with similar and related issues and the IASB's 'Conceptual Framework for Financial Reporting'. For the going concern related considerations, see accounting policy 1. There are no other material judgements and assumptions involved in the production of the Company's financial statements.

NOTES TO THE ACCOUNTS FOR THE YEAR ENDED 31 DECEMBER 2020

1. Operating profit before tax

	2020 £'000	2019 £'000
Fees and commission receivable:		
Discretionary portfolio investment advice fees	10,675	10,632
Commission	26	86
	10,701	10,718
Operating expenses:		
Wages & salaries	(4,014)	(3,650)
Social security costs	(405)	(479)
Pension costs	(512)	(407)
Staff costs	(4,931)	(4,536)
Other administrative expenses	(2,470)	(2,386)
	(7,401)	(6,922)
Operating profit before tax	3,300	3,796

The average number of persons employed during the year was 36 (2019 - 37).

Management recharge
Management charges relate to the Company's share of NatWest Group resources such as the use of IT platforms, staff and a share of central resources. These are recognised on accrual basis as and when services are received and are recharged on a monthly basis by RBS plc. The management charge of £1,625k (2019 - £1,613k) is included within other administrative expenses above.

Staff costs, number of employees and directors' emoluments
All directors were employed by RBS plc. The Company does not remunerate directors. Remuneration in respect of their services is paid by RBS plc and cannot be apportioned meaningfully. Total amount of remuneration of directors and other members of key management paid by RBS plc is disclosed in the RBS plc financial statements. Total remuneration costs paid to investment management and financial planning staff is included in staff costs.

Pension costs
Eligible employees of the Company can participate in membership of NatWest Group operated pension schemes. The principal defined benefit scheme is NatWest Group Pension Fund (the "Main section"). The Main section was closed to new entrants in October 2006 and since then employees have been offered membership to The Royal Bank of Scotland Retirements Savings Plan, a defined contribution pension scheme. The NatWest pension schemes are further disclosed in the Annual Report and Accounts of NatWest Group.

Auditor's remuneration
All audit-related and other services are approved by the NatWest Group Audit Committee and are subject to strict controls to ensure the external auditor's independence is unaffected by the provision of other services. The NatWest Group Audit Committee recognises that for certain assignments the auditors are best placed to perform the work economically; for other work the Company selects the supplier best placed to meet its requirements. The Company's auditors are permitted to tender for such work in competition with other firms where the work is permissible under audit independence rules. The Company's Audit Committee review the amounts of audit and non audit services provided by the Group's auditor.

The auditor's remuneration for statutory audit work of £11k (2019 - £11k) for the Company was borne by RBS plc. Remuneration paid to the auditor for other assurance work for the Company was £nil (2019 - £9k). In addition the auditor's remuneration for group reporting audit work of £6k (2019 - £6k) was borne by NatWest Group, the ultimate parent company of the Company.

2. Tax

	2020 £'000	2019 £'000
Current tax		
Charge for the year	585	700
(Over)/under provision in respect of prior periods	(2)	2
	583	702
Deferred tax		
Charge for the year	17	61
	17	61
Tax charge for the year	600	763

2. Tax (continued)

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

	2020 £'000	2019 £'000
Expected tax charge	627	721
Non-deductible items	18	40
Increase in deferred tax (asset)/liability following change in rate of UK Corporation Tax	(43)	-
Prior periods adjustments	(2)	2
Actual tax charge	600	763

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%. The closing deferred tax asset has been calculated at 19% and accordingly a rate change adjustment has arisen as the opening deferred tax balance had been calculated taking into account the previously enacted rate of 17%. 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 be increased to 25% from 1 April 2023. This change has not yet been substantively enacted. As a result, existing temporary differences on which deferred tax has been provided may unwind in periods subject to the 25% rate. The impact of the post balance sheet date change in tax rate would be to increase the deferred tax asset by £72k to £438k if recognition criteria are met.

Deferred Tax

	2020 £'000	2019 £'000
Deferred tax assets	366	383

Net deferred tax asset comprised:

	Total £'000
At 1 January 2019	444
Charge to income statement	(61)
At 1 January 2020	383
Charge to income statement	(17)
At 31 December 2020	366

The provision for UK deferred taxation has been calculated taking into account the rates of corporation tax enacted at the balance sheet date. A deferred tax asset of £366k has been recognised for the Company at 31 December 2020 (2019: £383k). This asset has been recognised in the financial statements following the deferral of tax relief in respect of goodwill. The directors are of the opinion, based on recent and forecasted trading, that the tax due on future profits in the current and next financial year will exceed the value of the deferred tax asset.

3. Other assets

	2020	2019
Due within 12 months:	£'000	£'000
Accrued income	3,040	2,984
	3,040	2,984

4. Other liabilities

	2020	2019
Due within 12 months:	£'000	£'000
Corporation tax	584	701
Accruals and deferred income	1,240	751
Other liabilities	11	9
	1,835	1,461

5. Called-up share capital

	Allotted, called-up and fully paid		Authorised	
	2020 £'000	2019 £'000	2020 £'000	2019 £'000
Equity shares				
Ordinary Shares of £1	8350	8350	9,100	9,100
Total share capital	8350	8350	9,100	9,100

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

6. Risk management

Risk management framework

Introduction

NatWest Group, the largest group into which the Company is consolidated, operates an integrated risk management framework, centred on the embedding of a strong risk culture, designed to achieve compliance with prudential and conduct obligations. The framework ensures the governance, capabilities and methods are in place to facilitate risk management and decision-making across the organisation. The framework ensures that the Company's principal risks are appropriately controlled and managed. In addition, there is a process to identify and manage top risks, which are those which could have a significant negative impact on the Company's ability to meet its strategic objectives. A complementary process operates to identify emerging risks. Both top and emerging risks are reported to the Board on a regular basis alongside reporting on the principal risks. The Company's Board is responsible for ensuring that the NatWest Group approach is implemented as relevant to the Company. More information on the NatWest Group approach, risk appetite, and governance can be found in the NatWest Group annual report and accounts.

The major risks associated with the Company's businesses are compliance & conduct, operational, financial crime, climate change and capital adequacy. The Company has established a comprehensive framework for managing these risks which is continually evolving as the Company's business activities change in response to market, credit and other developments.

The Company has established clear risk policies, including limits, reporting lines and control procedures. This framework is designed to provide tight control and is reviewed regularly by the Board.

Compliance & Conduct Risk

Definition
Compliance risk is the risk that the behaviour of the Company towards clients fails to comply with laws, regulations, rules, standards and codes of conduct. Such a failure may lead to breaches of regulatory requirements, organisational standards, product suitability or client expectations and could result in legal or regulatory sanctions, material financial loss or reputational damage.

Conduct risk is the risk that the conduct of the Company and its subsidiaries and its staff towards clients – or in the markets in which it operates – leads to unfair or inappropriate client outcomes and results in reputational damage, financial loss or both.

Sources of risk
Compliance and conduct risks exist across all stages of the Company's relationships with its clients and arise from a variety of activities including product design, marketing and sales, complaint handling, staff training and handling of confidential insider information.

Risk governance
The Company defines appropriate standards of compliance and conduct and ensures adherence to those standards through its risk management framework.

Risk appetite
Risk appetite statements articulate the levels of risk that the Company works within when pursuing its strategic objectives and business plans.

Risk controls
The Company operates a range of controls to ensure its business is conducted in accordance with legal and regulatory requirements, as well as delivering good client outcomes. A suite of policies addressing compliance and conduct risks set appropriate standards across the Company.

Risk monitoring and measurement
Compliance and conduct risks are measured and managed through continuous assessment and reporting to the Company's Board. The compliance and conduct risk framework facilitates the consistent monitoring and measurement of compliance with laws and regulations and the delivery of consistently good client outcomes.

Risk mitigation
Activity to mitigate the most-material compliance and conduct risks is carried out across the Company.

Operational risk

Definition
Operational risk is the risk of loss resulting from inadequate or failed internal processes, people and systems, or external events. It arises from day-to-day operations and is relevant to every aspect of the business.

Sources of risk
Operational risk may arise from a failure to manage operations, systems, transactions and assets appropriately. This can take the form of human error, an inability to deliver change adequately or on time, the non-availability of technology services, or the loss of client data. Fraud and theft – as well as the increasing threat of cyber attacks – are sources of operational risk, as is the impact of natural and man-made disasters. Operational risk can also arise from a failure to account for changes in law or regulations or to take appropriate measures to protect assets.

As cyber attacks evolve and become more sophisticated, the Company will be required to invest additional resources to upgrade the security of its systems. The Company has information security controls in place, which are subject to review on a continuing basis, but there can be no assurance that such measures will prevent all cyber attacks in the future.

Risk appetite
Operational risk appetite supports effective management of material operational risks. It expresses the level and types of operational risk the Company is willing to accept to achieve its strategic objectives and business plans.

The Company-wide operational risk appetite statement encompasses the full range of operational risks faced by the Company supported by board risk measures which, should the limit be breached, would impact on our ability to achieve business plans and threaten stakeholder confidence.

Financial Crime

Definition
Financial crime risk is the risk presented by criminal activity in the form of money laundering, terrorist financing, bribery and corruption, sanctions, tax evasion and fraud.

Sources of risk
Financial crime risk may occur if the Company's colleagues, clients or third parties undertake or facilitate financial crime, or if the Company's products or services are used to facilitate such crime. Financial crime risk is an inherent risk across all of the Company's lines of business.

Risk governance
The Company participates in NatWest Group's principal financial crime risk management forum, the Financial Crime Risk Executive Committee, which is chaired by NatWest Group's Chief Financial Crime Risk Officer. The committee reviews and, where appropriate, escalates material financial crime risks and issues within the Company to the NatWest Group Executive Risk Committee and the NatWest Group Board Risk Committee. The Company is also represented on NatWest Group's Financial Crime Executive Steering Group, which includes members from both the first and second lines of defence. The Executive Steering Group provides oversight of processes, major projects, programme design and performance management. While fraud risk is managed separately in the first line of defence, the second line Financial Crime risk function provides oversight.

Risk appetite
There is no appetite to operate in an environment where systems and controls do not enable the identification, assessment, monitoring, management and mitigation of financial crime risk. The Company's systems and controls must be proportionate to the nature, scale and complexity of its businesses.

The Company operates a framework of preventative and detective controls designed to mitigate the risk that it could facilitate financial crime. These controls are supported by a suite of policies, procedures and processes to ensure they operate effectively.

Climate-related risk

Definition
Climate-related risk is the threat of financial loss or adverse non-financial impacts associated with climate change and the political, economic and environmental responses to it.

Sources of risk
Physical risks may arise from climate and weather-related events such as heatwaves, droughts, floods, storms and sea level rises. They can potentially result in financial losses, impairing asset values and the creditworthiness of borrowers. The Company could be exposed to physical risks directly by the effects on its property portfolio and, indirectly, by the impacts on the wider economy as well as on the property and business interests of its clients.

Transition risks may arise from the process of adjustment towards a low-carbon economy. Changes in policy, technology and sentiment could prompt reassessment of clients' financial risk and may lead to falls in the value of a large range of assets. The Company could be exposed to transition risks directly through the costs of adaptation within economic sectors and markets as well as supply chain disruption leading to financial impacts on it and its clients. Potential indirect effects include the erosion of the Company's competitiveness, profitability, or reputation damage.

Within these broad categories specific climate risk factors have been identified, which give rise to climate-related risks over the short, medium and long-term.

Risk appetite
NatWest Group's ambition is to be a leading bank in the UK and the Republic of Ireland in the response to climate change. Its stated purpose is to reduce the climate impact of its financing activity by at least 50% before 2030 and to do what is necessary to achieve alignment with the 2015 Paris Agreement.

Work continued in 2020 to integrate climate-related risk into the risk management framework, including the development of appropriate risk appetite, metrics and targets. Where climate-related risk is deemed to have a material impact on a particular risk discipline, then changes to policies and procedures will be made accordingly. Availability of data and the robustness of risk measurement methodologies will influence the timing of any proposed changes.

Risk controls
Plans have been developed to ensure climate risks are considered in the tools made available to risk disciplines for risk monitoring and measurement purposes.

In 2020, NatWest Group became the first major UK bank to join the Partnership for Carbon Accounting (PCAF), underlining its commitment to measuring and reducing its climate impact in accordance with the 2015 Paris Agreement.

To align the Company's financing activity with the goals of the 2015 Paris Agreement, work has focused on formulating estimated emissions intensities that are consistent with limiting global warming to well-below 2°C.

Capital adequacy risk

Capital adequacy risk is the risk that there is or will be insufficient capital to operate effectively, including meeting minimum regulatory requirements, operating within Board approved risk appetite and supporting its strategic goals.

The Board regularly reviews capital adequacy to ensure common equity and reserves are within appetite.

Market Risk

The Company's revenue is derived from the value of the investments it manages for clients. The Company mitigates the risk to profitability caused by falling revenue by maintaining capital and liquidity to absorb such losses.

7. Memorandum items
The Company pays an annual levy to the Financial Services Compensation Scheme (FSCS). This levy is in place to compensate investors with eligible claims in the event of the collapse of an authorised financial services firm.

8. Divisional analysis
The Company operates in the discretionary investment management sector, with 100% of business derived in the United Kingdom.

The directors consider discretionary investment management to be a single class of business.

9. Related parties

UK Government

The UK Government through HM Treasury is the ultimate controlling party of NWG. 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 corporation tax and value added tax.

9. Related parties (continued)

Related party transaction
At 31 December 2020, there were no transactions, arrangements or agreements between the Company and its Directors (2019 - nil).

Group undertakings

The Company's immediate parent company is RBS plc, a company incorporated in the UK and registered in Scotland.

As at 31 December 2020, the smallest group which the Company has been consolidated into was RBS plc and largest group which the Company has been consolidated into was NatWest Group plc. Copies of the consolidated financial statements of both may be obtained from Legal, Governance and Regulatory Affairs, Gogarburn, PO Box 1000, Edinburgh EH12 1HQ

Amounts due from holding companies and fellow subsidiaries at 31 December 2020 totalled £9,479k (2019 - £12,388). The amount is wholly due from The Royal Bank of Scotland plc.

10. Events after the reporting period
On 22nd February 2021, the Company completed a reduction of its share capital. 6,350,000 Ordinary Shares of £1 each were cancelled. Distributable reserves increase by £6.35million.

On 9th March 2021, the Company paid a dividend of £6.35million.

On 15th April 2021, NatWest Group agreed to sell the Company to Canaccord Genuity Wealth Management. The sale is not expected to affect the operations of the Company and remains subject to regulatory approval.