Company Registered No: 00337004

LOMBARD NORTH CENTRAL PLC

ANNUAL REPORT AND FINANCIAL STATEMENTS

For the year ended 31 December 2020

Contents

OFFICERS AND PROFESSIONAL ADVISERS

DIRECTORS:	I J Isaac J P Thwaite
COMPANY SECRETARY:	NatWest Group Secretarial Services Limited (formerly known as RBS Secretarial Services Limited)
REGISTERED OFFICE:	250 Bishopsgate London EC2M 4AA
INDEPENDENT AUDITOR:	Ernst & Young LLP The Paragon Counterslip Bristol BS1 6BX

Registered in England and Wales

STRATEGIC REPORT

The directors of Lombard North Central PLC (the Company) present their Strategic report together with the audited financial statements for the year ended 31 December 2020.

ACTIVITIES AND BUSINESS REVIEW

Activity

The principal activity of the Company continues to be the provision of credit finance by way of instalment credit, loans and leasing.

The Company is a subsidiary of NatWest Group plc (formerly known as The Royal Bank of Scotland Group plc (RBSG plc)) which provides the Company with direction and access to all central resources it needs and determines policies in all key areas such as finance, risk, human resources or environment. For this reason, the directors believe that performance indicators specific to the Company are not necessary or appropriate for an understanding of the development, performance or position of the business. The annual reports of NatWest Group plc review these matters on a group basis. Copies can be obtained from Legal, Governance and Regulatory Affairs, NatWest Group plc, Gogarburn, Edinburgh, PO Box 1000 EH12 1HQ, the Registrar of Companies or at www.natwestgroup.com.

NatWest Group comprises NatWest Group plc, its subsidiaries and associated undertakings.

Review of the year

Business review

The directors are satisfied with the Company's performance in the year. The Company will be guided by its shareholders in seeking further opportunities for growth. Post balance sheet events are described in note 24 to the financial statements.

Financial performance

The Company's financial performance is presented on pages 10 to 12.

Turnover fell by £29 million (2019: grew by £1 million) and operating expenses rose by £16 million (2019: fell by £11 million). After other income of £251 million (2019: £71 million) and impairment losses of £238 million (2019: £21 million), the profit for the year was £141 million (2019: £185 million), a decrease of 24% over 2019.

Dividends totalling £378 million were paid during the year (2019: £100 million). Subsequent to the Balance Sheet date, on 13 April 2021 a further dividend of £155 million has been paid in respect of the year ended 2019.

At the end of the year, the balance sheet showed total assets of £9,191 million (2019: £10,089 million), including income-generating assets comprising finance lease receivables of £4,563 million (2019: £4,842 million) and loans receivables of £4,368 million (2019: £4,682 million) together representing a decrease of 6%. Total shareholders' funds were £301 million (2019: £538 million).

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 (NatWest Group ALCO).

The Company is funded by facilities from National Westminster Bank Plc. The majority of these are denominated in sterling which is the functional currency.

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

The principal risks associated with the Company are as follows:

Market risk

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

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

Interest rate risk

Finance lease and loan receivables are based on fixed and floating rates. These are funded primarily through balances owed to group undertakings, which are also a mix of fixed and floating rates. The repricing maturity profile of the financial assets of the Company may be different to that of the associated borrowings and hence give potential exposure to interest rate risk.

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 does not maintain material non-trading open currency positions other than the structural foreign currency translation exposures arising from its investments in overseas subsidiary operations and their currency funding. Exposures arising from changes in net foreign currency investments are subject to regular review. It is the Company's policy to match fund the structural foreign currency exposure arising from net asset value with borrowings in the same currency.

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

Credit risk

Credit risk 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.

Principal risks and uncertainties (continued)

- Credit risk authority is delegated by the NatWest Group plc Board (NatWest 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.

The Company manages its liquidity risk by having access to NatWest Group funding.

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 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.

Stakeholder engagement and s.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 board of directors of the Company (the Board) 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. 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.

The Company's key stakeholders are business customers of all sizes, from small family run businesses to large commercial enterprises, a panel of selected asset finance brokers, NatWest employees ("colleagues", being full time, part time, contractors and agency staff employed by NatWest Group) engaged on Company related work, and suppliers who support the Company in the provision of elements of its products and services. These key stakeholders have been identified by virtue of contracts held by those stakeholders directly with the company or its subsidiaries. The range of engagement methods used by directors to understand the various stakeholder views and interests include Net Promoter Scores, complaint volumes and the NatWest Group Our View survey.

Customers

During the year, the Board received regular updates on customer issues through Lombard customer satisfaction surveys, customer feedback and complaint volumes. The Board were also regularly updated on the nature and extent of COVID-19 support provided to customers.

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
The board recognises the importance of open and continuous dialogue with regulators. In 2020, the focus of the NatWest Group's regulatory engagement was inevitably on NatWest Group's COVID-19 response, and in particular the support being offered to customers.

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
The Company actively adopts the NatWest Group's purpose of championing potential, helping people, families and businesses to thrive. In particular the Company is supporting customers to take action on the risks and opportunities climate change presents and to transition to a low carbon economy.

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.

Decisions were taken to pay interim and final dividends to the Company's sole shareholder, these decisions being made after careful consideration of the distributable reserves available to the Company and the effect of the distributions on the Company's long-term success.

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.

Going concern

These financial statements are prepared on a going concern basis, see note 1(a) on page 13.

STRATEGIC 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 Strategic report, Directors' report and financial statements for each financial year. Under that law, the directors have elected to prepare the financial statements in accordance with Financial Reporting Standard (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 Strategic report, Directors' report and financial statements comply with the requirements of the Companies Act 2006. They are also responsible for safeguarding the assets of the Company and hence for taking reasonable steps for the prevention and detection of fraud and other irregularities.

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.

EMPLOYEE POLICIES

Details of the number of employees and related costs can be found in note 5.

Additional information in relation to employees can be found in the Annual Report and Accounts of NatWest Group plc.

DIRECTORS' INDEMNITIES

NatWest Group plc has indemnified all of the directors under the qualifying third party terms.

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

Ian Isaac (Jun 24, 2021 13:34 GMT+1)

I J Isaac
Director
Date: 24th June 2021

DIRECTORS' REPORT

The Strategic report includes the review of the year, risk report, directors' responsibilities statement, directors' indemnities, note of post balance sheet events and disclosure of information to auditors. Details of the Board's engagement with employees, customers, suppliers and others, and how these stakeholders' interests have influenced board decision making are set out on pages 3 and 4 of the Strategic report which includes a section 172(1) statement.

DIRECTORS AND SECRETARY

The present directors and secretary, who have served throughout the year are listed on page 1.

GOVERNANCE

The Companies (Miscellaneous Reporting) Regulations 2018 introduced new statutory reporting requirements for financial years beginning on or after 1 January 2019. As a result of these new requirements, the directors of the Company are required to provide a corporate governance statement in the Directors' Report. The disclosures below explain the Company's corporate governance arrangements.

1. Purpose and Leadership

NatWest Group's Purpose is established by NatWest Board, promoted across NatWest Group plc and cascaded to subsidiaries including the Company. Further information on NatWest Group's Purpose can be found in the 2020 Annual Report and Accounts of NatWest Group plc. Sharing this Purpose has informed the Company's decision-making process where the needs of customers and staff have been carefully considered in setting its strategic direction. A Transformation Programme to simplify processes, increase productivity and improve customer experience, planned to be completed in 2020, was refocused and extended to build on the Company's response to the global Coronavirus pandemic.

NatWest Group's strategy is set and approved by the NatWest Board. The board of directors of the Company (the Board) reviews and sets the strategic direction of the Company within the parameters set by the NatWest Board. The Board also oversees the execution of the Company's strategy and holds executive management to account for its delivery. There is regular reporting to the Board on risk culture and compliance which allows the Board to have appropriate oversight of risk matters that are relevant for the Company.

2. Board Composition

The Board has two directors comprising the Chairman and one executive director. The names of the current directors and secretary are shown on page 1. The size of the Board is considered appropriate, taking into account the size and scale of the Company's business.

Both directors receive accurate, timely and clear information on relevant matters and have access to the advice and services of the Company Secretary.

The Board is structured to ensure that the directors provide the Company with the appropriate balance of skills, experience and knowledge. A review of the Board composition was undertaken in advance of the extension of the Senior Managers & Certification Regime (SMCR) to ensure that the directors had appropriate experience, skills and knowledge to undertake their duties.

3. Director Responsibilities

Directors receive guidance on their statutory duties under the Companies Act 2006 and are supported in the discharge of their duties by the Company Secretary.

Each director has a role profile which clearly articulates their responsibilities and accountabilities and any additional regulatory responsibilities and accountabilities are set out in their Statement of Responsibilities.

NatWest Group also produces and maintains a document called "Our Governance" which sets out the governance, systems and controls applicable to the NatWest Group. Our Governance is made available to all directors and is reviewed and approved by the NatWest Board at least annually.

Directors' conflicts of interest are managed via the Board's conflicts of interest guidance which sets out procedures to ensure that the Board's management of conflicts of interest, and its powers for authorising certain conflicts, are operating effectively. The Board has the power to authorise any actual or potential conflict of interest in accordance with the Companies Act 2006 and the Company's articles of association. The Company maintains a register of directors' interest and appointments and there is discussion of directors' conflicts in Board meetings, as required.

The Board is the main decision-making forum for the Company. The Board is collectively responsible for the long-term success of the Company and the delivery of sustainable value to its shareholders. Its role is to provide leadership of the Company. It does this by reviewing and approving the strategic direction of its business and holding management to account for its execution and delivery whilst protecting growth and, customer experience.

The Board's Terms of Reference include a formal schedule of matters specifically reserved for the Board's decision which are reviewed at least annually.

The Board has a programme of 2 scheduled meetings every year plus additional meetings as required for transactional matters.

4. Opportunity and Risk

The Company revises its strategic plan annually, drawing on the expertise of its directors and management. In particular planning is focused on customers and ensuring the Company's products and services continue to meet their needs. In addition, the Company takes into account the views of principal stakeholders and aligns to the strategic direction and financial goals of the NatWest Group.

The Company undertakes research into customer requirements and existing satisfaction levels and into current and predicted economic trends and developments in the markets for the principal asset classes that it supports.

The directors and senior management of the Company have a good understanding of the external environment, how this is served by the Company's products and services, and the Company's operational capabilities.

The Board reviews and approves risk appetite for strategic and material risks in accordance with the NatWest Group risk appetite framework. It monitors performance against risk appetite for the Company; and considers any material risks and approves, as appropriate, recommended actions escalated by the business's Risk Forum. This meets monthly to monitor performance against risk appetite and consider any material risks. Any material risks are approved and / or escalated where required to the Board and Commercial Banking risk governance forums.

DIRECTORS' REPORT

Risk appetite, which defines the level and types of risk the Company is willing to accept, is set in line with overall strategy, and for the year ending 31 December 2020 the business risk appetite was aligned with that of NatWest Group's Commercial Banking business.

Ownership of risk management is shared across the Company and its subsidiaries. The Company uses the three lines of defence model to define responsibilities and accountabilities, ensuring that risks are properly identified, measured, monitored, controlled and reported. Risk management is integrated into day-to-day business activities and key processes, including strategic planning.

The Company's strategy is informed and shaped by an understanding of the risk landscape including a range of significant risks and uncertainties in the external economic, political and regulatory environments.

The Company also complies with the NatWest Group Policy Framework, the purpose of which is to ensure that NatWest Group establishes and maintains NatWest Group-wide policies that adequately address the material inherent risks it faces in its business activities.

5. Stakeholder Relationships and Engagement

The Board recognises the importance of engaging with stakeholders and discussions at Board meetings are focused around the impact that the Company's activities may have on key stakeholder groups.

For further details on the Board's engagement with employees, customers, suppliers and others, and how these stakeholders' interests have influenced Board discussions and principal decisions, see page 3 of the Strategic report which includes a section 172(1) statement.

AUDITOR

Ernst & Young LLP has expressed its willingness to continue in office as auditor.

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

Ian Isaac (Jun 24, 2021 13:34 GMT+1)

I J Isaac
Director
Date: 24th June 2021

INDEPENDENT AUDITOR'S REPORT TO THE MEMBERS OF LOMBARD NORTH CENTRAL PLC

Opinion

We have audited the financial statements of Lombard North Central PLC ("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 24, including a summary of significant accounting policies. The financial reporting framework that has been applied in their preparation is applicable law and United Kingdom Accounting Standards including FRS 101 "Reduced Disclosure Framework" (United Kingdom Generally Accepted Accounting Practice).

In our opinion the financial statements:

- give a true and fair view of the Company's affairs as at 31 December 2020 and of its profit for the year then ended;
- have been properly prepared in accordance with United Kingdom Generally Accepted Accounting Practice; and
- have been prepared in accordance with the requirements of the Companies Act 2006.

Basis for opinion

We conducted our audit in accordance with International Standards on Auditing (UK) (ISAs (UK)) and applicable law. Our responsibilities under those standards are further described in the Auditor's responsibilities for the audit of the financial statements section of our report. We are independent of the Company in accordance with the ethical requirements that are relevant to our audit of the financial statements in the UK, including the FRC's Ethical Standard, and we have fulfilled our other ethical responsibilities in accordance with these requirements.

We believe that the audit evidence we have obtained is sufficient and appropriate to provide a basis for our opinion.

Conclusions relating to going concern

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

- Reviewing management's going concern assessment and also engaging with management early to ensure all key factors are considered in their assessment. We evaluated management's going concern assessment in relation to the nature of the entity and its operations, its financial performance and position;
- Evaluating the reasonableness of the key assumptions included in the directors' going concern assessment, including the consideration of whether the Company has sufficient liquidity to meet its obligations as they fall due for twelve months from when the financial statements are authorised for issue. This involved assessing the period covered by the letter of support provided to the Company by its parent, National Westminster Bank Plc to ensure it covered 12 months from when the financial statements are authorised for issue.
- Evaluating the ability of National Westminster Bank Plc to honour that letter of support should it be required during the going concern period through obtaining confirmation from the auditors of National Westminster Bank plc that they were not aware of any going concern issues;
- Performing enquiries of senior management to identify risks or events that may impact the Company's ability to continue as a going concern. In addition, we read minutes of meetings of the Board and the Risk Forum to assess whether there were any other matters discussed that may have an impact on the Company's ability to continue as a going concern; and
- Evaluating the adequacy of the directors' disclosure in relation to going concern in the strategic report and notes to the financial statements and considered they were appropriate and in conformity with the reporting standards.

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

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

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.

INDEPENDENT AUDITOR'S REPORT TO THE MEMBERS OF LOMBARD NORTH CENTRAL PLC

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 director's 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 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.

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 those that relate to the reporting framework (FRS 101 and the Companies Act 2006), the relevant direct and indirect tax compliance regulations in the United Kingdom, the Consumer Credit Act 1974 (as amended by the Consumer Credit Act 2006) and the licence conditions and supervisory requirements of the Financial Conduct Authority (FCA). In addition, the Company is required to comply with laws and regulations relating to its operations, including health and safety, employees, anti-bribery and corruption and General Data Protection Regulation ('GDPR').
- We understood how Lombard North Central PLC is complying with those frameworks by making enquiries of senior management and those responsible for legal and compliance matters for their awareness of any non-compliance with laws and regulations and to understand how the Company maintains and communicates its policies as well as through the evaluation of corroborating documentation. We also reviewed correspondence between the Company and regulatory bodies, reviewed minutes of the Board and the Risk Forum, and gained an understanding of the Company's governance framework.
- Based on this understanding, we designed our audit procedures to identify non-compliance with such laws and regulations. Our procedures involved making inquiries of those charged with governance and senior management as to their awareness of any non-compliance of laws or regulations, inquiring about the policies that have been established to prevent non-compliance with laws and regulations, inquiring about the Company's methods of enforcing and monitoring compliance with such policies, reviewing the complaints logs and inspecting significant correspondence with FCA and the tax authorities.
- We assessed the susceptibility of the Company's financial statements to material misstatement, including how fraud might occur by considering the risk of management override and by assuming topside adjustments to revenue, to be subject to fraud risk. We considered the controls the Company has established to address the risks identified by the directors or that otherwise seek to prevent, deter or detect fraud, including in a remote-working environment, and how management monitors these controls. Where this risk was considered to be higher, we performed audit procedures to address each identified fraud risk. Our audit procedures also included testing a sample of manual journals to verify the transactions were appropriate and supported by relevant source documentation. These procedures were designed to provide reasonable assurance that the financial statements were free from fraud or error.

INDEPENDENT AUDITOR'S REPORT TO THE MEMBERS OF LOMBARD NORTH CENTRAL PLC

- The Company is regulated in respect of consumer credit under the supervision of the FCA. As such, the Senior Statutory Auditor reviewed 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.

Ernst & Young LLP

Andrew Blackmore (Senior statutory auditor)
for and on behalf of Ernst & Young LLP, Statutory Auditor
Bristol

24th June 2021

STATEMENT OF COMPREHENSIVE INCOME FOR THE YEAR ENDED 31 DECEMBER 2020

Income from continuing operations	Notes	2020 £m	2019 £m
Turnover	3	276	305
Operating income	4	10	9
Operating expenses	5	(95)	(79)
Impairment losses	6	(238)	(21)
Operating (loss)/profit		(47)	214
Finance income	7	2	9
Other income	8	251	71
Finance costs	9	(55)	(84)
Profit before tax		151	210
Tax charge	10	(10)	(25)
Profit and total comprehensive income for the year		141	185

Total comprehensive income for the year of £141 million (2019: £185 million) was wholly attributable to the owners of the Company.

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

BALANCE SHEET AS AT 31 DECEMBER 2020

	Notes	2020 £m	2019 £m
Non-current assets			
Investment in group companies	11	203	379
Finance lease receivables	12	2,750	2,704
Loans receivable	13	982	890
Deferred tax asset	10	1	2
		3,936	3,975
Current assets			
Finance lease receivables	12	1,813	2,138
Loans receivable	13	3,386	3,792
Trade and other receivables	14	1	23
Inventories	15	1	1
Prepayments, accrued income and other assets	16	23	17
Cash at bank		31	143
		5,255	6,114
Total assets		9,191	10,089
Current liabilities			
Borrowings	17	5,385	5,875
Trade and other payables	18	11	2
Accruals, deferred income and other liabilities	19	13	17
Provisions for liabilities	20	3	3
		5,412	5,897
Non-current liabilities			
Borrowings	17	3,478	3,654
Total liabilities		8,890	9,551
Equity			
Share capital	21	1	1
Special reserve		3	3
Retained earnings		297	534
Total equity		301	538
Total liabilities and equity		9,191	10,089

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

The financial statements were approved by the Board of Directors on 24th June 2021 and signed on its behalf by:

Ian Isaac (Jun 24, 2021 13:34 GMT+1)

I J Isaac
Director

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

	Share capital	Special reserve	Retained earnings	Total
	£m	£m	£m	£m
At 1 January 2019	1	3	449	453
Profit for the year	-	-	185	185
Dividends paid	-	-	(100)	(100)
At 31 December 2019	1	3	534	538
Profit for the year	-	-	141	141
Dividends paid	-	-	(378)	(378)
At 31 December 2020	1	3	297	301

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

NOTES TO THE FINANCIAL STATEMENTS

1. Accounting policies

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

- on a going concern basis which were 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 continue to monitor further impacts on profitability, assets, operations, liquidity however, at this stage do not consider there to be any additional material issues for the Company.

  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. This conclusion is based on the director's assessment of the Company's financial position, including the parental letter of support provided by the immediate parent company. The directors, in relying on this support, have considered the immediate parent company's ability to provide this support with no issues noted.
- 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 England and Wales and the financial statements are presented:

- in accordance with the Companies Act 2006:
- in sterling which is the functional currency of the Company: and
- with the benefit of the disclosure exemptions permitted by FRS 101 with regard to:
  - comparative information in respect of certain assets;
  - cash-flow statement;
  - standards not yet effective;
  - related party transactions; and
  - disclosure requirements of IFRS 7 "Financial Instruments: Disclosure" and IFRS 13 "Fair Value Measurement".

Where required, equivalent disclosures are given in the group accounts of NatWest Group plc, these accounts are available to the public and can be obtained as set out in note 23.

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.

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

c) 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 and loss.

d) Revenue recognition
Turnover comprises income from finance lease receivables and loans receivable and arises in the United Kingdom from continuing activities.

Finance lease income is allocated to accounting periods so as to give a constant periodic rate of return before tax on the net investment.

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.

Income from financial instruments is measured at amortised cost using the effective interest rate method.

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

NOTES TO THE FINANCIAL STATEMENTS

1. Accounting policies (continued)

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

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

Deferred tax is the tax expected to be payable or recoverable in respect of temporary differences between the carrying amount of an asset or liability for accounting purposes and its carrying amount for tax purposes. Deferred tax liabilities are generally recognised for all taxable temporary differences and deferred tax assets are recognised to the extent that it is probable that they will be recovered. Deferred tax is not recognised on temporary differences that arise from initial recognition of an asset or liability in a transaction (other than a business combination) that at the time of the transaction affects neither accounting nor taxable profit or loss. Deferred tax is calculated using tax rates expected to apply in the periods when the assets will be realised or the liabilities settled, based on tax rates and laws enacted, or substantively enacted, at the balance sheet date.

f) Inventories
Finance lease assets that are returned to the Company are reclassified as inventories and are held at lower of their carrying amount or net realisable value. Proceeds from sales are reported as revenue. On disposal, the book value of assets that are classified as inventories is charged to cost of sales.

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

h) Leases
As lessors
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.

Finance lease receivables are measured at the net investment in the lease, comprising the minimum lease payments and any unguaranteed residual value discounted at the interest rate implicit in the lease. Turnover includes finance lease income recognised at a constant periodic rate of return before tax on the net investment.

i) Provisions
The Company recognises a provision for a present obligation resulting from a past event when it is more likely than not that it will be required to transfer economic benefits to settle the obligation and the amount of the obligation can be estimated reliably.

j) 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.

All financial assets are held to collect the contractual cash flows that comprise solely payments of principal and interest and are measured at amortised cost.

k) 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)

k) Impairment of financial assets (continued)
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.

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. Contingent liabilities are presented gross of allowances except where the asset has been wholly or partially written off.

l) Derecognition
A financial asset is derecognised when the contractual right to receive cash flows from the asset has expired or when it has been transferred and the transfer qualifies for derecognition in accordance with IFRS 9 "Financial Instruments".

A financial liability is removed from the balance sheet when the obligation is discharged, or cancelled, or expires.

m) Employee benefits
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. Group employees may receive variable compensation satisfied by cash, by debt instruments issued by the Group or by shares in NatWest Group plc. The treatment of share-based compensation is set out in Accounting policy 5 of NatWest Group plc accounts. 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.

The Group provides post-retirement benefits in the form of pensions and healthcare plans to eligible employees.

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

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 (k) sets out how the expected loss approach is applied. At 31 December 2020, gross loans and advances to customers totalled £9,062 million (2019: £9,598 million) and customer loan impairment provisions amounted to £131 million (2019: £74 million). A loan is impaired when there is objective evidence that the cash flows will not occur in the manner expected when the loan is advance. 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.

Investments in group companies
The recoverable amount of an investment in a subsidiary is the higher of its fair value and value in use. Reviews of recoverable amounts have been performed and impairments adjusted accordingly (see note 11 for further details).

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 £m	2019 £m
Finance lease income	170	183
Instalment credit income	54	60
Other revenue	52	62
	276	305

4. Operating income

	2020 £m	2019 £m
Management fees	10	9

Management fees
Management fees relate to the Company's subsidiaries' share of the Company's resources, including the costs of staff and directors. These are re-charged on an annual basis by the Company to its subsidiaries.

5. Operating expenses

	2020 £m	2019 £m
Staff costs:		
Wages and salaries	28	29
Social security costs	3	3
Pension costs	4	4
	35	36
Commission payable	2	1
Management fees	47	47
Exchange gains	(4)	(2)
BDR VAT reclaim	-	(20)
Other charges	15	17
	95	79

BDR VAT reclaim
The Company was part of a claim originally submitted to HM Revenue and Customs (HMRC) on 22 March 2010 and was for bad debt relief across the main NatWest VAT grouped entities which wrote HP business in the period prior to 19 March 1997. That original claim was rejected by HM Revenue and Customs (HMRC) on 31 March 2010 but subsequently stood behind an appeal by GMAC UK Plc. On 28 March 2017 "Revenue and Customs Brief 1 (2017): VAT – historical bad debt relief claims" was published which sets out HMRC's position on claims for historical bad debt relief following the Court of Appeal's judgments in British Telecommunications of 11 April 2014 and GMAC UK Plc on 25 October 2016. That brief confirmed that claims relating to supplies of goods made between 1 April 1989 and 19 March 1997 will be paid subject to satisfactory evidence that the bad debts occurred and that the VAT hasn't been previously reclaimed. On 8 May 2019 the required evidence was submitted to HMRC to settle the claim. On 5 December 2019 HMRC confirmed its satisfaction and repayment was subsequently received.

Pension costs
Many employees of the Company are members of an externally funded, defined benefit pension scheme operated by NatWest Group. Full details of the actuarial report and of the scheme are given in the accounts of NatWest Group plc.

Management fees
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.

Auditor's remuneration
Fees payable by the Company to auditors for the audit of the Company's annual financial statements were £129,030 (2019: £126,500). Fees payable to the Company's auditor and its associates for non-audit services to the Company are not required to be disclosed as the consolidated financial statements of the Company's parent disclose such fees on a consolidated basis.

Employee numbers
The average number of persons engaged by the Company during the year, analysed by category, was as follows:

	2020	2019
Sales and marketing	435	461

6. Impairment losses

	2020 £m	2019 £m
Impairment losses on customer balances	62	15
Investment in group companies (Note 11)	176	3
Impairment losses on inventory	-	3
	238	21

7. Finance income

	2020 £m	2019 £m
On loans receivable from group companies	2	9

8. Other income

	2020 £m	2019 £m
Dividend income from subsidiaries	251	71

9. Finance costs

	2020 £m	2019 £m
Interest on loans from group companies	55	84

10. Tax

	2020 £m	2019 £m
Current taxation:		
UK corporation tax charge for the year	15	28
Over provision in respect of prior periods	(6)	(3)
	9	25
Deferred taxation:		
Charge for the year	1	-
Tax charge for the year	10	25

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

	2020 £m	2019 £m
Expected tax charge	29	40
Non-deductible items	34	1
Non-taxable items	(47)	(13)
Adjustments in respect of prior periods	(6)	(3)
Actual tax charge for the year	10	25

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 assets and liabilities have been calculated at 19% and accordingly an immaterial 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 increase to 25% from 1 April 2023. This change was substantively enacted on 24 May 2021 As a result, existing temporary differences on which deferred tax has been provided may unwind in periods subject to the 19%/25% rates. The impact of the post balance sheet date change in tax rate is not expected to be material.

Deferred tax

Net deferred tax asset comprised:

	IFRS 9 transition £m
At 1 January 2019 and 31 December 2019	2
Charge to income statement	(1)
At 31 December 2020	1

	2020 £m	2019 £m
Deferred tax assets	1	2

11. Investment in group companies

Investments in group companies are carried at cost less impairment. Movements during the year were as follows:

	2020 £m	2019 £m
At 1 January	379	346
Additions	-	36
Impairments	(176)	(3)
	203	379

Cumulative impairments at 31 December 2020 were £398 million (2019: £227 million).

The investment in Riossi Limited was disposed of during the year – this was fully impaired and realised no gain or loss.

NOTES TO THE FINANCIAL STATEMENTS

11. Investment in group companies (continued)

Subsidiary undertakings of the Company which have an accounting reference date of 31 December unless otherwise indicated, are:

Name of subsidiary	Note	Proportion of ownership interest and voting power held (%)	Country of incorporation	Principal activity
Caledonian Sleepers Rail Leasing Limited (***)	(2)	100	Great Britain	Lease finance
Dixon Vehicle Sales Limited	(2)	100	Great Britain	Dormant
G L Trains Limited (**)	(2)	100	Great Britain	Dormant
Jaguar Cars Finance Limited (***)	(1)	50.1	Great Britain	Non-trading
Lombard Business Finance Limited (**)	(1)	100	Great Britain	Lease finance
Lombard Business Leasing Limited	(1)	100	Great Britain	Lease finance
Lombard Discount Limited	(1)	100	Great Britain	Lease finance
Lombard Finance Limited (**)	(1)	100	Great Britain	Lease finance
Lombard Initial Leasing Limited (*)	(1)	100	Great Britain	Non-trading
Lombard Ireland Group Holdings Unlimited Company (**)	(3)	100	Ireland	Holding company
Lombard Leasing Contracts Limited (*)	(2)	100	Great Britain	Lease finance
Lombard Lessors Limited (*)	(1)	100	Great Britain	Lease finance
Lombard Maritime Limited (***)	(1)	100	Great Britain	Lease finance
Lombard North Central Leasing Limited (***)	(1)	100	Great Britain	Lease finance
Lombard Property Facilities Limited (*)	(2)	100	Great Britain	Property finance
Lombard & Ulster Limited	(4)	100	Northern Ireland	Non-trading
Lombard Technology Services Limited	(1)	100	Great Britain	Lease finance
NatWest Invoice Finance Limited (previously Springwell Street Developments (No.1) Limited)	(1)	100	Great Britain	Non-trading
Royal Bank Leasing Limited (***)	(5)	100	Great Britain	Lease finance
Royscot Trust plc	(1)	100	Great Britain	Finance
Voyager Leasing Limited	(1)	100	Great Britain	Dormant
JCB Finance Limited	(6)	75	Great Britain	Lease finance
JCB Finance Pension Ltd.	(4)	50	Northern Ireland	Dormant

Accounting reference date: (*) 31 March (**) 30 June (***) 30 September

(1) The registered office is 250 Bishopsgate, London, EC2M 4AA.
(2) The registered office is 1 Princes Street, London, EC2R 8BP.
(3) The registered office is Ulster Bank Group Centre, George's Quay, Dublin, Ireland.
(4) The registered office is 11-16 Donegall Square East, Belfast, BT1 5UB.
(5) The registered office is RBS Gogarburn, 175 Glasgow Road, Edinburgh, EH12 1HQ.
(6) The registered office is The Mill, High Street, Rocester, England, ST14 5JW.

12. Finance lease receivables

	2020 £m	2019 £m
Amounts included in income statement for finance leases		
Finance income on the net investment in leases	170	183

	2020 £m	2019 £m
Amount receivable under finance leases		
Within 1 year	2,039	2,325
1 to 2 years	1,339	1,331
2 to 3 years	828	840
3 to 4 years	414	412
4 to 5 years	177	169
After 5 years	122	93
Lease payments total	4,919	5,170
Unearned income	(252)	(275)
Present value of lease payments	4,667	4,895
Impairments	(104)	(53)
Net investment in finance lease receivable	4,563	4,842

	2019 £'000	2019 £'000
Due within one year	1,813	2,138
Due after more than one year	2,750	2,704
	4,563	4,842

The Company entered into new finance lease agreements totalling £2,774 million (2019: £3,658 million). There were no other significant movements or changes to the carrying value balance other than collection of rentals and movements in impairments.

The average effective interest rate in relation to finance lease agreements approximates 3.51% (2019: 3.94%).

NOTES TO THE FINANCIAL STATEMENTS

13. Loans receivable

	2020 £m	2019 £m
Due within one year		
Net investment in instalment credit	219	470
Amounts due from group companies	1,467	1,277
Other loans and advances	1,700	2,045
	3,386	3,792
Due after more than one year		
Net investment in instalment credit	982	890
	982	890
	4,368	4,682
Amounts due from group companies		
- Subsidiaries	1,404	1,271
- Other group companies	63	6
	1,467	1,277

14. Trade and other receivables

	2020 £m	2019 £m
Other receivables	1	23

15. Inventories

	2020 £m	2019 £m
Former finance lease assets	1	1

Inventories comprise former finance lease assets which have been returned from being leased. The Company is actively arranging for their sale.

16. Prepayments, accrued income and other assets

	2020 £m	2019 £m
Prepayments	15	17
Group relief receivable	8	-
	23	17

17. Borrowings

	2020 £m	2019 £m
Overdraft from group banks	23	1
Due to parent	8,788	9,481
Due to subsidiaries	52	47
	8,863	9,529

	2020 £m	2019 £m
Current	5,385	5,875
Non-current		
- between one and two years	2,388	2,624
- between two and five years	643	591
- after five years	447	439
	8,863	9,529

18. Trade and other payables

	2020 £m	2019 £m
Trade payables	10	2
Other payables	1	-
	11	2

19. Accruals, deferred income and other liabilities

	2020 £m	2019 £m
Accruals	5	7
Deferred income	5	6
Corporation tax payable	-	2
Value added tax payable	3	2
	13	17

20. Provisions for liabilities

	2020 £m	2019 £m
At 1 January	3	5
Debit/(Credit) to profit and loss	1	(1)
Utilised during the year	(1)	(1)
At 31 December	3	3

The above provision balances relate primarily to redundancy costs and amounts expected to be remediated on government grants.

21. Share capital

	2020 £m	2019 £m
Allotted, called up and fully paid:		
Equity shares		
4,000,000 ordinary shares of 25p each	1	1

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

22. Commitments and contingent liabilities

The Company, together with certain subsidiaries of NatWest Holdings Limited, is party to a capital support deed (CSD) relevant to NatWest Group. Under the terms of the CSD, the Company may be required, if the conditions set forth in the CSD are met, to declare and make a distribution of cash to its members, repurchase or redeem its members' shares for cash, and/or undertake a reduction or other reorganisation of its capital in order to maximise its distributable profits available for undertaking such distribution or repurchase or redemption of shares. The amount of this obligation is limited to the Company's resources that comprise cleared, immediately accessible funds or assets, rights, facilities or other resources that, using best efforts, are reasonably capable of being converted to cleared, immediately available funds (the Company's available resources). The CSD also provides that, in certain circumstances, funding received by the Company from other parties to the CSD becomes immediately due and repayable, such repayment being limited to the Company's available resources.

At the balance sheet date the Company has commitments to provide financial support to a number of its subsidiaries (see note 11) and other companies in National Westminster Bank Plc. This support enables them to meet their liabilities to third parties as and when they fall due if they were unable to themselves. Such commitments have been made at various times through the year and provide a period of support for 12 months from origination. The Company has continued to make commitments on a similar basis subsequent to the balance sheet date.

Contingent liabilities arise in the normal course of business, associated with ongoing legal, regulatory and tax situations. These situations are monitored by management and where it is possible to quantify reliably, provisions are booked. However, given uncertainties such as establishing detailed fact patterns, legal and regulatory status, in certain cases this is not feasible until further investigation has been conducted.

23. 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; national insurance contributions; local authority rates; and regulatory fees and levies; together with transactions undertaken in the normal course of business.

Cash at bank relates to amounts with a group bank and other balances with group companies.

Group companies

At 31 December 2020

The Company's immediate parent was:	National Westminster Bank Plc
The smallest consolidated accounts including the company were prepared by:	
The ultimate parent company was:	NatWest Group plc

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

24. Post balance sheet events

A final dividend of £155 million in respect of 2019 was proposed and the said dividend was paid on 13 April 2021.