

Company Registered No: 03715326

NATWEST MACHINERY LEASING LIMITED

ANNUAL REPORT AND FINANCIAL STATEMENTS

For the year ended 31 March 2017

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NATWEST MACHINERY LEASING LIMITED

03715326

OFFICERS AND PROFESSIONAL ADVISERS

DIRECTORS:

D G Harris
E Mayes
S J Roulston

COMPANY SECRETARY:

RBS Secretarial Services Limited

REGISTERED OFFICE:

250 Bishopsgate
London
EC2M 4AA

INDEPENDENT AUDITOR:

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

Registered in England and Wales

DIRECTORS' REPORT

The directors of NatWest Machinery Leasing Limited ("the Company") present their annual report together with the audited financial statements for the year ended 31 March 2017.

CHANGE OF REGISTERED OFFICE

On 22 March 2017, the Registered Office of the Company changed from 135 Bishopsgate, London, EC2M 3UR to 250 Bishopsgate, London, EC2M 4AA.

ACTIVITIES AND BUSINESS REVIEW

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

Activity

The principal activity of the Company was the provision of fixed asset finance usually involving individually structured facilities. The company disposed of all its remaining leases during the year and the company is no longer trading.

FINANCIAL PERFORMANCE

The retained profit for the year was £5,000 and this was transferred to reserves.

At the end of the year, the balance sheet showed total assets of £46,000 (2016: £49,000).

Dividend

The directors do not recommend the payment of a dividend (2016: £nil).

PRINCIPAL RISKS AND UNCERTAINTIES

The Company seeks to minimise its exposure to financial risks.

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 RBS Asset and Liability Management Committee (RBS ALCO).

The Company is funded by facilities from The Royal Bank of Scotland plc. These are denominated in the sterling and carry no significant financial risk.

The principal risks associated with the Company are as follows:

Interest rate risk

Structural interest rate risk arises where assets and liabilities have different re-pricing maturities.

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

Operational risk

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

GOING CONCERN

During the year, the Company ceased trading and as required by IAS 1 – Presentation of Financial Statements, the directors have prepared the financial statements on a basis other than going concern. The directors do not consider that this basis of preparation affects the valuation of the assets or liabilities of the Company; any cost of the liquidation will be borne by the RBS group.

DIRECTORS' REPORT**DIRECTORS AND SECRETARY**

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

From 1 April 2016 to date the following changes have taken place:

	Appointed	Resigned
Directors		
T D Crome	-	28 June 2016
J H Wood	8 August 2016	30 June 2017
N J McDauid	30 December 2016	31 July 2017
A P Johnson	-	31 July 2017
D G Harris	31 July 2017	-
E Mayes	31 July 2017	-
S J Caterer	-	31 August 2017
S J Roulston	21 September 2017	-

DIRECTORS' RESPONSIBILITIES STATEMENT

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

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

- select suitable accounting policies and then apply them consistently;
- make judgements and estimates that are reasonable and prudent;
- state whether FRS 101 has been followed; and
- make an assessment of the Company's ability to continue as a going concern. For the reasons stated in the Directors' Report and Note 1, the financial statements have been prepared on a basis other than 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.

DIRECTORS' REPORT

DISCLOSURE OF INFORMATION TO AUDITOR

Each of the directors at the date of approval of this report confirms that:

- so far as they are aware, there is no relevant audit information of which the Company's auditor is unaware; and
- the director 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.

INDEPENDENT AUDITOR

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

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



D G Harris

Director

Date: 30 October 2017

INDEPENDENT AUDITOR'S REPORT TO THE MEMBERS OF NATWEST MACHINERY LEASING LIMITED

We have audited the financial statements of NatWest Machinery Leasing Limited ('the Company') for the year ended 31 March 2017 which comprise the Profit and Loss Account, the Balance Sheet, the Statement of Changes in Equity and the related notes 1 to 12. The financial reporting framework that has been applied in their preparation is applicable law and United Kingdom Accounting Standards (United Kingdom Generally Accepted Accounting Practice), including Financial Reporting Standard 101 Reduced Disclosure Framework. These financial statements have been prepared on a basis other than going concern, as described in note 1.

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.

Respective responsibilities of directors and auditor

As explained more fully in the Directors' Responsibilities Statement on page 3, the directors are responsible for the preparation of the financial statements and for being satisfied that they give a true and fair view. Our responsibility is to audit and express an opinion on the financial statements in accordance with applicable law and International Standards on Auditing (UK and Ireland). Those standards require us to comply with the Auditing Practices Board's Ethical Standards for Auditors.

Scope of the audit of the financial statements

An audit involves obtaining evidence about the amounts and disclosures in the financial statements sufficient to give reasonable assurance that the financial statements are free from material misstatement, whether caused by fraud or error. This includes an assessment of: whether the accounting policies are appropriate to the Company's circumstances and have been consistently applied and adequately disclosed; the reasonableness of significant accounting estimates made by the directors; and the overall presentation of the financial statements. In addition, we read all the financial and non-financial information in the Annual Report and Financial Statements to identify material inconsistencies with the audited financial statements and to identify any information that is apparently materially incorrect based on, or materially inconsistent with, the knowledge acquired by us in the course of performing the audit. If we become aware of any apparent material misstatements or inconsistencies we consider the implications for our report.

Opinion on financial statements

In our opinion the financial statements:

- give a true and fair view of the state of the Company's affairs as at 31 March 2017 and of its profit for the year then ended;
- have been properly prepared in accordance with United Kingdom Generally Accepted Accounting Practice, including Financial Reporting Standard 101 'Reduced Disclosure Framework'; and
- have been prepared in accordance with the requirements of the Companies Act 2006.

Opinion on other matter prescribed by the Companies Act 2006

In our opinion, based on the work undertaken in the course of the audit:

- the information given in the Directors' Report for the financial year for which the financial statements are prepared is consistent with the financial statements.
- the Directors' Report has been prepared in accordance with applicable legal requirements.

INDEPENDENT AUDITOR'S REPORT TO THE MEMBERS OF NATWEST MACHINERY LEASING LIMITED

Matters on which we are required to report by exception

In light of the knowledge and understanding of the Company and its environment obtained in the course of the audit, we have identified no material misstatements in the Directors' Report.

We have nothing to report in respect of the following matters where the Companies Act 2006 requires us to report to you if, in our opinion:

- adequate accounting records have not been kept, or returns adequate for our audit have not been received from branches not visited by us; or
- the financial statements are not in agreement with the accounting records and returns; or
- certain disclosures of directors' remuneration specified by law are not made; or
- we have not received all the information and explanations we require for our audit; or
- the directors were not entitled to take advantage of the small companies' exemption from preparing a Strategic Report.



Richard Page (Senior Statutory Auditor)
for and on behalf of Ernst & Young LLP
Statutory Auditor
Bristol, United Kingdom
4 December 2017

PROFIT AND LOSS ACCOUNT
for the year ended 31 March 2017

Discontinued operations	Notes	2017 £'000	2016 £'000
Turnover	3	-	2
Operating income	4	4	-
Profit on ordinary activities before tax		4	2
Tax credit/(charge)	6	1	(2)
Profit and total comprehensive income for the year		5	-

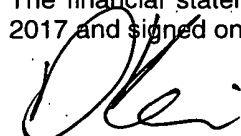
The accompanying notes form an integral part of these financial statements.

BALANCE SHEET
as at 31 March 2017

	Notes	2017 £'000	2016 £'000
Current assets			
Cash		5	-
Deferred tax asset	9	-	46
Prepayments, accrued income and other assets	7	41	3
Total assets		46	49
Creditors: amounts falling due within one year			
Borrowings	8	-	8
Total assets less current liabilities		46	41
Total liabilities		-	8
Equity: capital and reserves			
Called up share capital	11	-	-
Profit and loss account		46	41
Total shareholders' funds		46	41
Total liabilities and shareholders' funds		46	49

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

The financial statements of the Company were approved by the Board of Directors on 30 October 2017 and signed on its behalf by:



D G Harris
Director

STATEMENT OF CHANGES IN EQUITY
for the year ended 31 March 2017

	Share capital £'000	Profit and loss account £'000	Total £'000
At 1 April 2015	-	41	41
Profit for the year	-	-	-
At 31 March 2016	-	41	41
Profit for the year	-	5	5
At 31 March 2017	-	46	46

Total comprehensive income for the year of £5,000 (2016: £nil) was wholly attributable to the equity holders of the Company.

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

NOTES TO THE FINANCIAL STATEMENTS**1. Accounting policies****a) Preparation and presentation of financial statements**

These financial statements are prepared:

- on a basis other than going concern;
- under Financial Reporting Standard (FRS) 101 Reduced Disclosure Framework in accordance with the recognition and measurement principles of International Financial Reporting Standards issued by the International Accounting Standards Board (IASB) and interpretations issued by the International Financial Reporting Interpretations Committee of the IASB as adopted by the EU (together IFRS); and
- on 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:
 - cash-flow statement;
 - standards not yet effective; and
 - related party transactions.

Where required, equivalent disclosures are given in the group accounts of The Royal Bank of Scotland Group plc, these accounts are available to the public and can be obtained as set out in note 12.

The Company has ceased to trade and as required by IAS 1 – Presentation of Financial Statements, the directors have prepared the financial statements on a basis other than going concern. Under this basis, assets are recorded at their recoverable value and liabilities at their expected settlement value. No adjustments arose as a result of ceasing to apply the going concern basis.

b) Revenue recognition

Turnover comprises income from finance leases and loans and other services and arises in the United Kingdom.

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

c) 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.

NOTES TO THE FINANCIAL STATEMENTS

1. Accounting policies (continued)

d) Leases

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

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

e) Financial assets

On initial recognition, financial assets are classified into held-for-trading; designated as at fair value through profit or loss; loans and receivables; or available-for-sale financial assets.

Loans and receivables

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

f) Financial liabilities

On initial recognition financial liabilities are classified into held-for-trading; designated as at fair value through profit or loss; or amortised cost.

Other than derivatives, which are recognised and measured at fair value, all other financial liabilities are measured at amortised cost using the effective interest method.

g) Derecognition

A financial asset is derecognised when the contractual right to receive cash flows from the asset has expired or when it has been transferred and the transfer qualifies for derecognition in accordance with IAS 39 "Financial Instruments : Recognition and Measurement".

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

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. 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 or 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 Framework for the preparation and presentation of financial statements. The use of estimates, assumptions or models that differ from those adopted by the Company would affect its reported results.

3. Turnover

	2017 £'000	2016 £'000
Finance lease income:		
Rents receivable	-	2

The Company did not enter into any new leasing transactions (2016: £nil) during the year.

NOTES TO THE FINANCIAL STATEMENTS

4. Operating income

	2017 £'000	2016 £'000
Profit on disposal of leases	4	-

5. Operating expenses

Staff costs, number of employees and directors' emoluments

All staff and directors were employed by group companies and the accounts of The Royal Bank of Scotland Group plc which contain full disclosure of employee benefit expenses incurred in the period including share based payments and pensions. The Company has no employees and pays a management charge for services provided by other group companies. The Company does not remunerate directors nor can remuneration from elsewhere in the group be apportioned meaningfully in respect of their services to the Company.

There was no charge in either the current year or prior year's financial statements for auditor's remuneration as the fees of £5,000 (2016: £5,000) were charged in the financial statements of The Royal Bank of Scotland Group plc.

6. Tax

	2017 £'000	2016 £'000
Current tax:		
UK corporation tax credit for the year	(47)	(11)
Deferred tax:		
Charge for the year	46	11
Impact of rate changes	-	2
	46	13
Tax (credit)/charge for the year	(1)	2

Where appropriate current tax consists of sums payable or receivable for group relief.

The actual tax (credit)/charge differs from the expected tax (credit)/charge computed by applying the standard rate of UK corporation tax of 20% (2016: 20%) as follows:

	2017 £'000	2016 £'000
Expected tax charge	1	-
Impact of rate changes	(2)	2
Tax (credit)/charge for the year	(1)	2

In recent years the UK Government has steadily reduced the rate of UK corporation tax, with the latest rates substantively enacted at the balance sheet date standing at 20% with effect from 1 April 2015, 19% from 1 April 2017 and 17% from 1 April 2020.

7. Prepayments, accrued income and other assets

	2017 £'000	2016 £'000
Group relief receivable	41	3

8. Borrowings

9. Deferred tax

	Capital allowances £'000
At 1 April 2015	(59)
Charge to profit and loss	13
At 31 March 2016	(46)
Charge to profit and loss	46
At 31 March 2017	-

13

NOTES TO THE FINANCIAL STATEMENTS

10. Financial instruments and risk management (continued)

(ii) Financial risk management (continued)

Credit risk

The table below provides details of credit exposures for those financial assets neither past due nor impaired:

Sector	2017 £'000	2016 £'000
Group companies	5	-

Based on counterparty payment history the Company considers all the above financial assets to be of good credit quality.

Financial liabilities

The following table shows by contractual maturity the undiscounted cash flows payable from the balance sheet date including future interest payments

2016	0-3 months £'000
Borrowings	8

11. Share capital

	2017 £	2016 £
Authorised:		
100 ordinary shares of £1 each	100	100
Allotted, called up and fully paid:		
100 ordinary shares of £1 each	100	100

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

12. Related parties

UK Government

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

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

Group Companies

The Company's immediate parent company is National Westminster Bank Plc, a company incorporated in the UK. As at 31 March 2017, National Westminster Bank Plc heads the smallest group in which the Company is consolidated. Copies of the consolidated accounts may be obtained from Corporate Governance and Regulatory Affairs, The Royal Bank of Scotland Group plc, Gogarburn, PO Box 1000, Edinburgh EH12 1HQ.

The Company's ultimate holding company, The Royal Bank of Scotland Group plc, which is incorporated in the UK and heads the largest group in which the Company is consolidated. Copies of the consolidated accounts may be obtained from Corporate Governance and Regulatory Affairs, The Royal Bank of Scotland Group plc, Gogarburn, PO Box 1000, Edinburgh EH12 1HQ.