Company Registered No: 02691666

RBS MANAGEMENT SERVICES (UK) LIMITED

ANNUAL REPORT AND FINANCIAL STATEMENTS

For the year ended 31 December 2019

RBS MANAGEMENT SERVICES (UK) LIMITED **02691666**

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OFFICERS AND PROFESSIONAL ADVISERS

DIRECTORS:	S C Lowe C White
COMPANY SECRETARY:	NatWest Markets Secretarial Services Limited
REGISTERED OFFICE:	250 Bishopsgate London England EC2M 4AA
INDEPENDENT AUDITOR:	Ernst & Young LLP Atria One, 144 Morrison Street EH3 8EX, Edinburgh United Kingdom

Registered in England and Wales

The directors of RBS Management Services (UK) Limited ("the Company") present their annual report together with the audited financial statements for the year ended 31 December 2019.

ACTIVITIES AND BUSINESS REVIEW

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

Activity

The principal activity of the Company was the provision of administrative services to other Royal Bank of Scotland Group plc undertakings. The Company completed its rundown following the transfer of its trade in 2012 to NatWest Markets plc (NWM plc) previously known as The Royal Bank of Scotland plc (RBS plc). The Company continues to operate an unfunded pension scheme using accumulated cash balances, with any shortfall in funds being provided for by NWM plc.

Review of the year

Business review
The directors are satisfied with the Company's performance in the year. The Company does not currently expect to make any further significant investments in the foreseeable future.

Financial performance and position

The Company's financial performance is presented on pages 8 to 11.

The loss before taxation for the year was £122k (2018: £113k). The comprehensive loss for the year was £437k (2018: profit of £47k).

The directors do not recommend the payment of a dividend (2018: £10k).

At the end of the year total assets were £4,983k (2018: £5,193k). Total shareholders' funds were £429k (2018: £866k).

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

These are denominated in Sterling which is the functional currency and carry no significant financial risk.

The Company's assets mainly comprise cash & loans receivable which would expose it to liquidity and market risk except that the counterparties are group companies and credit risk is not considered significant.

Principal risks and uncertainties (continued)

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

The Company is exposed to market risk as a result of the assets and liabilities contained within the company's balance sheet. There has been no change to the nature of the Company's exposure to market risks or the manner in which it manages and measures the risk.

The principal market risk to which the Company is exposed to is interest rate risk, and is mitigated by monitoring the interest rate profile of its assets and liabilities

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.

Director's duties
Section 172(1) of the Companies Act 2006 (Section 172) is one of the statutory duties that directors have and requires them to promote the success of the Company for the benefit of shareholders as a whole while taking into account the interests of other stakeholders and, in so doing, have regard to the matters set out in Section 172(1)(a) to (f). These include the long term consequences of decisions, colleague interests, the need to foster the Company's business relationships with suppliers, customers and others; the impact on community and the environment and the Company's reputation.

Directors are supported in the discharge of their duties by the Company Secretary. All directors receive guidance on their statutory duties, including Section 172(1), and were briefed on the reporting requirements introduced by the Companies (Miscellaneous Reporting) Regulations 2018 in advance of the effective date. RBS Group has introduced a new approach to board and committee papers with greater focus on ensuring relevant stakeholder interests are clearly articulated and guidance on documenting decisions has been refreshed to ensure these are recorded in a consistent manner across RBS Group.

Going Concern
These financial statements are prepared on a going concern basis, see note 1(a) on page 12.

DIRECTORS AND SECRETARY

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

From 1 January 2019 to the following changes have taken place:

Directors	**Appointed**	**Resigned**
R A Horrocks	-	9 January 2019
M Cole	-	26 April 2019
C White	26 April 2019	-

DIRECTORS' REPORT

DIRECTORS' RESPONSIBILITIES STATEMENT

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

Company law requires the directors to prepare a Directors' report and financial statements for each financial year. Under that law, the directors have elected to prepare the financial statements in accordance with Financial Reporting Standard (FRS) 101 Reduced Disclosure Framework, and must not approve the financial statements unless they are satisfied that they give a true and fair view of the state of affairs at the end of the year and the profit or loss of the Company for that 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 Financial Reporting Standard 101 has been followed; and
- *make an assessment of the Company's ability to continue as a going concern.*

The directors are responsible for keeping adequate accounting records that are sufficient to show and explain the Company's transactions and disclose with reasonable accuracy at any time the financial position of the Company and to enable them to ensure that the directors' report and financial statements comply with the requirements of the Companies Act 2006. They are also responsible for safeguarding the assets of the Company and hence for taking reasonable steps for the prevention and detection of fraud and other irregularities.

DISCLOSURE OF INFORMATION TO AUDITOR

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

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

This confirmation is given and shall be interpreted in accordance with the provisions of section 418 of the Companies Act 2006.

AUDITOR

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

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

S C Lowe
Director
Date: 14 July 2020

INDEPENDENT AUDITOR'S REPORT TO THE MEMBERS OF RBS MANAGEMENT SERVICES (UK) LIMITED

Opinion

We have audited the financial statements of RBS Management Services (UK) Limited (the 'company') for the year ended 31 December 2019 which comprise the Profit and Loss account, Statement of comprehensive income, the Balance Sheet, the Statement of changes in equity and the related notes 1 to 11, 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 2019 and of its loss for the year then ended;
- have been properly prepared in accordance with United Kingdom Generally Accepted Accounting Practice; and
- have been prepared in accordance with the requirements of the Companies Act 2006.

Basis of opinion

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

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

Emphasis of Matter

We draw attention to Note 1 and 11 of the financial statements, which describe the economic and social disruption the Company is facing as a result of COVID-19 which is impacting the Company's pension liabilities and profitability. Our opinion is not modified in respect of this matter.

Conclusions relating to going concern

We have nothing to report in respect of the following matters in relation to which the ISAs (UK) require us to report to you where:

- the directors' use of the going concern basis of accounting in the preparation of the financial statements is not appropriate; or
- the directors have not disclosed in the financial statements any identified material uncertainties that may cast significant doubt about the company's ability to continue to adopt the going concern basis of accounting for a period of at least twelve months from the date when the financial statements are authorised for issue.

Other information

The other information comprises the information included in the annual report, other than the financial statements and our auditor's report thereon. The directors are responsible for the other information.

Our opinion on the financial statements does not cover the other information and, except to the extent otherwise explicitly stated in this report, we do not express any form of assurance conclusion thereon.

In connection with our audit of the financial statements, our responsibility is to read the other information and, in doing so, consider whether the other information is materially inconsistent with the financial statements or our knowledge obtained in the audit or otherwise appears to be materially misstated. If we identify such material inconsistencies or apparent material misstatements, we are required to determine whether there is a material misstatement in the financial statements or a material misstatement of the other information. If, based on the work we have performed, we conclude that there is a material misstatement of the other information, we are required to report that fact.

We have nothing to report in this regard.

Opinions on other matters prescribed by the Companies Act 2006

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

- the information given in the directors' report for the financial year for which the financial statements are prepared is consistent with the financial statements; and

- the directors' report has been prepared in accordance with applicable legal requirements.

Matters on which we are required to report by exception

In the light of the knowledge and understanding of the company and its environment obtained in the course of the audit, we have not identified material misstatements in the directors' report.

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

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

Responsibilities of directors

As explained more fully in the directors' responsibilities statement set out on page 4, the directors are responsible for the preparation of the financial statements and for being satisfied that they give a true and fair view, and for such internal control as the directors determine is necessary to enable the preparation of financial statements that are free from material misstatement, whether due to fraud or error.

In preparing the financial statements, the directors are responsible for assessing the company's ability to continue as a going concern, disclosing, as applicable, matters related to going concern and using the going concern basis of accounting unless the directors either intend to liquidate the company or to cease operations, or have no realistic alternative but to do so.

Auditor's responsibilities for the audit of the financial statements

Our objectives are to obtain reasonable assurance about whether the financial statements as a whole are free from material misstatement, whether due to fraud or error, and to issue an auditor's report that includes our opinion. Reasonable assurance is a high level of assurance, but is not a guarantee that an audit conducted in accordance with ISAs (UK) will always detect a material misstatement when it exists. Misstatements can arise from fraud or error and are considered material if, individually or in the aggregate, they could reasonably be expected to influence the economic decisions of users taken on the basis of these financial statements.

A further description of our responsibilities for the audit of the financial statements is located on the Financial Reporting Council's website at https://www.frc.org.uk/auditorsresponsibilities. This description forms part of our auditor's report.

INDEPENDENT AUDITOR'S REPORT TO THE MEMBERS OF RBS MANAGEMENT SERVICES (UK) LIMITED

Use of our report

This report is made solely to the company's members, as a body, in accordance with Chapter 3 of Part 16 of the Companies Act 2006. Our audit work has been undertaken so that we might state to the company's members those matters we are required to state to them in an auditor's report and for no other purpose. To the fullest extent permitted by law, we do not accept or assume responsibility to anyone other than the company and the company's members as a body, for our audit work, for this report, or for the opinions we have formed.

Ernst & Young LLP

Nathan Pietsch (Senior statutory auditor)
for and on behalf of Ernst & Young LLP,
Statutory Auditor
Edinburgh, United Kingdom
Date: 16 July 2020

PROFIT AND LOSS ACCOUNT
for the year ended 31 December 2019

Income from continuing operations	Notes	2019 £'000	2018 £'000
Operating expenses	3	**(122)**	(112)
Impairment of financial assets	4	**-**	(1)
Loss before tax		**(122)**	(113)
Tax credit	5	**-**	-
Loss for the year		**(122)**	(113)

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

STATEMENT OF COMPREHENSIVE INCOME
for the year ended 31 December 2019

	Note	2019 £'000	2018 £'000
Loss for the year		**(122)**	(113)
Other comprehensive income/(loss) not subject to reclassification:			
Actuarial (losses)/gains on defined benefit plans	**8**	**(315)**	160
Other comprehensive (loss)/income before tax		**(315)**	160
Total comprehensive (loss)/income for the year		**(437)**	47

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

BALANCE SHEET
as at 31 December 2019

	Notes	2019 £'000	2018 £'000
Current assets			
Amounts due from group company	6	3,355	3,565
Cash at bank	7	1,628	1,628
Total assets		4,983	5,193
Non-current liabilities			
Pension liabilities	8	4,339	4,117
Current liabilities			
Pension liabilities	8	215	210
Total liabilities		4,554	4,327
Equity			
Called up share capital	9	-	-
Profit and loss account		429	866
Total equity		429	866
Total liabilities and equity		4,983	5,193

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 14 July 2020 and signed on its behalf by:

S C Lowe
Director

STATEMENT OF CHANGES IN EQUITY
for the year ended 31 December 2019

	Share capital £'000	Profit and loss account £'000	Total £'000
At 1 January 2018	25	10,794	10,819
Reduction in share capital	(25)	25	-
Loss for the year	-	(113)	(113)
Dividend paid	-	(10,000)	(10,000)
Actuarial gain recognised	-	160	160
At 31 December 2018	-	866	866
Loss for the year	-	**(122)**	**(122)**
Actuarial loss recognised	-	**(315)**	**(315)**
At 31 December 2019	**-**	**429**	**429**

Total comprehensive loss for the year of £437k (2018: income of £47k) was wholly attributable to the owner of the Company.

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

1. Accounting policies

a) Preparation and presentation of financial statements

These financial statements are prepared:

• On a going concern basis. 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.

NatWest Markets 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.

There remains significant uncertainty regarding the developments of the pandemic and the future economic recovery. The most likely expected financial impact is in respect of the Company's pension liabilities and profitability, which management continues to monitor. In assessing going concern, a Covid-19 impact analysis was performed across the RBS Group. The directors have also considered the uncertainties associated with Covid-19 including the different ways in which this could impact the cash flows, solvency and liquidity position of the Company and any mitigations management have within their control to implement. Based on this assessment, the directors have a reasonable expectation that the Company has adequate resources to continue in operational existence for the foreseeable future and have prepared the financial statements on a going concern basis.

• under Financial Reporting Standard (FRS) 101 Reduced Disclosure Framework 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;
- 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 The Royal Bank of Scotland Group plc, these accounts are available to the public and can be obtained as set out in note 10.

The changes to IFRS that were effective from 1 January 2019 have had no material effect on the Company's financial statements for the year ended 31 December 2019.

NOTES TO THE FINANCIAL STATEMENTS

1. Accounting policies (continued)

b) Revenue recognition

Interest income on financial assets that are measured at amortised cost or fair value through other comprehensive income interest and expense on financial liabilities other than those at fair value are determined using the effective interest method. The effective interest rate allocates the interest income or interest expense over the expected life of the asset or liability at the rate that exactly discounts all estimated future cash flows to equal the instrument's initial carrying amount. Credit losses or reversals of credits losses do not change the carrying amount of a financial asset until an impairment or reversal of an impairment is recognised at which point the effective interest rate is recalculated. Reversals cannot exceed the impairment originally charged. Calculation of the effective interest rate takes into account fees payable or receivable that are an integral part of the instrument's yield, premiums or discounts on acquisition or issue, early redemption fees and transaction costs. All contractual terms of a financial instrument are considered when estimating future cash flows. Negative effective interest accruing to financial assets is presented in interest payable.

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, other comprehensive income or in equity. Provision is made for current tax at rates enacted or substantively enacted at the balance sheet date.

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

d) 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 (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.

1. Accounting policies (continued)

Most financial assets are held to collect the contractual cash flows that comprise solely payments of principal and interest and are measured at amortised cost. Certain financial assets managed under a business model of both to collect contractual cash flows comprising solely of payments of principal and interest, and to sell, are measured at fair value through other comprehensive income ('FVOCI'). Amortised cost assets – have to meet both the following criteria:

- the asset is held within a business model whose objective is solely to hold assets to collect contractual cash flows; and
- the contractual terms of the financial asset are solely payments of principal and interest on the outstanding balance.

Amortised cost liabilities – all liabilities that are not subsequently measured at fair value are measured at cost.

e) Pensions

The Company operates an unfunded defined benefit pension scheme as described in note 8 to the financial statements.

The Company accounts for pensions and post retirement benefits in accordance with IAS 19. For defined benefit schemes, scheme liabilities are measured on an actuarial basis using the projected unit credit method and discounted at a rate that reflects the current rate of return on a high quality corporate bond of equivalent term and currency to the scheme liabilities. Scheme assets are measured at their fair value. The difference between scheme assets and scheme liabilities is recognised in the balance sheet as an asset (surplus) or liability (deficit). A net surplus is limited to any unrecognised past service cost plus the present value of any economic benefits available to the Group in the form of refunds from the plan or reduced contributions to it. The current service cost, curtailments and any past service costs together with the expected return on scheme assets less the unwinding of the discount on scheme liabilities are charged to operating expenses. A gain or loss on curtailment is recognised in profit or loss when the curtailment occurs. A curtailment occurs when the Group is committed to making a significant reduction in the number of employees covered by a plan or a plan is amended such that future service qualifies for no or reduced benefits.

Actuarial gains and losses are recognised in full in the period in which they occur outside profit or loss and presented in other comprehensive income.

The pension fund is fully valued every year by an independent actuary.

The assumptions adopted for the Company's pension scheme are set out in note 8 to the financial statements.

f) 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.

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

g) Cash at bank

Cash at bank comprises interest bearing deposits held with banks.

NOTES TO THE FINANCIAL STATEMENTS

2. Critical accounting policies and key sources of estimation uncertainty

The reported results of the Company are sensitive to the accounting policies, assumptions and estimates that underlie the preparation of its financial statements. In accordance with their responsibilities for these financial statements, the factors the directors consider most important to the portrayal of the Company's performance and financial condition are discussed below.

Pensions

The Company operates an unfunded defined benefit pension scheme as described in Note 8 to the financial statements. As described in Accounting policy 1 (e), Scheme liabilities are measured using the projected unit credit method, which takes account of projected earnings increases, using actuarial assumptions that give the best estimate of the future cash flows that will arise under the scheme liabilities. These cash flows are discounted at the interest rate applicable to high-quality corporate bonds of the same currency and term as the liabilities. Any recognisable surplus or deficit of scheme assets over liabilities is recorded in the balance sheet as an asset (surplus) or liability (deficit).

In determining the value of scheme liabilities, financial and demographic assumptions are made including price inflation, pension increases, earnings growth and the longevity of scheme members. A range of assumptions could be adopted in valuing the schemes' liabilities. Different assumptions could significantly alter the amount of the surplus or deficit recognised in the balance sheet and the pension cost charged to the income statement. The assumptions adopted for the Company's pension scheme are set out in Note 8 to the financial statements.

3. Operating expenses

	2019	2018
	£'000	£'000
Expenses for pension plan (note 8)	**122**	114
Legal fees recovered	-	(2)
	122	112

Directors' emoluments and Audit fees

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.

The auditor's remuneration for statutory audit work of £26,000 (2018: £30,000) for the Company was borne by NatWest Markets Plc. Remuneration paid to the auditor for non-audit work for the Company was nil (2018: nil).

4. Impairment of financial assets

	2019	2018
	£'000	£'000
Impairment of amount due from group company	-	(1)

5. Taxation

The actual tax (credit)/charge differs from the expected tax (credit)/charge computed by applying the standard rate of UK corporation tax of 19% (2018: standard tax rate 19%) as follows:

	2019	2018
	£'000	£'000
Loss on ordinary activities before tax	**(122)**	(113)
Expected tax credit	**(23)**	(21)
Non deductible items	**23**	21
Reduction in value of deferred tax asset	-	-
Actual tax charge for the year	-	-

6. Amounts due from group company

	2019 £'000	2018 £'000
Amounts due from group company - NWM plc	**3,355**	3,565

7. Cash at bank

	2019 £'000	2018 £'000
Cash at bank - Group	**1,628**	1,628

8. Pension commitments

The Company operates an unfunded pension scheme and has a pension liability of £4,554k (2018: £4,327k) as at 31 December of 2019.

The following table sets out the key IAS19 assumptions used for the plan.

Assumptions	31 December 2019	31 December 2018
RPI inflation	**2.90% pa**	3.15% pa
Discount rate	**2.05% pa**	2.90% pa
Non-GMP pension increase in payment	**2.75% pa**	2.90% pa
Weighted average duration of Defined Benefit Obligation (years)	**11.2**	11.2

Effect of an increase or decrease of 0.25% in the principal actuarial assumptions on:
(a) Present value of pension scheme obligations

Pension scheme sensitivity analysis	**2019 Increase in liabilities £'000**	2019 Decrease in liabilities £'000
Discount rate		
(a) Present value of pension scheme obligations	**(129)**	134
Rate of Increase in pensions in payment		
(a) Present value of pension scheme obligations	**133**	(128)
Inflation rate		
(a) Present value of pension scheme obligations	**90**	(67)
Effect of an increase or decrease of one year in the longevity of the current and future pensioners on:		
(a) Present value of pension scheme obligations	**219**	(221)

NOTES TO THE FINANCIAL STATEMENTS

Effect of an increase or decrease of 0.25% in the principal actuarial assumptions on:
(a) Present value of pension scheme obligations

Pension scheme sensitivity analysis	2018 Increase in liabilities £'000	2018 Decrease in liabilities £'000
Discount rate		
(a) Present value of pension scheme obligations	**(125)**	131
Rate of Increase in pensions in payment		
(a) Present value of pension scheme obligations	**130**	(125)
Inflation rate		
(a) Present value of pension scheme obligations	**83**	(86)
Effect of an increase or decrease of one year in the longevity of the current and future pensioners on:		
(a) Present value of pension scheme obligations	**195**	(192)

	2019 £'000	2018 £'000
Present value of defined benefit obligation	**(4,554)**	(4,327)
Net liabilities recognised in the balance sheet	**(4,554)**	(4,327)

The amounts recognised in profit and loss are as follows:

	2019 £'000	2018 £'000
Interest cost	**122**	114
Total expense included in profit and loss	**122**	114

Changes in the present value of the defined benefit obligation are as follows:

	2019 £'000	2018 £'000
Opening defined benefit obligation	**4,327**	4,574
Interest cost	**122**	114
Experience gains/(losses)	**21**	74
Effects of changes in actuarial financial assumptions	**347**	(181)
Effects of changes in demographic financial assumptions	**(53)**	(53)
Benefits paid	**(210)**	(201)
Closing defined benefit obligation	**4,554**	4,327

The scheme has no assets.

The amount recognised outside profit and loss in other comprehensive income for 2019 is a loss of £315k (2018: gain of £160k). The benefits paid to the Pensioner amounts were received from NatWest Markets Plc, Parent Company of RBS Management Services (UK) Limited.

Amounts to be shown for the current and previous periods:

	2019 £'000	2018 £'000
Present value of defined benefit obligation	**(4,554)**	(4,327)
Deficit	**(4,554)**	(4,327)

NOTES TO THE FINANCIAL STATEMENTS

9. Share capital

Equity Shares	2019 £	2018 £
Authorised:		
500,000 Ordinary Shares of £1 each	**500,000**	500,000
Allotted, called-up and fully paid:		
Ordinary Share of £1 each	**1**	1

10. Related parties

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

The Company enters into transactions with these bodies on an arms' length basis; they consisted solely of UK corporation tax which is separately disclosed in note 5.

Group companies
At 31 December 2019

The Company's immediate parent was:	NatWest Markets Plc
The smallest consolidated accounts including the company were prepared by:	NatWest Markets Plc
The ultimate parent company was:	The Royal Bank of Scotland Group Plc

All parent companies are incorporated in the UK. Copies of their accounts may be obtained from Legal Governance and Regulatory Affairs, The Royal Bank of Scotland, Gogarburn, PO Box 1000, Edinburgh EH12 1HQ.

On 14 February 2020 the ultimate parent company, The Royal Bank of Scotland Group plc, announced its intention to rename to NatWest Group plc later in 2020.

11. Post Balance sheet event

The directors consider Covid-19 to be a non-adjusting post balance sheet event and as such no adjustments have been made to the measurement of assets and liabilities as at 31 December 2019. Refer to note 1a for the director's assessment of the impact on the Company. While there remains significant uncertainty regarding the developments of Covid-19 and the future economic recovery, a precise estimate of its financial effect, cannot be made at the date of issue of the financial statements. There could be an impact on pension liabilities and profitability and the directors continue to monitor this situation, however, at this stage do not consider there to be any material issues for the Company.