

# Banking Competition Remedies Limited

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Annual Report 2019

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## INTRODUCTION

### What is Banking Competition Remedies Ltd?

Banking Competition Remedies Ltd (BCR) is the independent body established in 2017 and mobilised in 2018 to implement the £775 million Royal Bank of Scotland (RBS) State Aid Alternative Remedies Package (see below) agreed between the UK Government, RBS and the European Commission.

BCR's work is monitored by an external Monitor (Mazars) appointed by, and reporting to, HM Treasury.

### The Alternative Remedies Package

In 2009, the European Commission approved State Aid measures granted to The Royal Bank of Scotland Group plc (RBS). This approval was given on the basis of a restructuring plan submitted by RBS and commitments given by the UK Government in 2009 and subsequently amended in 2014, including the divestment of a part of RBS's branch-based retail and small and medium-sized enterprise (SME) business, which later became known as 'Williams & Glyn' (the "Divestment").

Following challenges in achieving the Divestment, the UK Government proposed substituting for the remaining 2014 commitments a revised package of measures with the aim of promoting competition in the market for banking services to SMEs.

This "Alternative Remedies Package" (ARP) was agreed in principle in July 2017 and formally approved by the European Commission on 18 September 2017.

## PURPOSE AND OBJECTIVES

BCR's purpose is to implement the Alternative Remedies Package.

BCR had no involvement in the design of the eligibility criteria for applicants, the timelines for delivery, the legal agreements to be entered into, the sums to be disbursed or the associated processes for those engaging with the two workstreams (see box The Two Workstreams below). These matters were worked out and agreed between UK Government and European Commission.

The primary objectives of BCR are to:

1. Provide information to applicants and other interested parties in respect of the Capability and Innovation Fund and Incentivised Switching Scheme
2. Manage and disburse the Capability and Innovation Fund to eligible and successful applicants (Eligible Bodies)
3. Administer dowry payments to Eligible Bodies and oversee the delivery of the Incentivised Switching Scheme (including RBS's delivery of its obligations in connection with the Incentivised Switching Scheme)
4. Monitor compliance by Eligible Bodies with the terms of the agreements governing the use of funds
5. Report publicly on the Alternative Remedies Package (including how funding has been applied).

## EXECUTIVE DIRECTORS' STATEMENT

Welcome to this first Annual Report of Banking Competition Remedies (BCR) covering the period April 2018-April 2019.<sup>1</sup>

This report covers the two BCR workstreams – Incentivised Switching Scheme (ISS) and Capability and Innovation Fund (CIF) - as well as the annual review of our independently-audited financial statements.

BCR's initial 12 months since mobilisation (to April 2019) was an intensive period of establishing the organisation and gearing up to deliver the substantial deliverables that followed – consistently on time and within budget.

Much of this happened beyond our first anniversary and so, rather than delay reporting on these activities until the next Annual Report (October/November 2020), the relevant sections below each include activities undertaken up to October 2019.

In preparing this report we have been mindful of the requirement in our establishing documents to draw together the development of SME banking capabilities and new offerings to SMEs. While some of this information is provided below, it will become more relevant in the next reporting period.

The focus of the period covered by this report was on mobilising BCR itself, building out the processes for ISS and CIF and starting to operate them. It is therefore anticipated that next year's report will contain more on monitoring the progress and developmental side of the two workstreams.

In the meantime the inclusion on BCR website (<https://bcr-ltd.com/public-commitments/>) of each CIF awardee's Public Commitments, along with regular updates on performance against these, provides a pattern of information on reported progress against the awardees' stated objectives.

## MEETING BCR's OBJECTIVES

The specific objectives of BCR are set out in the introduction above. The first two objectives – providing information on ISS and CIF; and disbursement of the CIF funding – are now complete.

The third and fourth objectives – operation of the 'dowry' element of ISS and monitoring of CIF recipient bodies – are well underway. BCR has transitioned from being a bid-assessment and grant-giving body, to a body focused on implementation of post-award activities.

This Annual Report, along with our website updates – for example on the delivery of CIF applicants' Public Commitments – and other BCR public announcements address the final objective of public reporting.

The overall objective of BCR is to implement the Alternative Remedies Package such that the UK's State Aid commitments are met, coupled with an ambition that seeks to increase and expand competition among providers of financial services to SMEs.

Both ISS and CIF have drawn substantial interest across a wide range of such organisations and it has been very encouraging to be able to welcome the number and diversity of applicants to the two schemes.

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<sup>1</sup> This Annual Report has been prepared for and only for the members of BCR, as a body, and no other persons. BCR, its directors, employees and agents and advisers do not accept or assume responsibility to any other person to whom this document is shown or into whose hands it may come and any such responsibility or liability is expressly disclaimed.

### THE TWO BCR WORKSTREAMS

The Alternative Remedies Package comprises two RBS-funded measures amounting to £775m:

1. The Capability and Innovation Fund – to which £425m is allocated to support the development of wider capabilities and competition in the SME banking market through grants to eligible challenger institutions across four pools.
2. The Incentivised Switching Scheme (the Scheme) – to which up to £275m is allocated to assist SME customers within the Williams & Glyn business to move to ‘challenger banks’. A further maximum sum of £75m has been set aside within RBS to cover customers’ switching costs.

### INCENTIVISED SWITCHING SCHEME

In the reporting period to April 2019, the application process for ISS was designed, and launched and successful applicants were informed of their inclusion in the Scheme. After completion of all the technical and legal elements, offers were made available to relevant customers of the RBS Group at the end of February 2019. To accommodate organisations that were unable to meet all the Eligibility Criteria in the first round, a second application window was opened post BCR’s year-end and this completed in mid-August 2019.

Decisions on which organisations’ applications were successful in both Round 1 and Round 2 were made by the Board of BCR following internal assessment of the information provided. Full details of the Eligibility and other Assessment Criteria are fully outlined in the Terms and Conditions of the Scheme (Clauses 2.1, 2.2 and 2.3) which were made available to all potential applicants in advance and remain open to view in the ISS section of the BCR website ([https://bcr-ltd.com/wp-content/uploads/2018/09/Incentivised-Switching-Terms-and-Conditions\\_Final.pdf](https://bcr-ltd.com/wp-content/uploads/2018/09/Incentivised-Switching-Terms-and-Conditions_Final.pdf)).

Early indicators of switching performance (see table below) have been positive and BCR is doing all possible within its terms of reference to streamline and support customer switching. We have regular contact with RBS and the organisations making offers to target customers.

ISS has already made a difference in achieving switching rates above historic levels, but inevitably early uptake can only be sustained if further customers within the target customer pool also choose to move based on the offers available to them from participating bodies and their own business circumstances. This is about customer decision-making and cannot be compelled or taken for granted.

Of the £275m available for incentivising switches, at the date of publication some £44m has been disbursed.

ISS Agreements signed as at end April 2019	ISS Agreements signed as at end October 2019	Offers available to Target Customers as at end April 2019	Offers available to Target Customers as at end October 2019	Target Customers switched as at end April 2019	Target Customers switched as at end September 2019*	BCA and Loan Dowry paid out**
9	11	9	10	5,811	18,137	£43,981,866

\*Latest available figures

\*\*Aggregate of first two quarterly payments (both made after reporting year end)

## CAPABILITY AND INNOVATION FUND

### Fund Awards

Following the Market Information event on 27 September 2018, BCR successfully ran the four Capability and Innovation Fund rounds to the committed timelines. The board was assisted by consultants Baringa in achieving this.

Pool A winners were granted funds totalling £280m in February, Pool B (£80m) in May, Pool D (£25m) in June and Pool C (£40m) in August.

In total, the four Pools attracted some 165 applications from 152 applicants. BCR was delighted to see the diversity of applications across the market with real ambition to provide more choice for UK SMEs across a breadth of financial services.

As at 3 October 2019, the £425m Capability and Innovation Fund was fully disbursed and the focus has now moved to monitoring delivery against the awardees' commitments – which BCR required all awardees to make public.

The awards made were as follows:

#### **Pool A**

- £120m – Metro Bank Plc
- £100m – Starling Bank Limited
- £60m – ClearBank Ltd

#### **Pool B**

- £50m – Nationwide Building Society
- £15m – Investec Bank plc
- £15m – The Co-operative Bank Plc

#### **Pool C**

- £10m – Atom Bank Plc
- £10m – The Currency Cloud Group Ltd
- £10m – iwoca Ltd
- £10m – Modulr Finance Limited

#### **Pool D**

- £5m – Codat Limited
- £5m – Fluidly Limited
- £5m – Form3 Ltd
- £5m – Funding Options Limited
- £5m – Swoop Finance Limited

### Reporting Activity

In July, the Pool A winners (ClearBank Ltd, Metro Bank Plc and Starling Bank Ltd) all delivered their first quarterly progress reports and, at the time of this report, the team are reviewing progress on the second quarterly reports for the aforementioned winners and the first quarterly reports of Pool B winners (Nationwide Building Society, Investec Ltd and The Co-operative Bank Plc) and Pool D winners (Codat, Fluidly, Form3, Funding Options and Swoop).

January 2020 will see all 15 organisations reporting on their progress, including the four Pool C winners (Atom Bank Plc, iwoca Ltd, Modulr Finance Limited and The Currency Cloud Group Ltd).

Across the organisations it has been reassuring to see the swift mobilisation, capability development and marketing campaigns to raise awareness of their propositions. Traction is building in SME companies utilising winners' services, and this is further supported by BCR's ISS workstream. Progress to date can be found at BCR's website (<https://bcr-ltd.com/public-commitments/>).

## **FINANCE, RISK MANAGEMENT AND OPERATIONS**

An intensive start-up period included the clear establishment and recording of our values and policies, selection of the BCR team and external providers, as well as the set-up of the financial, risk management and operating systems needed to run the organisation and to handle securely the significant sums involved.

Our finances are in good shape and we have operated well within the budget available. All the indications are that the funding available to BCR will be sufficient for it to deliver its core objectives. The auditors have pronounced an unqualified audit. BCR's accounts (together with those of the Alternative Remedies Package Trust for which BCR is corporate trustee) can be found later in this report.

As a small company responsible for significant sums of money, great attention has been paid to creating an effective risk management environment including the establishment of core policies together with controls that are regularly tested.

## **CORPORATE GOVERNANCE**

Pre-mobilisation, HM Treasury (HMT) established BCR as a limited company and appointed temporary directors.

PA Consulting Group Ltd (PA) were appointed by HMT as mobilisation consultants and the BCR team included PA personnel until a full in-house BCR team was recruited.

At mobilisation, the temporary directors stood down and were replaced by Godfrey Cromwell and Brendan Peilow, who were selected by an independent Nominations Committee and appointed officially in April 2018. Aidene Walsh joined as a third Executive Director in September 2018.

While BCR is not required by its Articles of Association to appoint Non-Executive Directors (NED), the board appointed two NEDs in November as part of ensuring enhanced governance and decision-making. One NED has since stood down and BCR intends to appoint a further NED.

Two sub-committees to the Board of BCR were then established and are fully operational: Audit & Risk Committee; and Remuneration & Nominations Committee. Both are currently chaired by Non-executive Director John Howard.

The Board met formally every month for the first eleven months and now meets quarterly.

HMT appointed Mazars as the official Monitor for the project. The Monitor has been kept closely informed and attended BCR board meetings and other decision meetings in addition to regular meetings with BCR.

Allen and Overy LLP are BCR's legal advisers, Saffery Champness LLP our auditors, and Lansons our PR advisers.

Each person who is a director of BCR as at the date of approval of this report confirms that:

- a) in so far as the director is aware, there is no relevant audit information of which BCR's auditors are unaware
- b) the director has taken all the steps that they ought to have taken as a director in order to make themselves aware of any relevant audit information and to establish that the Company's auditors are aware of that information

#### **FUTURE PERSPECTIVE**

In less than 18 months, BCR has covered a lot of ground at pace. It has now changed from an organisation that (for ISS) selects participant bodies and (for CIF) is a grant-giver, to one that monitors and follows-up the performance of those engaged in these workstreams.

We maintain scrutiny of funding recipients, while at the same time abiding scrupulously by the requirements and tasks tightly defined by the Alternative Remedies Package agreement reached between HM Treasury, European Commission and RBS.

We are grateful for the continuing engagement of HMT, RBS and the Monitor. We also take this opportunity to thank PA Consulting Group Ltd and Baringa Partners LLP for their roles in project mobilisation and delivery as well as our legal advisers Allen and Overy LLP, our PR advisers Lansons and our auditors Saffery Champness LLP.

In short, a lot has been done and we believe done well. None of it would have been possible without the talent, enthusiasm and hard work of the team of staff and NEDs at BCR. We are enormously grateful for their support, diligence, teamwork and good humour in what has sometimes been a testing environment.

We all look forward to the continued delivery by BCR in the coming period.

*Godfrey Cromwell – Chairman and Executive Director*

*Aidene Walsh – Executive Director*

*Brendan Peilow – Executive Director*

Banking Competition Remedies Limited

**Financial statements  
for the year ended 30 April 2019**

**Pages for filing with the Registrar**

**Banking Competition Remedies Limited**

**Statement of financial position**

**As at 30 April 2019**

	Notes	2019		2018	
		£	£	£	£
<b>Fixed assets</b>					
Tangible assets	5		24,090		-
<b>Current assets</b>					
Debtors	7	35,755		41,128	
Cash at bank and in hand		2,867,038		-	
		2,902,793		41,128	
<b>Creditors: amounts falling due within one year</b>					
	8	(102,469)		(772,128)	
<b>Net current assets/(liabilities)</b>					
			2,800,324		(731,000)
<b>Total assets less current liabilities</b>					
			2,824,414		(731,000)
<b>Reserves</b>					
Other reserves			8,012,900		-
Income and expenditure account			(5,188,486)		(731,000)
<b>Members' funds</b>					
			2,824,414		(731,000)

The directors of the company have elected not to include a copy of the income and expenditure account within the financial statements.

These financial statements have been prepared and delivered in accordance with the provisions applicable to companies subject to the small companies regime.

The financial statements were approved by the board of directors and authorised for issue on 11 September 2019 and are signed on its behalf by:

Brendan Peilow  
**Director**

**Company Registration No. 11001491**

## Banking Competition Remedies Limited

## Statement of changes in equity

For the year ended 30 April 2019

	Other reserves	Income and expenditure	Total
	£	£	£
<b>Balance at 1 May 2017</b>	-	-	-
<b>Period ended 30 April 2018:</b>			
Loss and total comprehensive income for the period	-	(731,000)	(731,000)
<b>Balance at 30 April 2018</b>	-	(731,000)	(731,000)
<b>Year ended 30 April 2019:</b>			
Loss and total comprehensive income for the year	-	(4,457,486)	(4,457,486)
Capital contribution	8,012,900	-	8,012,900
<b>Balance at 30 April 2019</b>	<u>8,012,900</u>	<u>(5,188,486)</u>	<u>2,824,414</u>

**Banking Competition Remedies Limited****Notes to the financial statements****For the year ended 30 April 2019****1 Accounting policies****Company information**

Banking Competition Remedies Limited is a private company limited by guarantee incorporated in England and Wales. The registered office is 4th Floor Thomas House, 84 Ecclestone Square, London, SW1V 1PX.

**1.1 Accounting convention**

These financial statements have been prepared in accordance with FRS 102 “The Financial Reporting Standard applicable in the UK and Republic of Ireland” (“FRS 102”) and the requirements of the Companies Act 2006.

The financial statements are prepared in sterling, which is the functional currency of the company. Monetary amounts in these financial statements are rounded to the nearest £1.

The financial statements have been prepared under the historical cost convention. The principal accounting policies adopted are set out below.

**1.2 Going concern**

At the time of approving the financial statements, the directors have a reasonable expectation that the company has adequate resources and support to continue in operational existence for the foreseeable future. Thus the directors continue to adopt the going concern basis of accounting in preparing the financial statements.

**1.3 Income and expenditure**

Cash received to cover the costs incurred in fulfilling its principal activity are recognised directly in equity as the entity performs no act in exchange for such receipts and there is no obligation for repayment.

Interest earned on any cash balances is recognised as income in the period to which it relates.

Expenses include VAT where applicable as the company is not VAT registered and therefore cannot reclaim it.

**1.4 Tangible fixed assets**

Tangible fixed assets are initially measured at cost and subsequently measured at cost or valuation, net of depreciation and any impairment losses.

Depreciation is recognised so as to write off the cost or valuation of assets less their residual values over their useful lives on the following bases:

Fixtures and fittings	33% straight line
Computers	33% straight line

The gain or loss arising on the disposal of an asset is determined as the difference between the sale proceeds and the carrying value of the asset, and is credited or charged to surplus or deficit.

**Banking Competition Remedies Limited****Notes to the financial statements (continued)**

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**1 Accounting policies (continued)****1.5 Impairment of fixed assets**

At each reporting period end date, the company reviews the carrying amounts of its tangible assets to determine whether there is any indication that those assets have suffered an impairment loss. If any such indication exists, the recoverable amount of the asset is estimated in order to determine the extent of the impairment loss (if any). Where it is not possible to estimate the recoverable amount of an individual asset, the company estimates the recoverable amount of the cash-generating unit to which the asset belongs.

Recoverable amount is the higher of fair value less costs to sell and value in use. In assessing value in use, the estimated future cash flows are discounted to their present value using a pre-tax discount rate that reflects current market assessments of the time value of money and the risks specific to the asset for which the estimates of future cash flows have not been adjusted.

If the recoverable amount of an asset (or cash-generating unit) is estimated to be less than its carrying amount, the carrying amount of the asset (or cash-generating unit) is reduced to its recoverable amount. An impairment loss is recognised immediately in surplus or deficit, unless the relevant asset is carried at a revalued amount, in which case the impairment loss is treated as a revaluation decrease.

Recognised impairment losses are reversed if, and only if, the reasons for the impairment loss have ceased to apply. Where an impairment loss subsequently reverses, the carrying amount of the asset (or cash-generating unit) is increased to the revised estimate of its recoverable amount, but so that the increased carrying amount does not exceed the carrying amount that would have been determined had no impairment loss been recognised for the asset (or cash-generating unit) in prior years. A reversal of an impairment loss is recognised immediately in surplus or deficit, unless the relevant asset is carried at a revalued amount, in which case the reversal of the impairment loss is treated as a revaluation increase.

**1.6 Financial instruments**

The company has elected to apply the provisions of Section 11 'Basic Financial Instruments' and Section 12 'Other Financial Instruments Issues' of FRS 102 to all of its financial instruments.

Financial instruments are recognised in the company's statement of financial position when the company becomes party to the contractual provisions of the instrument.

Financial assets and liabilities are offset, with the net amounts presented in the financial statements, when there is a legally enforceable right to set off the recognised amounts and there is an intention to settle on a net basis or to realise the asset and settle the liability simultaneously.

***Basic financial assets***

Basic financial assets are initially measured at transaction price including transaction costs and are subsequently carried at amortised cost using the effective interest method unless the arrangement constitutes a financing transaction, where the transaction is measured at the present value of the future receipts discounted at a market rate of interest. Financial assets classified as receivable within one year are not amortised.

**Banking Competition Remedies Limited****Notes to the financial statements (continued)****For the year ended 30 April 2019****1 Accounting policies (continued)*****Impairment of financial assets***

Financial assets are assessed for indicators of impairment at each reporting end date.

Financial assets are impaired where there is objective evidence that, as a result of one or more events that occurred after the initial recognition of the financial asset, the estimated future cash flows have been affected. If an asset is impaired, the impairment loss is the difference between the carrying amount and the present value of the estimated cash flows discounted at the asset's original effective interest rate. The impairment loss is recognised in surplus or deficit.

***Classification of financial liabilities***

Financial liabilities and equity instruments are classified according to the substance of the contractual arrangements entered into. An equity instrument is any contract that evidences a residual interest in the assets of the company after deducting all of its liabilities.

***Basic financial liabilities***

Basic financial liabilities are initially recognised at transaction price unless the arrangement constitutes a financing transaction, where the debt instrument is measured at the present value of the future payments discounted at a market rate of interest. Financial liabilities classified as payable within one year are not amortised.

**1.7 Taxation**

The company is exempt from claiming trading losses on the basis that it is a company not carrying on a business for the purposes of making a profit. Tax is payable on any interest income received.

**1.8 Employee benefits**

The costs of short-term employee benefits are recognised as a liability and an expense, unless those costs are required to be recognised as part of the cost of stock or fixed assets.

The cost of any unused holiday entitlement is recognised in the period in which the employee's services are received.

**1.9 Retirement benefits**

Payments to defined contribution retirement benefit schemes are charged as an expense as they fall due.

**1.10 Leases**

Rentals payable under operating leases, including any lease incentives received, are charged to profit or loss on a straight line basis over the term of the relevant lease except where another more systematic basis is more representative of the time pattern in which economic benefits from the leases asset are consumed.

**Banking Competition Remedies Limited**

**Notes to the financial statements (continued)**

**For the year ended 30 April 2019**

**2 Critical accounting judgements and key sources of estimation uncertainty**

In the application of the company's accounting policies, the directors are required to make judgements, estimates and assumptions about the carrying amount of assets and liabilities that are not readily apparent from other sources. The estimates and associated assumptions are based on historical experience and other factors that are considered to be relevant. Actual results may differ from these estimates.

The estimates and underlying assumptions are reviewed on an ongoing basis. Revisions to accounting estimates are recognised in the period in which the estimate is revised where the revision affects only that period, or in the period of the revision and future periods where the revision affects both current and future periods.

**3 Employees**

The average monthly number of persons (including directors) employed by the company during the year was:

	<b>2019</b>	<b>2018</b>
	<b>Number</b>	<b>Number</b>
Administration	9	2

**4 Directors' remuneration**

	<b>2019</b>	<b>2018</b>
	<b>£</b>	<b>£</b>
Remuneration for qualifying services	350,467	36,040

Remuneration disclosed above include the following amounts paid to the highest paid director:

	<b>2019</b>	<b>2018</b>
	<b>£</b>	<b>£</b>
Remuneration for qualifying services	129,744	20,400

## Banking Competition Remedies Limited

## Notes to the financial statements (continued)

For the year ended 30 April 2019

5	Tangible fixed assets	Fixtures and fittings £	Computers £	Total £
	<b>Cost</b>			
	At 1 May 2018 and 30 April 2019	906	33,825	34,731
	<b>Depreciation and impairment</b>			
	At 1 May 2018	-	-	-
	Depreciation charged in the year	6	10,635	10,641
	At 30 April 2019	6	10,635	10,641
	<b>Carrying amount</b>			
	At 30 April 2019	900	23,190	24,090
	At 30 April 2018	-	-	-
	<b>6 Financial instruments</b>		<b>2019</b>	<b>2018</b>
			£	£
	<b>Carrying amount of financial assets</b>			
	Debt instruments measured at amortised cost		5,500	35,072
	<b>Carrying amount of financial liabilities</b>			
	Measured at amortised cost		67,636	772,128
	<b>7 Debtors</b>		<b>2019</b>	<b>2018</b>
	<b>Amounts falling due within one year:</b>		£	£
	Other debtors		5,500	35,072
	Prepayments and accrued income		30,255	6,056
			35,755	41,128

## Banking Competition Remedies Limited

## Notes to the financial statements (continued)

For the year ended 30 April 2019

<b>8 Creditors: amounts falling due within one year</b>	<b>2019</b>	<b>2018</b>
	<b>£</b>	<b>£</b>
Credit card	250	-
Trade creditors	46,358	257,689
Corporation tax	1,548	-
Other taxation and social security	33,285	-
Other creditors	-	35,072
Accruals and deferred income	21,028	479,367
	<u>102,469</u>	<u>772,128</u>

**9 Members' liability**

The company is limited by guarantee, not having a share capital and consequently the liability of members is limited, subject to an undertaking by each member to contribute to the net assets or liabilities of the company on winding up such amounts as may be required not exceeding £1.

**Banking Competition Remedies Limited****Notes to the financial statements (continued)****For the year ended 30 April 2019****10 Audit report information**

As the income statement has been omitted from the filing copy of the financial statements, the following information in relation to the audit report on the statutory financial statements is provided in accordance with s444(5B) of the Companies Act 2006:

The auditor's report was unqualified.

The senior statutory auditor was Neil Davies.

The auditor was Saffery Champness LLP.

**11 Operating lease commitments****Lessee**

At the reporting end date the company had outstanding commitments for future minimum lease payments under non-cancellable operating leases, which fall due as follows:

	<b>2019</b>	<b>2018</b>
	<b>£</b>	<b>£</b>
Within one year	164,445	231,475
Between two and five years	77,512	170,035
	<u>241,957</u>	<u>401,510</u>

Alternative Remedies Package Trust

Unaudited financial statements  
for the period from 25 April 2018 to 5 April 2019

**The Alternative Remedies Package Trust****Trust summary**

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<b>Date of settlement</b>	25 April 2018
<b>Settlor</b>	Royal Bank of Scotland Plc
<b>Trustee</b>	Banking Competition Remedies Limited
<b>Funds</b>	Capability and Innovation Fund Incentivised Switching Fund
<b>Beneficiaries</b>	Companies meeting the eligibility criteria as defined in the Trust Deed.
<b>Main Terms</b>	The trustee shall hold the amounts in relation to each respective fund on trust for such of the respective pools of beneficiaries in such amounts and such times as they shall determine taking into account the relevant fund rules and agreements.
<b>Accountants</b>	Saffery Champness LLP St Catherine's Court Berkeley Place Clifton Bristol BS8 1BQ

The above summary is intended as an aide-memoire and reference should be made to the Trust Deed before making decisions.

**The Alternative Remedies Package Trust**

**Approval of the financial statements**

In accordance with the engagement letter dated 22 January 2019, we approve the financial statements for the year set out on pages 5 to 9. We acknowledge our responsibility for the financial statements and for providing Saffery Champness LLP with all information and explanations necessary for their compilation.

Brendan Peilow  
On behalf of the Trustee

Date: 11 September 2019

## The Alternative Remedies Package Trust

### Report to the Trustee of The Alternative Remedies Package Trust

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We have performed the procedures agreed with you upon the 5 April 2019 trust financial statements in accordance with our engagement letter dated 19 June 2019.

Our engagement was undertaken in accordance with the International Standard on Related Services 4400 (ISRS 4400) applicable to agreed-upon procedures engagements. The procedures were performed solely to verify that the completeness, existence, accuracy, ownership and valuation of the balances and transactions, as reported in the 5 April 2019 financial statements, are not materially misstated.

- 1) Substantive audit tests on a sample of receipts from RBS for completeness, existence, accuracy, ownership and valuation;
- 2) Cut off testing of post balance sheet receipts from RBS for completeness and accuracy;
- 3) Substantive audit tests on a sample of accrued income for completeness, existence, accuracy, ownership and valuation;
- 4) Review bank reconciliations and vouch to bank statements for existence and accuracy;
- 5) Review of significant cash book journals in March and April for completeness of bank accounts;
- 6) Cut off testing of payments and expenses;
- 7) Review of post balance sheet invoices and payments to confirm completeness of accruals and other creditors;
- 8) Test of controls over payments;

We report our findings below:

We obtained sufficient reliable and relevant evidence to verify that that the completeness, existence, accuracy, ownership and valuation of the balances and transactions in the trust's financial statements are not materially misstated.

Because the above procedures do not constitute either an audit in accordance with International Standards on Auditing or International Standards on Review Engagements, we do not express an audit opinion on the 5 April 2019 trust financial statements.

Had we performed additional procedures or had we performed an audit or review of the financial statements in accordance with International Standards on Auditing or International Standards on Review Engagements, other matters might have come to our attention that would have been reported to you.

**The Alternative Remedies Package Trust**

Our report is solely for the purpose set forth in our engagement letter, is for your information and is not to be used for any other purpose or to be distributed to any other parties. This report relates only to the 5 April 2019 trust financial statements.

**Saffery Champness LLP**                      18 September 2019

**Chartered Accountants**                      St Catherine's Court  
Berkeley Place  
Clifton  
Bristol  
BS8 1BQ

**Alternative Remedies Package Trust**  
**Balance sheet**  
**As at 5 April 2019**

	Note	2019 £
<b>Capital Fund</b>		
Cash at bank and in hand	5	419,999,998
Creditors	7	(1,265,061)
		<hr/>
<b>Net capital assets</b>		<u><u>418,734,937</u></u>
<b>Represented by</b>		
Capital account (page 6)		<u><u>418,734,937</u></u>
 <b>Income Fund</b>		
Cash at bank and in hand	5	4,317,447
Debtors	6	89,799
Creditors	7	(1,983,017)
		<hr/>
<b>Net income assets</b>		<u><u>2,424,229</u></u>
<b>Represented by</b>		
Unallocated income account (page 7)		<u><u>2,424,229</u></u>

**The Alternative Remedies Package Trust**  
**Capital account**  
**For the period from 25 April 2018 to 5 April 2019**

		<b>Period from 25 April 2018 to 5 April 2019</b>
	<b>£</b>	<b>£</b>
Capital introduced		700,000,000
<b>Expenses</b>		
General expenses		(3)
<b>Taxation</b>		
Inheritance tax		(1,265,060)
<b>Capital distributions</b>		
Metro Bank	120,000,000	
Starling Bank	100,000,000	
ClearBank	<u>60,000,000</u>	
		<u>(280,000,000)</u>
<b>Balance at 5 April 2019 (page 5)</b>		<u><u>418,734,937</u></u>

**The Alternative Remedies Package Trust**  
**Accumulated income account**  
**For the period from 25 April 2018 to 5 April 2019**

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	<b>Period from 25 April 2018 to 5 April 2019 £</b>
Net income for the period (page 8)	<u>2,424,229</u>
<b>Balance at 5 April 2019 (page 5)</b>	<u><u>2,424,229</u></u>

**The Alternative Remedies Package Trust**  
**Income and expenditure account**  
**For the period from 25 April 2018 to 5 April 2019**

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	<b>Period from 25 April 2018 to 5 April 2019 £</b>
<b>Interest</b>	
Bank of England interest	4,407,290
<b>Expenses</b>	
Bank charges	(44)
<b>Taxation</b>	
Income tax	<u>(1,983,017)</u>
<b>Net income for the period (page 7)</b>	<u><u>2,424,229</u></u>

**The Alternative Remedies Package Trust**  
**Notes to the financial statements**  
**For the period from 25 April 2018 to 5 April 2019**

**1 Accounting policies**

These financial statements have been prepared on an accruals basis, and incorporate provisions for all known current liabilities. Contingent gains or losses are not recognised or accrued.

Investment income is shown gross of tax, except where otherwise stated.

**2 Income tax**

A provision has been made in the financial statements for all income tax payable by the Trustee.

**3 Capital gains tax**

No sales of investments were made during the year and therefore there is no capital gains tax payable.

**4 Inheritance tax**

A provision has been made in the financial statements for the inheritance tax payable by the Trustee in respect of the capital distributions made during the period.

**5 Cash at bank and in hand**

	<b>Income</b>	<b>Capital</b>	<b>2019</b>
	<b>£</b>	<b>£</b>	<b>Total</b>
			<b>£</b>
Bank of England – Capital Account	-	419,999,998	419,999,998
Bank of England – Income Account	4,317,447	-	4,317,447
	<u>4,317,447</u>	<u>419,999,998</u>	<u>424,317,445</u>

**6 Debtors**

	<b>Income</b>	<b>Capital</b>	<b>2019</b>
	<b>£</b>	<b>£</b>	<b>Total</b>
			<b>£</b>
Bank of England interest	89,799	-	89,799
	<u>89,799</u>	<u>-</u>	<u>89,799</u>

**7 Creditors**

	<b>Income</b>	<b>Capital</b>	<b>2019</b>
	<b>£</b>	<b>£</b>	<b>Total</b>
			<b>£</b>
Due to Settlor	-	1	1
Inheritance tax	-	1,265,060	1,265,060
Income tax	1,983,017	-	1,983,017
	<u>1,983,017</u>	<u>1,265,061</u>	<u>3,248,078</u>