

Company Registered No: 02392350

PATALEX II PRODUCTIONS LIMITED

ANNUAL REPORT AND FINANCIAL STATEMENTS

For the 15 months ended 31 December 2018



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OFFICERS AND PROFESSIONAL ADVISERS

DIRECTORS: S C Lowe
K D Pereira

COMPANY SECRETARY: NatWest Markets Secretarial Services Limited

REGISTERED OFFICE: 250 Bishopsgate
London
EC2M 4AA
England

INDEPENDENT AUDITOR: Ernst & Young LLP
Statutory Auditors
The Paragon
Counterslip
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BS1 6BX

Registered in England and Wales

DIRECTORS' REPORT

The directors of Patalex II Productions Limited ("the Company") present their annual report together with the audited financial statements for the 15 months ended 31 December 2018.

CHANGE OF REGISTERED OFFICE

On 12 April 2019, the Registered Office of the Company changed from The Quadrangle, The Promenade, Cheltenham, GL50 1PX to 250, Bishopsgate, London, EC2M 4AA, England.

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

Prior to disposal of lease, the principal activity of the Company was to carry on the business of developing, making, producing, distributing, exhibiting (by any means now or hereafter becoming known) and otherwise exploiting cinematography films and video and sound recordings; manufacturing, buying, selling and otherwise dealing with cinematograph films, video recording and any material on which video or sound recording can be made and all types of equipment capable of being used in connection with the manufacture or processing of cinematograph films or such materials for the production, exhibition or playing cinematograph films or video or sound recordings.

Review of the year**Business review**

The directors are satisfied with the Company's performance for the period.

In order to simplify intra – group deposits, borrowings and cash-flow the rentals on the finance leases were accelerated on 15 November 2017 resulting in full settlement of the outstanding lease and repayment of the associated borrowings. Following this event, the leases remained on the balance sheet but at nil value and no further rentals were expected.

In December 2018, the Company disposed of its leases resulting in it ceasing to trade. Therefore, the company has changed the financial year end from 30 September to 31 December. Accordingly, the current financial statements are prepared for 15 months from 1 October 2017 to 31 December 2018. As a result, the figures in the income statement, statement of comprehensive income, statement of changes in equity and related notes are not comparable.

Financial performance

The retained loss for the period was £97,000 (2017: profit of £25,000) and this was transferred to reserves. No interim dividend (2017: £980,000) was paid during the period.

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 Group Asset and Liability Management Committee (Group ALCO).

The Company has placed cash deposit with Lombard Corporate Finance (11) Ltd. These are denominated in Sterling which is the functional currency and carry no significant financial risk.

The Company's assets mainly comprise finance lease receivables and loans receivable which would expose it to interest, credit, liquidity and operational risk except that the counterparties are group companies and credit risk is not considered significant.

DIRECTORS' REPORT**Principal risks and uncertainties (continued)**

The principal risks associated with the Company are as follows:

Interest rate risk

Structural interest rate risk arises where assets and liabilities have different repricing 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.

Credit risk

Credit risk is the risk that companies, financial institutions, individuals and other counterparties will be unable to meet their obligations to the Company.

All material loans receivable are with group companies. Although credit risk arises this is not considered to be significant and no amounts are past due.

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.

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.

Outlook of the entity

The Company ceased to trade during the year and it's the intention of the Directors to liquidate the entity within the next 12 months of these financial statements being approved. As required by IAS 1 Presentation of Financial Statements, the financial statements have been prepared on a basis other than that of going concern. No material adjustments to the valuation of the assets at recoverable amount and liabilities at settlement value arose as a result of ceasing to apply the going concern basis. Any cost of liquidation will be borne by the Natwest Market plc.

DIRECTORS AND SECRETARY

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

From 1 October 2017 to date the following changes have taken place:

| Directors | Appointed | Resigned |
|------------------|------------------|-----------------|
| D G Harris | - | 8 January 2019 |
| E Mayes | - | 6 March 2018 |
| S J Roulston | - | 8 January 2019 |
| I A Ellis | 6 March 2018 | 8 January 2019 |
| S P Nixon | 8 January 2019 | 26 April 2019 |
| S C Lowe | 26 April 2019 | - |
| K D Pereira | 8 January 2019 | - |

Secretary

| | | |
|--|-----------------|-----------------|
| RBS Secretarial Services Limited | - | 29 January 2019 |
| NatWest Markets Secretarial Services Limited | 29 January 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 period. 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 period 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(a), 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 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:



K D Pereira
Director

Date: 24 September 2019

INDEPENDENT AUDITOR'S REPORT TO THE MEMBERS OF PATALEX II PRODUCTIONS LIMITED

Opinion

We have audited the financial statements of Patalex II Productions Limited ('the Company') for the 15 months ended 31 December 2018 which comprise the Statement of Comprehensive Income, the Balance Sheet, the Statement of Changes in Equity and the related notes 1 to 15, 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 2018 and of its loss for the 15 months period then ended;
- have been properly prepared in accordance with United Kingdom Generally Accepted Accounting Practice; and
- have been prepared in accordance with the requirements of the Companies Act 2006.

Basis for opinion

We conducted our audit in accordance with International Standards on Auditing (UK) (ISAs (UK)) and applicable law. Our responsibilities under those standards are further described in the Auditor's responsibilities for the audit of the financial statements section of our report below. We are independent of the Company in accordance with the ethical requirements that are relevant to our audit of the financial statements in the UK, including the 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 - financial statements prepared on a basis other than going concern

We draw attention to note 1a to the financial statements which explains that the Directors intend to liquidate the Company and therefore do not consider it to be appropriate to adopt the going concern basis of accounting in preparing the financial statements. Accordingly, the financial statements have been prepared on a basis other than going concern as described in note 1a. Our opinion is not modified in respect of this matter.

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 period of 15 months 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.

INDEPENDENT AUDITOR'S REPORT TO THE MEMBERS OF PATALEX II PRODUCTIONS LIMITED

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; or
- the directors were not entitled to take advantage of the small companies' exemption in preparing the directors' report and from the requirements 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.

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.



Robin Enstone (Senior Statutory Auditor)
for and on behalf of Ernst & Young LLP, Statutory Auditor
Bristol, United Kingdom
Date: **24** September 2019

STATEMENT OF COMPREHENSIVE INCOME
for the 15 months ended 31 December 2018

| | | For 15 months ended 31 December 2018 | For 12 months ended 30 September |
|--|--------------|---|---|
| | Notes | £'000 | £'000 |
| Income from continuing operations | | | |
| Turnover | 3 | 56 | 345 |
| Operating expenses | 4 | (22) | (19) |
| Operating profit | | 34 | 326 |
| Finance income | 5 | 9 | 1 |
| Finance costs | 6 | (163) | (255) |
| (Loss)/Profit on ordinary activities before tax | | (120) | 72 |
| Tax credit/(charge) | 7 | 23 | (47) |
| (Loss)/Profit and total comprehensive (loss)/ income for the period | | (97) | 25 |

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

BALANCE SHEET

as at 31 December 2018

| | Notes | 31-Dec-18 £'000 | 30-Sep-17 £'000 |
|---|-------|--------------------|--------------------|
| Non-current assets | | | |
| Finance lease receivables | 9 | - | 3,203 |
| Current assets | | | |
| Finance lease receivables | 9 | - | 3,168 |
| Loans receivable | 10 | 937 | 1,926 |
| Prepayments, accrued income and other assets | 11 | 2 | - |
| Cash at bank | | 10 | - |
| | | 949 | 5,094 |
| Total assets | | 949 | 8,297 |
| Current liabilities | | | |
| Borrowings | 12 | - | 4,014 |
| Current tax liabilities | | - | 392 |
| Accruals, deferred income and other liabilities | 13 | 43 | 29 |
| | | 43 | 4,435 |
| Non-current liabilities | | | |
| Borrowings | 12 | - | 1,084 |
| Deferred tax liability | 7 | - | 1,775 |
| | | - | 2,859 |
| Total liabilities | | 43 | 7,294 |
| Equity | | | |
| Called up share capital | 14 | - | - |
| Profit and loss account | | 906 | 1,003 |
| Total equity | | 906 | 1,003 |
| Total liabilities and equity | | 949 | 8,297 |

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

The financial statements were approved by the Board of Directors on 24 September 2019 and signed on its behalf by:



K D Pereira
Director

STATEMENT OF CHANGES IN EQUITY
for the 15 months ended 31 December 2018

| | Share capital £'000 | Profit and loss account £'000 | Total £'000 |
|-----------------------------|------------------------|-------------------------------------|----------------|
| At 1 October 2016 | - | 1,958 | 1,958 |
| Profit for the year | - | 25 | 25 |
| Dividends paid | - | (980) | (980) |
| At 30 September 2017 | - | 1,003 | 1,003 |
| Loss for the year | - | (97) | (97) |
| At 31 December 2018 | - | 906 | 906 |

Total comprehensive loss for the 15 months period of £97,000 (2017: Profit of £25,000) was wholly attributable to the owners 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 an other than a going concern basis; The financial statements have been prepared on this basis because the directors intend to liquidate the Company within 12 months from the date of approval of the financial statements. Under this basis assets are recorded at their recoverable value and liabilities are recorded at their expected settlement value; and
- 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 Standard Board (IASB) and interpretations issued by the International Financial Reporting Interpretations Committee of the IASB as adopted by the EU (together IFRS).

The Company has early adopted all of the amendments to FRS 101 as a result of the Triennial review 2017 amendments with effect from 1 January 2018. As a result, the Company will no longer fall under the definition of Financial Institutions and therefore have obtained disclosure exemptions of IFRS 7 and IFRS 13 as mentioned below.

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 a private limited company limited by shares which is incorporated in the UK and registered in England and Wales and the financial statements are presented:

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

Where required, equivalent disclosures are given in the group accounts of The Royal Bank of Scotland Group plc, these accounts are available to the public and can be obtained as set out in note 15.

The intention of the Board of Directors is to liquidate the Company within the next 12 months. International Accounting Standard (IAS) 1 "Presentation of Financial Statements" requires the financial statements in such circumstances to be prepared on a basis other than going concern. The Directors do not consider that this has affected the recognition and measurement of the assets at recoverable amount and liabilities at settlement value of the Company. Any cost of the liquidation will be borne by parent company i.e. Natwest Market plc.

There were no changes to IFRS that were effective from 1 October 2017 that have had an effect on the Company's financial statements for the 15 months ended 31 December 2018.

The financial year end of the company was changed from 30 September to 31 December. Accordingly, the current financial statements are prepared for 15 months from 1 October 2017 to 31 December 2018. As a result the comparative figures in the income statement, statement of comprehensive income, statement of changes in equity and related notes are not comparable.

b) Revenue recognition

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

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

NOTES TO THE FINANCIAL STATEMENTS**1. Accounting policies (continued)**

Fees in respect of services are recognised as the right to consideration accrues through the performance of each distinct service obligation to the customer. The arrangements are generally contractual and the cost of providing service is incurred as each service is performed. The price is usually fixed & always determinable.

Interest income or expense on financial instruments that are measured at amortised cost and fair value through other comprehensive income is determined using the effective interest rate 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 instruments' initial carrying amount. Calculation of the effective interest rate takes into account fees payable or receivable that are an integral part of the instruments' 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.

c) Taxation

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

Current tax is income tax payable or recoverable in respect of the taxable profit or loss for the period 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.

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 instruments

On initial recognition, financial assets are classified into loans and receivables.

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 (see accounting policy 1(b)) less any impairment losses.

NOTES TO THE FINANCIAL STATEMENTS

1. Accounting policies (continued)

f) Impairment of financial assets

The Company assesses at each balance sheet date whether there is any objective evidence that a financial asset or group of financial assets classified as loans and receivables is impaired. A financial asset or portfolio of financial assets is impaired and an impairment loss incurred if there is objective evidence that an event or events since initial recognition of the asset have adversely affected the amount or timing of future cash flows from the asset.

g) Financial liabilities

On initial recognition financial liabilities are classified as amortised cost.

h) 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. 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.

Leased assets

Judgement is required in the classification of a lease at inception and after any material amendment to assess whether substantially all the significant risks and rewards of ownership accrue to the lessor or the lessee.

3. Turnover

| | 2018 £'000 | 2017 £'000 |
|-----------------------|---------------|---------------|
| Finance lease income: | | |
| Rents receivable | 9,399 | 2,985 |
| Amortisation | (9,343) | (2,640) |
| | <u>56</u> | <u>345</u> |

The Company did not enter into any new leasing transactions during the period (2017: nil).

4. Operating expenses

| | 2018 £'000 | 2017 £'000 |
|-----------------|---------------|---------------|
| Audit fee | 5 | 5 |
| Management fees | 17 | 14 |
| | <u>22</u> | <u>19</u> |

Management fees include the costs of staff and directors borne by other member of the group, none of which can be apportioned meaningfully in respect of services to the Company.

NOTES TO THE FINANCIAL STATEMENTS

5. Finance income

| | 2018 £'000 | 2017 £'000 |
|--|---------------|---------------|
| On loans receivable from group companies | 9 | 1 |

6. Finance costs

| | 2018 £'000 | 2017 £'000 |
|--|---------------|---------------|
| Interest on loans from group companies | 18 | 255 |
| Break costs | 145 | - |
| | 163 | 255 |

Break costs represent the charge made by funding provider to early settle borrowings for leases included in the acceleration of cash flows under Project Hanger.

7. Tax

| | 2018 £'000 | 2017 £'000 |
|--|---------------|---------------|
| Current tax: | | |
| UK corporation tax charge for the period | 1,752 | 529 |
| Deferred tax: | | |
| Credit for the period | (1,775) | (482) |
| Tax (credit)/charge for the period | (23) | 47 |

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

The actual tax charge/(credit) differs from the expected tax charge/ (credit) computed by applying the blended rate of UK corporation tax of 19% (2017: 19.5%) as follows:

| | 2018 £'000 | 2017 £'000 |
|---|---------------|---------------|
| Expected tax (credit)/ charge | (23) | 14 |
| Increase in deferred tax liability following change in rate of UK corporation tax | - | 33 |
| Actual tax (credit)/charge for the period | (23) | 47 |

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 19% from 1 April 2017 and 17% from 1 April 2020. The closing deferred tax assets and liabilities have been calculated taking into account that existing temporary differences may unwind in periods subject to the reduced rates.

Deferred tax

Deferred tax liability comprises:

| | Capital allowances £'000 | Other £'000 | Total £'000 |
|-----------------------------|--------------------------------|----------------|----------------|
| At 1 October 2016 | 2,251 | 6 | 2,257 |
| Credit to income statement | (479) | (3) | (482) |
| At 30 September 2017 | 1,772 | 3 | 1,775 |
| Credit to income statement | (1,772) | (3) | (1,775) |
| At 31 December 2018 | - | - | - |

NOTES TO THE FINANCIAL STATEMENTS

8. Ordinary dividends

| | 2018 £'000 | 2017 £'000 |
|-----------------------|---------------|---------------|
| Interim dividend paid | - | 980 |

9. Finance lease receivables

| | Within 1 year £'000 | Between 1 and 5 years £'000 | Total £'000 |
|-------------------------------|---------------------------|--------------------------------------|----------------|
| 2018 | | | |
| Future minimum lease payments | - | - | - |
| Unearned finance income | - | - | - |
| Carrying value | - | - | - |
| 2017 | | | |
| Future minimum lease payments | 3,283 | 3,447 | 6,730 |
| Unearned finance income | (115) | (244) | (359) |
| Carrying value | 3,168 | 3,203 | 6,371 |
| | | 2018 £'000 | 2017 £'000 |
| Due within one year | | - | 3,168 |
| Due after more than one year | | - | 3,203 |
| | | - | 6,371 |

The Company has entered into finance leasing arrangements for a large film deal. The term of the lease entered into is nil (2017: 17 years).

Unguaranteed residual values are estimated at nil (2017: nil).

The average effective interest rate in relation to finance lease agreements approximates nil (2017: 3.8%).

10. Loans receivable

| | 2018 £'000 | 2017 £'000 |
|-------------------------------------|---------------|---------------|
| Due within one year | | |
| Amounts owed by fellow subsidiaries | 937 | 1,926 |

11. Prepayments, accrued income and other assets

| | 2018 £'000 | 2017 £'000 |
|--|---------------|---------------|
| Group relief receivable from fellow subsidiaries | 2 | - |

NOTES TO THE FINANCIAL STATEMENTS

12. Borrowings

| | 2018 £'000 | 2017 £'000 |
|--|---------------|---------------|
| Overdrafts from NatWest Markest plc | - | 1,728 |
| Loans from fellow subsidiaries | - | 3,370 |
| | - | 5,098 |
| Current – on demand or within one year | - | 4,014 |
| Non-current: | | |
| - between one and two years | - | 1,084 |
| | - | 1,084 |

13. Accruals, deferred income and other liabilities

| | 2018 £'000 | 2017 £'000 |
|----------|---------------|---------------|
| Accruals | 43 | 29 |

14. Share capital

| | 2018 £ | 2017 £ |
|-------------------------------------|-----------|-----------|
| Authorised: | | |
| 1000 ordinary shares of £1 each | 1,000 | 1,000 |
| Allotted, called up and fully paid: | | |
| Equity shares | | |
| 2 ordinary shares of £1 each | 2 | 2 |

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

NOTES TO THE FINANCIAL STATEMENTS

15. 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

At 31 December 2018

| | |
|--|--------------------------------------|
| The Company's immediate parent was: | P of A Productions Limited |
| The smallest consolidated accounts including the company were prepared at 31 December 2018 by: | NatWest Markets plc |
| The ultimate parent company was: | The Royal Bank of Scotland Group plc |

On 29 April 2018 The Royal Bank of Scotland plc changed its name to NatWest Markets Plc.

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