

Company Registered No: SC263619

**PROPERTY VENTURE PARTNERS LIMITED
ANNUAL REPORT AND FINANCIAL STATEMENTS**

For the year ended 31 December 2017



**COMPANIES HOUSE
EDINBURGH**

18 SEP 2018

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PROPERTY VENTURE PARTNERS LIMITED

SC263619

OFFICERS AND PROFESSIONAL ADVISERS

DIRECTORS:

P D Eyre
D A Middleton

COMPANY SECRETARY:

RBS Secretarial Services Limited

REGISTERED OFFICE:

24/25 St Andrew Square
Edinburgh
Scotland
EH2 1AF

INDEPENDENT AUDITOR:

Ernst & Young LLP
25 Churchill Place
Canary Wharf
London
E14 5EY

Registered in Scotland

DIRECTORS' REPORT

The directors of Property Venture Partners Limited ("the Company") present their annual report together with the audited financial statements for the year ended 31 December 2017.

ACTIVITIES AND BUSINESS REVIEW

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

Principal activity

The principal activity of the Company continues to be that of an investment holding company.

Business review

The directors are satisfied with the Company's performance in the year. The Company will be guided further by its shareholders.

FINANCIAL PERFORMANCE

The Company's financial performance is presented on pages 7 to 9.

The operating loss before taxation for the year was £19,579 (2016: profit of £898,934). The retained loss for the year was £15,810 (2016: profit of £880,038).

At the end of the year total assets were £1,245,946 (2016: £1,280,377).

Dividends

An interim dividend of £nil was paid during the year (2016: £1,000,000).

PRINCIPAL RISKS AND UNCERTAINTIES

The Company seeks to minimise its exposure to financial risks.

Management focuses on both the overall balance sheet structure and the control, within prudent limits, of risk arising from mismatches, including currency, maturity, interest rate and liquidity. It is undertaken within limits and other policy parameters set by the RBS Asset and Liability Management Committee (RBS ALCO).

The major risks associated with the Company's business are liquidity, credit and interest rate risks. The Company has no material liquidity risk as it has access to group funding. The Company's exposure to credit risk is not considered to be significant as all balances are with group companies; similarly there is no significant interest rate risk as interest arises on amounts due to group undertakings.

GOING CONCERN

The directors, having a reasonable expectation that the Company has adequate resources to continue in operational existence for the foreseeable future, have prepared the financial statements on a going concern basis.

DIRECTORS AND SECRETARY

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

From 1 January 2017 to date there have been no changes to the directors and secretary of the Company.

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 FRS 101 has been followed; and
- make an assessment of the Company's ability to continue as a going concern.

The directors are responsible for keeping adequate accounting records that are sufficient to show and explain the Company's transactions and disclose with reasonable accuracy at any time the financial position of the Company and to enable them to ensure that the 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:



R Eyle
Director
Date: 6th July 2018

INDEPENDENT AUDITOR'S REPORT TO THE MEMBERS OF PROPERTY VENTURE PARTNERS LIMITED

Opinion

We have audited the financial statements of Property Venture Partners Limited ("the Company") for the year ended 31 December 2017 which comprise the Profit and Loss Account, 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 2017 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 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 the provisions available for small entities, and we have fulfilled our other ethical responsibilities in accordance with these requirements.

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

Conclusions relating to going concern

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 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 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.

INDEPENDENT AUDITOR'S REPORT TO THE MEMBERS OF PROPERTY VENTURES PARTNERS LIMITED

Opinion on other matter prescribed by the Companies Act 2006

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

- the information given in the directors' report for the financial year for which the financial statements are prepared is consistent with the financial statements; and
- the directors' report have been prepared in accordance with applicable legal requirements.

Matters on which we are required to report by exception

In light of the knowledge and understanding of the Company and its environment obtained in the course of the audit, we have 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 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 on page 3, the directors are responsible for the preparation of the financial statements and for being satisfied that they give a true and fair view, 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 applicable law and International Standards on Auditing 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 PROPERTY VENTURES PARTNERS 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

Helen Joseph (Senior statutory auditor)
for and on behalf of Ernst & Young LLP, Statutory Auditor
London, United Kingdom
6 September 2018

PROFIT AND LOSS ACCOUNT

for the financial year ended 31 December 2017

		2017	2016
	Notes	£	£
Income from continuing operations			
Operating income	3	-	920,348
Operating expenses	4	(19,579)	(21,412)
Operating (loss)/profit		(19,579)	898,936
Interest payable	5	-	(2)
(Loss)/profit on ordinary activities before tax		(19,579)	898,934
Tax credit/(charge)	6	3,769	(18,896)
(Loss)/profit and total comprehensive (loss)/income for the year		(15,810)	880,038

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

The Company had no recognised income or expenses in the financial year or preceding financial year other than those dealt with in the Profit and Loss Account.

BALANCE SHEET
 as at 31 December 2017

	Notes	2017 £	2016 £
Non-current assets			
Investments in joint ventures	7,12	50	50
Other investments	8,12	41	41
		<u>91</u>	<u>91</u>
Current assets			
Amounts due from group undertakings	9,12	4,831	6,100
Current tax assets	12	4,191	-
Cash at bank	12	1,236,833	1,274,186
		<u>1,245,855</u>	<u>1,280,286</u>
Total assets		<u>1,245,946</u>	<u>1,280,377</u>
Current liabilities			
Current tax liabilities	12	-	18,896
Amounts due to group undertakings	10,12	10,000	-
Accruals, deferred income and other liabilities	11,12	-	9,725
		<u>10,000</u>	<u>28,621</u>
Total liabilities		<u>10,000</u>	<u>28,621</u>
Equity			
Called up share capital	13	1	1
Profit and loss account		1,235,945	1,251,755
Total equity		<u>1,235,946</u>	<u>1,251,756</u>
Total liabilities and equity		<u>1,245,946</u>	<u>1,280,377</u>

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 6th July 2018 signed on its behalf by:


 P. Eyre
 Director

STATEMENT OF CHANGES IN EQUITY
for the financial year ended 31 December 2017

	Share capital	Profit and loss account	Total
	£	£	£
At 1 January 2016	1	1,371,717	1,371,718
Profit for the year	-	880,038	880,038
Dividend paid	-	(1,000,000)	(1,000,000)
At 31 December 2016	1	1,251,755	1,251,756
Loss for the year	-	(15,810)	(15,810)
At 31 December 2017	1	1,235,945	1,235,946

Total comprehensive loss for the year of £15,810 (2016: income of £880,038) was wholly attributable to the equity holders of the Company.

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

NOTES TO THE FINANCIAL STATEMENTS

1. Accounting policies

a) Preparation and presentation of financial statements

These financial statements are prepared:

- on a 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 Scotland 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; and
 - related party transactions.

Where required, equivalent disclosures are given in the group accounts of The Royal Bank of Scotland Group plc, these accounts are available to the public and can be obtained as set out in note 13.

The few changes to IFRS that were effective from 1 January 2017 have had no material effect on the Company's Financial Statements for the year ended 31 December 2017.

b) Consolidated financial statements

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

c) Revenue recognition

Interest income on financial assets that are classified as loans and receivables or available-for-sale and interest expense on financial liabilities other than those at fair value through profit or loss are determined using the effective interest method. The effective interest method is a method of calculating the amortised cost of a financial asset or financial liability (or group of financial assets or liabilities) and of allocating the interest income or interest expense over the expected life of the asset or liability. The effective interest rate is the rate that exactly discounts estimated future cash flows to the instrument's initial carrying amount. 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.

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

d) Taxation

Income tax expense or income, comprising current 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.

NOTES TO THE FINANCIAL STATEMENTS

1. Accounting policies (continued)

d) Taxation (continued)

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

e) Investments in group companies

Investments in group subsidiaries and associates are stated at cost less any impairment.

f) Other investments

Investments represent the Company's investments in limited partnerships with the objective of developing or investing in land or property assets.

g) Financial assets

On initial recognition, financial assets are classified into loans and receivables or available for sale financial assets.

Loans and receivables

Non-derivative financial assets with fixed or determinable repayments that are not quoted in an active market are classified as loans and receivables, except those that are classified as available-for-sale. 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(c)) less impairment losses.

Available for sale investments

Financial assets that are not classified as loans and receivables were classified as available-for-sale. Financial assets can be designated as available-for-sale on initial recognition. Available-for-sale financial assets were initially recognised at fair value plus directly related transaction costs. They were subsequently measured at fair value.

Impairment losses and exchange differences resulting from retranslating the amortised cost of foreign currency monetary available-for-sale financial assets were recognised in profit or loss together with interest calculated using the effective interest method (see accounting policy 1(c)). Other changes in the fair value of available-for-sale financial assets and related tax were reported in other comprehensive income until disposal, when the cumulative gain or loss was reclassified from equity to profit or loss.

h) 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 held-to-maturity, available-for-sale or 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.

i) 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".

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.

Investments in joint ventures and limited partnerships

The recoverable amount of an investment in a group company is the higher of its fair value in use and value in use. Reviews of recoverable amounts indicated that an increase in discount rates would not cause any investments to be impaired.

3. Operating Income

	2017 £	2016 £
Dividend Income:		
Land Options East Limited	-	780,000
Other operating income	-	140,348
	-	920,348

In 2016, the other operating income of £140,348 related to contingent consideration for the part disposal of the Company's interest in First Alliance Properties (Fareham Reach No.3) LLP.

4. Operating expenses

	2017 £	2016 £
Professional fees	24,070	-
Management fees (refunds)/charges	(4,831)	7,891
Audit fees	275	13,450
Bank charges	65	71
	19,579	21,412

Management recharge

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

Auditor's remuneration

Audit fees for the year are charged as a group service to NatWest Markets Plc (formerly The Royal Bank of Scotland plc) and reallocated specifically to the Company, being the sum of £5,000 (2016: £8,104).

5. Interest payable

	2017 £	2016 £
Interest payable to NatWest Markets Plc (formerly The Royal Bank of Scotland plc)	-	2

NOTES TO THE FINANCIAL STATEMENTS

6. Tax

	2017 £	2016 £
Current tax:		
UK corporation tax (credit)/charge for the year	(3,768)	23,787
Under provision in respect of prior periods	(1)	(4,891)
Tax (credit)/charge for the period	<u>(3,769)</u>	<u>18,896</u>

The actual tax (credit)/charge differs from the expected tax (credit)/charge computed by applying the blended rate of UK corporation tax of 19.25% (2016: standard tax rate 20%) as follows:

	2017 £	2016 £
Expected tax (credit)/charge	(3,768)	179,787
Non-taxable items	-	(156,000)
Adjustments in respect of prior periods	(1)	(4,891)
Actual tax (credit)/charge for the year	<u>(3,769)</u>	<u>18,896</u>

7. Investments in joint ventures

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

	2017 £	2016 £
At 1 January and 31 December	<u>50</u>	<u>50</u>

The joint venture of the Company is shown below. The capital of the joint venture consist of ordinary shares.

Name of subsidiary	Country of incorporation and operation	Proportion of ownership interest %	Proportion of voting power held %	Principal activity
Land Options (East) Limited ⁽¹⁾	Scotland	50%	50%	Property development

⁽¹⁾ The registered office is 24/25, St Andrew Square, Edinburgh, EH2 1AF.

8. Other investments

Available for sale investments represent investments in companies previously held as joint ventures. Available for sale investments are carried at cost less impairment and not at fair value. Movements during the year were as follows:

	2017 £	2016 £
Investments in limited partnerships at 1 January and 31 December	<u>41</u>	<u>41</u>

NOTES TO THE FINANCIAL STATEMENTS

9. Amounts due from group undertakings

	2017 £	2016 £
KUC Properties Limited	4,831	6,100

10. Amounts due to group undertakings

	2017 £	2016 £
NatWest Markets plc (formerly The Royal Bank of Scotland plc)	10,000	-

11. Accruals, deferred income and other liabilities

	2017 £	2016 £
Audit fee payable	-	9,725

12. Financial instruments

Categories of financial instrument

The following tables analyse the Company's financial assets and liabilities in accordance with the categories of financial instruments in IAS 39 "Financial Instruments, Recognition and Measurement". Assets and liabilities outside the scope of IAS 39 are shown separately.

	Available for sale	Loans and receivables	At amortised cost	Non financial assets/ liabilities	Total
2017	£	£	£	£	£
Assets					
Investment in joint ventures	-	-	50	-	50
Other investments	41	-	-	-	41
Amounts due from group undertakings	-	-	4,831	-	4,831
Current tax asset	-	-	-	4,191	4,191
Cash at bank	-	1,236,833	-	-	1,236,833
	41	1,236,833	4,881	4,191	1,245,946
Liabilities					
Amounts due to group undertakings	-	-	-	10,000	10,000
	-	-	-	10,000	10,000
Equity					1,235,946
Total					1,245,946

NOTES TO THE FINANCIAL STATEMENTS

12. Financial instruments (continued)

2016	Available for sale £	Loans and receivables £	At amortised cost £	Non financial assets/ liabilities £	Total £
Assets					
Investment in joint ventures	-	-	50	-	50
Other investments	41	-	-	-	41
Amount due from group undertakings	-	-	6,100	-	6,100
Cash at bank	-	1,274,186	-	-	1,274,186
	41	1,274,186	6,150	-	1,280,377
Liabilities					
Accruals, deferred income and other liabilities	-	-	-	9,725	9,725
Current tax liability	-	-	-	18,896	18,896
	-	-	-	28,621	28,621
Equity					1,251,756
Total					1,280,377

There are no material differences between the carrying value and fair value of the Company's financial instruments.

13. Share capital

	2017 £	2016 £
Equity shares		
Authorised:		
1000 Ordinary Shares of £1	1,000	1,000
Allotted, called up and fully paid:		
1 Ordinary Shares of £1	1	1

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

14. Related parties

UK Government

The UK Government through HM Treasury is the ultimate controlling party of RBS. 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. The transactions consisted solely of corporation tax.

NOTES TO THE FINANCIAL STATEMENTS

14. Related parties (continued)**Group undertakings**

At 31 December 2017

The Company's immediate parent was:	NatWest Markets Plc
The smallest consolidated accounts including the company were prepared by:	
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 Corporate Governance and Regulatory Affairs, The Royal Bank of Scotland, Gogarburn, PO Box 1000, Edinburgh EH12 1HQ.

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

15. Post balance sheet events

In January 2018, the Company received an interim dividend of £495,000 from Land Options East Limited.