

Company Registered No: 05039001

PATALEX IV PRODUCTIONS LIMITED

ANNUAL REPORT AND FINANCIAL STATEMENTS

For the year ended 30 November 2018



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PATALEX IV PRODUCTIONS LIMITED

05039001

OFFICERS AND PROFESSIONAL ADVISERS

DIRECTORS: K D Pereira
S C Lowe

COMPANY SECRETARY: NatWest Markets Secretarial Services Limited

REGISTERED OFFICE: 250 Bishopsgate
London
England
EC2M 4AA

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

Registered in England and Wales

DIRECTORS' REPORT

The directors of Patalex IV Productions Limited ("the Company") present their annual report together with the audited financial statements for the year ended 30 November 2018.

CHANGE OF REGISTERED OFFICE

On 7 December 2018 the Registered Office of the Company changed from The Quadrangle, The Promenade, Cheltenham, GL50 1PX to 250 Bishopsgate, London, England, EC2M 4AA.

ACTIVITIES AND BUSINESS REVIEW

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

Activity

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

Review of the year**Business review**

The directors are satisfied with the Company's performance in the year. In March 2019, the Company disposed of its leases resulting in it ceasing to trade and has subsequently remained dormant. Post balance sheet events are described in note 15 to the financial statements.

Financial Performance

The retained loss for the year was £12,000 (2017: 657,000) and this was transferred to reserves. The directors do not recommend the payment of a dividend during the year (2017: £2,700,000).

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 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 is funded by facilities from Lombard Corporate Finance (11) Limited. These are denominated in sterling which is the functional currency and carry no significant financial risk.

The principal risks associated with the Company are as follows:

Interest rate risk

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

DIRECTORS' REPORT**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.

Going concern

The Company ceased to trade during 2019 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 year and subsequently except where noted below, are listed on page 1.

From 1 December 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
K D Pereira	8 January 2019	-
S C Lowe	26 April 2019	-
Secretary		
RBS Secretarial Services Limited	-	10 July 2018
NatWest Markets Secretarial Services Limited	10 July 2018	-

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 year. 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 1a, 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.

DIRECTORS' REPORT

DISCLOSURE OF INFORMATION TO AUDITOR

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

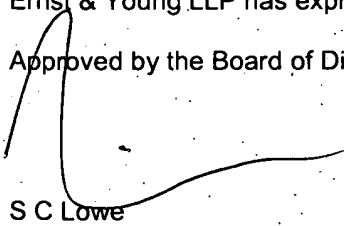
- so far as they are aware, there is no relevant audit information of which the Company's auditor is unaware; and
- the directors have taken all the steps that they ought to have taken to make themselves aware of any relevant audit information, and to establish that the Company's auditor is aware of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

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

AUDITOR

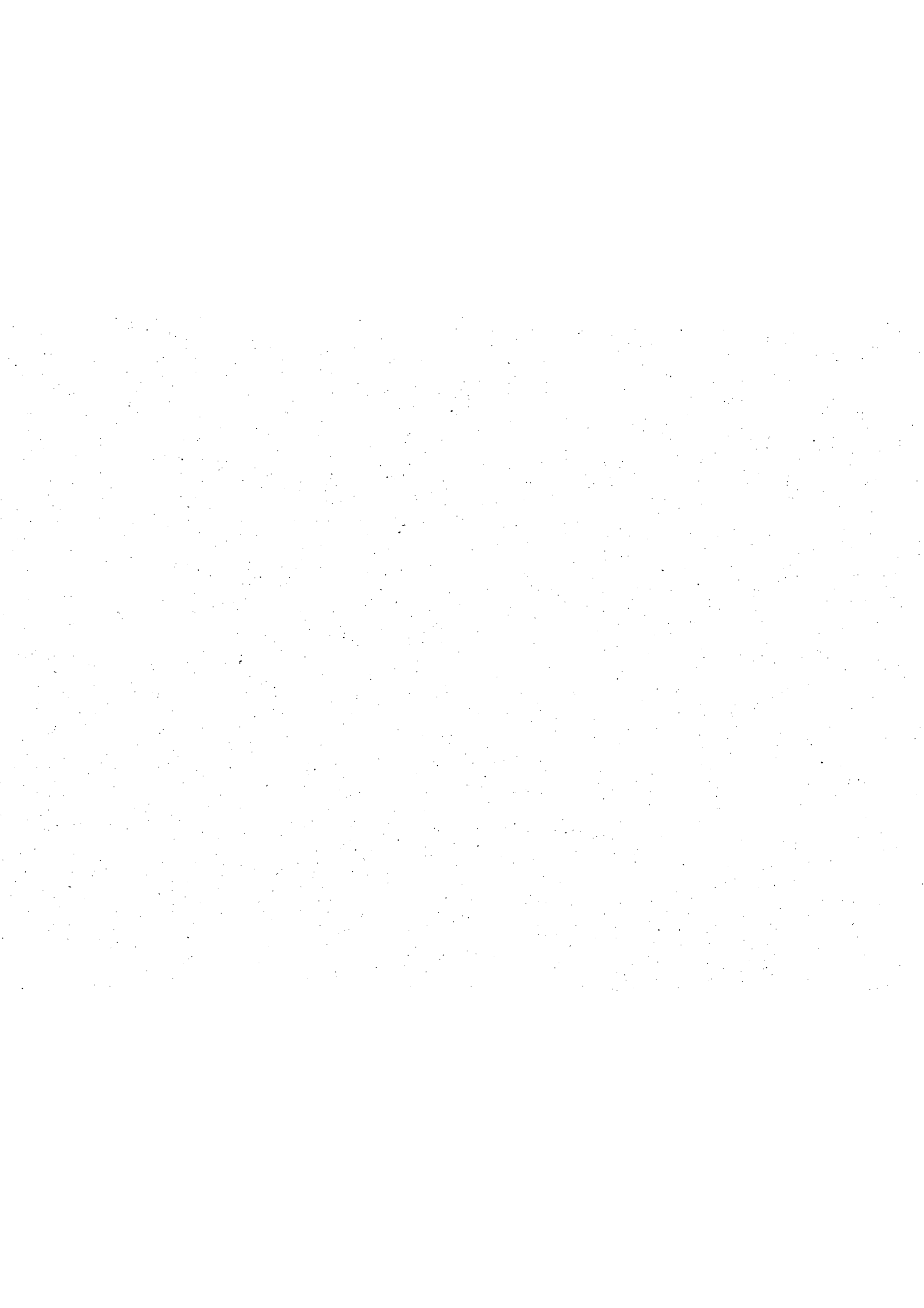
Ernst & Young LLP has expressed its willingness to continue in office as auditor.

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



S C Lowe
Director

Date: 23 July 2019



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

Opinion

We have audited the financial statements of Patalex IV Productions Limited ('the Company') for the year ended 30 November 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 30 November 2018 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 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 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.

INDEPENDENT AUDITOR'S REPORT TO THE MEMBERS OF PATALEX IV 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 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.

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: 23rd July 2019

STATEMENT OF COMPREHENSIVE INCOME
for the year ended 30 November 2018

	Notes	2018 £'000	2017 £'000
Income from discontinued operations			
Turnover	3	-	2,705
Operating income	4	2	5
Operating expenses	5	(18)	(18)
Operating (Loss)/profit		(16)	2,692
Finance income	6	1	-
Finance costs	7	-	(2,916)
Loss on ordinary activities before tax		(15)	(224)
Tax credit/(charge)	8	3	(433)
Loss and total comprehensive loss for the year for the financial year		(12)	(657)

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

BALANCE SHEET
as at 30 November 2018

	Notes	2018 £'000	2017 £'000
Current assets			
Loans receivable	10	261	274
Prepayments, accrued income and other assets	11	9	-
Cash		10	-
		<u>280</u>	<u>274</u>
Total assets		<u>280</u>	<u>274</u>
Current Liabilities			
Accruals, deferred income and other liabilities	12	41	23
Total liabilities		<u>41</u>	<u>23</u>
Equity			
Called up share capital	13	-	-
Profit and loss account		239	251
Total equity		<u>239</u>	<u>251</u>
Total liabilities and equity		<u>280</u>	<u>274</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 23 July 2019 and signed on its behalf by:


S C Lowe
Director

STATEMENT OF CHANGES IN EQUITY
for the year ended 30 November 2018

	Share capital £'000	Profit and loss account £'000	Total £'000
At 1 December 2016	-	3,608	3,608
Profit and total comprehensive income for the year	-	(657)	(657)
Dividends paid	-	(2,700)	(2,700)
At 30 November 2017	-	251	251
Loss and total comprehensive loss for the year	-	(12)	(12)
At 30 November 2018	-	239	239

Total comprehensive loss for the year of £12,000 (2017: £657,000) 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 other than 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 this report. 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.

The Company meets the definition of a qualifying entity under FRS 100 Application of Financial Reporting Requirements issued by the Financial Reporting Council.

The Company is incorporated in the UK and registered in England and Wales and the financial statements are presented:

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

Where required, equivalent disclosures are given in the group accounts of The Royal Bank of Scotland Group plc, these accounts are available to the public and can be obtained as set out in note 14.

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.

The changes to IFRS that were effective from 1 December 2017 have had no material effect on the Company's financial statements for the year ended 30 November 2018.

b) Revenue recognition

Turnover comprises income from finance leases and loans and other services which 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.

Interest income on financial assets that are classified as loans and receivables, available-for-sale or held-to-maturity and interest expense on financial liabilities other than those at fair value 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 a group of financial assets or liabilities) and of allocating the interest income or interest expense over the expected life of the asset or liability.

IFRS requires rental income to be calculated using the interest rate at inception of the lease; variations from that rate are presented as contingent rentals.

NOTES TO THE FINANCIAL STATEMENTS**1. Accounting policies (continued)****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 year arising in income or in equity. Provision is made for current tax at rates enacted or substantively enacted at the balance sheet date.

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

d) Leases

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

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

e) Financial assets

On initial recognition, financial assets are classified into 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.

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 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.

g) Financial liabilities

On initial recognition financial liabilities are classified at 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.

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.

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:		
Rent receivable	-	80,979
Amortisation	-	(78,274)
	<u>-</u>	<u>2,705</u>

4. Operating income

	2018 £'000	2017 £'000
Fee income	1	4
Other Income	1	1
	<u>2</u>	<u>5</u>

5. Operating expenses

	2018 £'000	2017 £'000
Audit fee	5	5
Management fees	13	13
	<u>18</u>	<u>18</u>

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.

6. Finance income

	2018 £'000	2017 £'000
On loans receivables from group companies	<u>1</u>	<u>-</u>

7. Finance costs

	2018 £'000	2017 £'000
Interest on loans from group companies	<u>-</u>	<u>2,916</u>

NOTES TO THE FINANCIAL STATEMENTS

8. Tax

	2018 £'000	2017 £'000
Current tax:		
UK corporation tax (credit)/charge for the year	(3)	15,058
	(3)	15,058
Deferred tax:		
Credit for the year	-	(14,625)
Tax (credit)/charge for the year	(3)	433

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

The actual tax charge matches the expected tax charge.

	2018 £'000	2017 £'000
Expected tax credit	(3)	(43)
Increase/(reduction) in deferred tax	-	476
Actual tax (credit)/charge for the year	(3)	433

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 December 2016	14,616	9	14,625
Credit to profit and loss	(14,616)	(9)	(14,625)
At 30 November 2017 & 2018	-	-	-

9. Ordinary dividends

	2018 £'000	2017 £'000
Interim dividend paid	-	2,700

10. Loans receivable

	2018 £'000	2017 £'000
Due within one year		
Amounts owed by fellow subsidiary	261	274

NOTES TO THE FINANCIAL STATEMENTS

11. Prepayments, accrued income and other assets

	2018 £'000	2017 £'000
Due within one year		
Group relief receivable	8	-
Other	1	-
	<u>9</u>	<u>-</u>

12. Accruals, deferred income and other liabilities

	2018 £'000	2017 £'000
Accruals	<u>41</u>	<u>23</u>

13. Share capital

	2018 £	2017 £
Authorised:		
100 ordinary shares of £1 each	<u>100</u>	<u>100</u>
Allotted, called up and fully paid:		
Equity shares		
2 ordinary shares of £1 each	<u>2</u>	<u>2</u>

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

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

Group companies

As at 30 November 2018

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

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.

NOTES TO THE FINANCIAL STATEMENTS

15. Post balance sheet events

In March 2019 the company disposed of its lease. There was no material gain made on the disposal.