

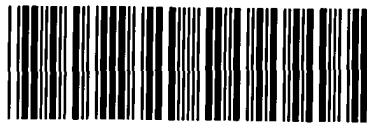
Company Registered No: 05039001

PATALEX IV PRODUCTIONS LIMITED

ANNUAL REPORT AND FINANCIAL STATEMENTS

For the year ended 30 November 2017

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PATALEX IV PRODUCTIONS LIMITED

05039001

OFFICERS AND PROFESSIONAL ADVISERS

DIRECTORS:

D G Harris
I A Ellis
S J Roulston

COMPANY SECRETARY:

RBS Secretarial Services Limited

REGISTERED OFFICE:

The Quadrangle
The Promenade
Cheltenham
GL50 1PX

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 2017.

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 continues to be the business of 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. The Company will be guided by its shareholders in seeking further opportunities for growth.

Financial Performance

The retained loss for the year was £657,000 (2016: retained profit £660,000) and this was transferred to reserves. An interim dividend of £2,700,000 was paid on 28 February 2017 (2016: nil).

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 RBS Asset and Liability Management Committee (RBS ALCO).

The Company is funded by facilities from Royal Bank Leasing 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-see note 16.

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.

DIRECTORS' REPORT**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 and subsequently except where noted below, are listed on page 1.

From 1 December 2016 to date the following changes have taken place:

Directors	Appointed	Resigned
J H Wood	-	30 June 2017
N J McDaid	-	31 July 2017
A P Johnson	-	31 July 2017
S J Caterer	-	31 August 2017
D G Harris	31 July 2017	-
E Mayes	31 July 2017	6 March 2018
S J Roulston	21 September 2017	-
I A Ellis	6 March 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.

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:


Director *David Harris*
Date: *10/7* 2018

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 2017 which comprise the Profit and Loss Account, the Balance Sheet, the Statement of Changes in Equity and the related notes 1 to 18. The financial reporting framework that has been applied in their preparation is applicable law and United Kingdom Accounting Standards (United Kingdom Generally Accepted Accounting Practice), including Financial Reporting Standard 101 'Reduced Disclosure Framework'.

In our opinion the financial statements:

- give a true and fair view of the Company's affairs as at 30 November 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 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 the going concern basis of accounting in the preparation of the financial statements is not appropriate; or
- the directors have not disclosed in the financial statements any identified material uncertainties that may cast significant doubt about the company's ability to continue to adopt the going concern basis of accounting for a period of at least twelve months from the date when the financial statements are authorised for issue.

Other information

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

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

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

We have nothing to report in this regard.

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

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.

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 from preparing 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

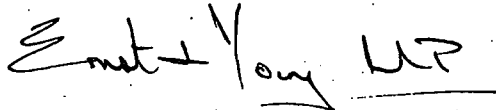
Our objectives are to obtain reasonable assurance about whether the financial statements as a whole are free from material misstatement, whether due to fraud or error, and to issue an auditor's report that includes our opinion. Reasonable assurance is a high level of assurance, but is not a guarantee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

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

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

Handwritten signature of Richard Page in black ink, with 'Ernst & Young LLP' written below it.

Richard Page (Senior Statutory Auditor)
for and on behalf of Ernst & Young LLP
Statutory Auditor
Bristol, United Kingdom
Date: 13 July 2018

PROFIT AND LOSS ACCOUNT
for the year ended 30 November 2017

	Notes	2017 £'000	2016 £'000
Income from continuing operations			
Turnover	3	2,705	3,111
Operating income	4	5	2
Operating expenses	5	(18)	(18)
Operating profit		2,692	3,095
Finance income	6	-	4
Finance costs	7	(2,916)	(2,432)
(Loss)/profit on ordinary activities before tax		(224)	667
Tax charge	8	(433)	(7)
(Loss)/profit and total comprehensive (loss)/ income for the year for the financial year		(657)	660

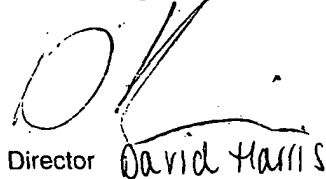
The accompanying notes form an integral part of these financial statements.

BALANCE SHEET
as at 30 November 2017

	Notes	2017 £'000	2016 £'000
Non-current assets			
Finance lease receivables	10	-	40,491
Current assets			
Finance lease receivables	10	-	19,988
Loans receivable	11	274	-
Prepayments, accrued income and other assets	12	-	320
		<u>274</u>	<u>20,308</u>
Total assets		<u>274</u>	<u>60,799</u>
Current Liabilities			
Borrowings	13	-	15,084
Accruals, deferred income and other liabilities	14	23	196
		<u>23</u>	<u>15,280</u>
Non-current liabilities			
Borrowings	13	-	27,286
Deferred tax liability	15	-	14,625
		-	<u>41,911</u>
Total liabilities		<u>23</u>	<u>57,191</u>
Equity			
Called up share capital	17	-	-
Profit and loss account		251	3,608
Total equity		<u>251</u>	<u>3,608</u>
Total liabilities and equity		<u>274</u>	<u>60,799</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 10/7 2018 and signed on its behalf by:

Director  David Harris

STATEMENT OF CHANGES IN EQUITY
for the year ended 30 November 2017

	Share capital £'000	Profit and loss account £'000	Total £'000
At 1 December 2015	-	2,948	2,948
Profit and total comprehensive income for the year	-	660	660
At 30 November 2016	-	3,608	3,608
Loss and total comprehensive loss for the year	-	(657)	(657)
Dividends paid	-	(2,700)	(2,700)
At 30 November 2017	-	251	251

Total comprehensive loss for the year of £657,000 (2016: comprehensive income £660,000) 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 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 Standard Board (IASB) and interpretations issued by the International Financial Reporting Interpretations Committee of the IASB as adopted by the EU (together IFRS); and
- on the historical cost basis.

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

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

- in accordance with the Companies Act 2006;
- in Sterling which is the functional currency of the Company; and
- with the benefit of the disclosure exemptions permitted by FRS 101 with regard to:
 - 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 18.

There were no changes to IFRS that were effective from 1 December 2016 that have had an effect on the Company's financial statements for the year ended 30 November 2017.

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. Unearned finance income is 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.

Interest income on financial assets that are classified as loans and receivables 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 group of financial assets or liabilities) and of allocating the interest income or interest expense over the expected life of the asset or liability.

c) Taxation

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

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

NOTES TO THE FINANCIAL STATEMENTS

1. Accounting policies (continued)

c) Taxation (continued)

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 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 finance leases or other 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 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

	2017 £'000	2016 £'000
Finance lease income:		
Rent receivable	80,979	18,900
Amortisation	(78,274)	(15,789)
	<u>2,705</u>	<u>3,111</u>

On 15 November 2017 the rentals on the finance leases were accelerated resulting in full settlement of the outstanding lease.

4. Operating income

	2017 £'000	2016 £'000
Fee income	4	2
Other Income	1	-
	<u>5</u>	<u>2</u>

5. Operating expenses

	2017 £'000	2016 £'000
Audit fee	5	5
Management fees	13	13
	<u>18</u>	<u>18</u>

Management fees include the costs of staff borne by other members of the group.

Directors' emoluments

The Company does not remunerate directors nor can remuneration from elsewhere in the group be apportioned meaningfully in respect of their services to the Company. There are no other staff.

6. Finance income

	2017 £'000	2016 £'000
On loans receivables from group companies	-	<u>4</u>

NOTES TO THE FINANCIAL STATEMENTS

7. Finance costs

	2017 £'000	2016 £'000
Interest on loans from group companies	<u>2,916</u>	<u>2,432</u>

8. Tax

	2017 £'000	2016 £'000
Current tax:		
UK corporation tax charge for the year	<u>15,058</u>	<u>3,285</u>
Deferred tax:		
Credit for the year	<u>(14,625)</u>	<u>(3,278)</u>
Tax charge for the year	<u>433</u>	<u>7</u>

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

The actual tax charge differs from the expected tax charge computed by applying the blended rate of UK corporation tax of 19.33% (2016: standard tax rate 20%) as follows:

	2017 £'000	2016 £'000
Expected tax (credit)/charge	<u>(43)</u>	<u>133</u>
Non-deductible items	-	12
Increase/(reduction) in deferred tax	<u>476</u>	<u>(138)</u>
Actual tax charge for the year	<u>433</u>	<u>7</u>

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 20% with effect from 1 April 2015, 19% from 1 April 2017 and 17% from 1 April 2020.

9. Ordinary dividends

	2017 £'000	2016 £'000
Interim dividend paid	<u>2,700</u>	<u>-</u>

NOTES TO THE FINANCIAL STATEMENTS

10. Finance lease receivables

	Within 1 year £'000	Between 1 and 5 years £'000	Total £'000
2017			
Future minimum lease payments	-	-	-
Unearned finance income	-	-	-
Present value of minimum lease payments receivable	-	-	-
2016			
Future minimum lease payments	20,729	44,620	65,349
Unearned finance income	(741)	(4,129)	(4,870)
Present value of minimum lease payments receivable	19,988	40,491	60,479
		2017	2016
		£'000	£'000
Due within one year		-	19,988
Due after more than one year		-	40,491
		-	60,479

On 15 November 2017 the rentals on the finance leases were accelerated resulting in full settlement of the outstanding lease and repayment of the associated borrowings.

11. Loans receivable

	2017 £'000	2016 £'000
Due within one year		
Amounts owed by group companies	274	-

12. Prepayments, accrued income and other assets

	2017 £'000	2016 £'000
Due within one year		
Amounts owed by group companies	-	320

13. Borrowings

	2017 £'000	2016 £'000
Loans from group companies	-	42,370
Current – on demand or within one year	-	15,084
Non-current:		
- between one and two years	-	16,384
- between two and five years	-	10,902
	-	27,286

On 15 November 2017 the rentals on the finance leases were accelerated resulting in full settlement of the outstanding lease and repayment of the associated borrowings.

NOTES TO THE FINANCIAL STATEMENTS

14. Accruals, deferred income and other liabilities

	2017 £'000	2016 £'000
Accruals	23	192
Deferred income	-	4
	<u>23</u>	<u>196</u>

15. Deferred tax

Deferred tax liability comprises:

	Capital allowances £'000	Other £'000	Total £'000
At 1 December 2015	17,887	16	17,903
Credit to profit and loss	(3,271)	(7)	(3,278)
At 30 November 2016	14,616	9	14,625
Credit to profit and loss	(14,616)	(9)	(14,625)
At 30 November 2017	<u>-</u>	<u>-</u>	<u>-</u>

16. Financial instruments and risk management

(i) Fair value of financial instruments not carried at fair value

Except as detailed in the following table, the directors consider that the carrying amounts of financial assets and financial liabilities recognised in the financial statements approximate to their fair values. Where the financial instruments are of short maturity, the carrying value is equal to the fair value.

Where the interest rates on finance leases have been fixed by way of an interest rate swap in the parent company, the fair value has been calculated by adjusting the carrying value of the associated mark to market arising on the swap.

The fair value of the borrowings is estimated by discounting future expected cash flows using current interest rates and making adjustments for own credit risk in the current year.

	2017 Carrying value £'000	2017 Fair value £'000	2016 Carrying value £'000	2016 Fair value £'000
Financial assets				
Finance lease receivables	-	-	60,479	63,302
Financial liabilities				
Borrowings	-	-	42,370	44,243

The fair value of financial instruments that are not carried at fair value on the balance sheet is considered not to be materially different to the carrying amounts.

NOTES TO THE FINANCIAL STATEMENTS

16. Financial instruments and risk management (continued)

(i) Fair value of financial instruments not carried at fair value (continued)

The financial assets and liabilities detailed in the table above fall within level 2 of the valuation methodologies, as set out below.

Financial assets and liabilities have been classified above according to a valuation hierarchy that reflects the valuation techniques used to determine fair value:

Level 1: valued by reference to unadjusted quoted prices in active markets for identical assets and liabilities

Level 2: valued by reference to observable market data, other than quoted market prices

Level 3: valuation is based on inputs other than observable market data.

(ii) Financial risk management

The principal risks associated with the Company's businesses are as follows:

Interest rate risk

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

Finance lease receivables was based on fixed and/or floating rates. These were funded primarily through balances owed to group companies. The re-pricing maturity profile of the financial assets of the Company was different to that of the associated borrowings and hence give potential exposure to interest rate risk.

The interest profile of the Company's assets and liabilities is as follows:

	Fixed rate £'000	Variable rate £'000	Non- interest earning £'000	Total £'000
2017				
Financial assets				
Loans receivable	-	274	-	274
	-	274	-	274
Financial liabilities				
Accruals and other liabilities	-	-	12	12
	-	-	12	12
Net financial assets/(liabilities)	-	274	(12)	262
	Fixed rate £'000	Variable rate £'000	Non- interest earning £'000	Total £'000
2016				
Financial assets				
Finance leases	60,479	-	-	60,479
	60,479	-	-	60,479
Financial liabilities				
Borrowings	42,223	147	-	42,370
Accruals and other liabilities	-	-	187	187
	42,223	147	187	42,557
Net financial assets/(liabilities)	18,256	(147)	(187)	17,922

NOTES TO THE FINANCIAL STATEMENTS

16. Financial instruments and risk management (continued)

(ii) Financial risk management (continued)

Assuming that the balances receivable and/or payable at the balance sheet date and/or payable for the whole year, had interest rates been 0.5% higher and all other variables held constant, the Company's loss before tax for the year would have decreased by £1,000 (2016: decrease by £1,000). This is mainly due to the Company's exposure to interest rates on its variable rate cash balances. There would be no other impact on equity.

Credit risk

The table below provides details of credit exposures for those financial assets neither past due nor impaired:

Sector	No. of counterparties	2017 £'000	2016 £'000
Finance lease receivables - group companies	(2016: 1)	-	60,479
Loans receivable		274	-
Maximum credit exposure		274	60,479

Based on counterparty payment history the Company considers all the above financial assets to be of good credit quality.

Financial liabilities

The following table shows by contractual maturity the undiscounted cash flows payable from the balance sheet date including future interest payments.

	0-3 months £'000	3-12 months £'000	1-3 years £'000
2017			
Accruals and other liabilities	12	-	-
	0-3 months £'000	3-12 months £'000	1-3 years £'000
2016			
Borrowings	604	16,343	29,050
Accruals and other liabilities	187	-	-
	791	16,343	29,050

17. Share capital

	2017 £	2016 £
Authorised:		
100 ordinary shares of £1 each	100	100
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

18. 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

As at 11 July 2017, the Company's immediate parent was Royal Bank Leasing Limited which did not prepare consolidated accounts. Since 11 July 2017, the Company's immediate parent has been P of A Productions Ltd, a company incorporated in the UK.

As at 30 November 2017

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

On 29th 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.