

Company Registered No: 06418313

RB INVESTMENTS 3 LIMITED

ANNUAL REPORT AND FINANCIAL STATEMENTS

For the year ended 31 December 2018



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RB INVESTMENTS 3 LIMITED

06418313

OFFICERS AND PROFESSIONAL ADVISERS

DIRECTORS:

K D Pereira
L E Roberts

COMPANY SECRETARY:

NatWest Markets Secretarial Services Limited

REGISTERED OFFICE:

250 Bishopsgate
London
England
EC2M 4AA

INDEPENDENT AUDITOR:

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

Registered in England and Wales

DIRECTORS' REPORT

The directors of RB Investments 3 Limited ("the Company") present their annual report together with the audited financial statements for the year ended 31 December 2018.

ACTIVITIES AND BUSINESS REVIEW

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

Activity

The principal activity of the Company is to act as the limited partner in the Carried Interest Partnerships which hold the carry interests in the RBS Special Opportunities Fund and the Special Opportunities Fund (Guernsey) LP. The Partnerships in which the Company acts as a limited partner are in wind down.

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.

Financial performance

The Company's financial performance is presented on pages 7 to 10.

Turnover reduced by £6,685,487 (2017: grew by £10,984,220). Profit for the year was £673,056 (2017: £13,020,438).

The directors do not recommend the payment of dividend for 2018 (2017: nil).

At the end of the year, the balance sheet showed total assets of £49,089,030 (2017: £48,401,107), including income-generating assets comprising investments £3,311,711 (2017: £3,363,484), together representing an increase of 1.4%. Total equity was £49,926,047 (2017: £48,265,013).

Principal risks and uncertainties

The Company seeks to minimise its exposure to financial risks other than credit risk.

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

The Company is funded by facilities from The Royal Bank Investment Limited. These are denominated in Sterling which is the functional currency and carry no significant financial risk.

The Company's assets mainly comprise equities, advances, investments which would expose it to interest, credit, liquidity and market risk except that the counterparties are group companies and credit risk is not considered significant.

The principal risks associated with the Company 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.

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

Market risk

Market risk is the potential for loss as a result of adverse changes in risk factors including interest rates and equity prices together with related parameters such as market volatilities.

The principal market risk to which the Company is exposed is interest rate, and is mitigated by monitoring the interest rate profile of its assets and liabilities.

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 except where noted below, are listed on page 1.

From 1 January 2018 to date the following changes have taken place:

	Appointed	Resigned
Directors		
S P Nixon	-	26 April 2019
L E Roberts	26 April 2019	-
Secretary		
RBS Secretarial Services Limited	-	25 September 2018
NatWest Markets Secretarial Services Limited	25 September 2018	-

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 Financial Reporting Standard 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:



K D Pereira
Director

Date: 26 September 2019

INDEPENDENT AUDITOR'S REPORT TO THE MEMBERS OF RB INVESTMENTS 3 LIMITED

Opinion

We have audited the financial statements of RB Investment 3 Limited ("the Company") for the year ended 31 December 2018 which comprise the Profit and Loss Account, the Statement of Comprehensive Income, the Balance Sheet, the Statement of Changes in Equity, and the related notes 1 to 13, including a summary of significant accounting policies. The financial reporting framework that has been applied in their preparation is applicable law and United Kingdom Standards including FRS 101 "Reduced Disclosure Framework" (United Kingdom Generally Accepted Accounting Practice).

In our opinion, the financial statements:

- give a true and fair view of the company's affairs as at 31 December 2018 and of its profit 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.

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.

INDEPENDENT AUDITOR'S REPORT TO THE MEMBERS OF RB INVESTMENTS 3 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.
- the directors were not entitled to take advantage of the small companies exemptions in preparing the director's report and from the requirements to prepare a strategic report.

Responsibilities of directors

As explained more fully in the directors' responsibilities statement, set out on page 4, the directors are responsible for the preparation of the financial statements and for being satisfied that they give a true and fair view, and for such internal control as the directors determine is necessary to enable the preparation of financial statements that are free from material misstatement, whether due to fraud or error.

In preparing the financial statements, the directors are responsible for assessing the company's ability to continue as a going concern, disclosing, as applicable, matters related to going concern and using the going concern basis of accounting unless the directors either intend to liquidate the company or to cease operations, or have no realistic alternative but to do so.

Auditor's responsibilities for the audit of the financial statements

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

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

Use of our report

This report is made solely to the company's members, as a body, in accordance with Chapter 3 of Part 16 of the Companies Act 2006. Our audit work has been undertaken so that we might state to the company's members those matters we are required to state to them in an auditor's report and for no other purpose. To the fullest extent permitted by law, we do not accept or assume responsibility to anyone other than the company and the company's members as a body, for our audit work, for this report, or for the opinions we have formed.

Ernst & Young LLP

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

Date: *27 September 2019*

PROFIT AND LOSS ACCOUNT
for the year ended 31 December 2018

		2018	2017
	Notes	£	£
Income from continuing operations			
Turnover	4	(36,931)	6,648,556
Interest receivable	5	269,351	75,000
Profit on ordinary activities before tax		232,420	6,723,556
Tax credit	6	440,636	6,296,882
Profit for the financial year		673,056	13,020,438

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

STATEMENT OF COMPREHENSIVE INCOME
for the year ended 31 December 2018

	Notes	2018 £	2017 £
Profit for the financial year		673,056	13,020,438
Other comprehensive income: subject to reclassification			
Realised loss on investments	8	-	(1,316,364)
Unrealised (loss)/gain on investments	8	(14,843)	1,123,630
Other comprehensive loss before tax		(14,843)	(192,734)
Tax credit	11	2,821	39,152
Other comprehensive loss after tax		(12,022)	(153,582)
Total comprehensive income for the year		661,034	12,866,856

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

BALANCE SHEET
as at 31 December 2018

	Notes	2018 £	2017 £
Non-current assets			
Investments fair valued through profit & loss (FVTPL)	7	2,986,390	3,023,321
Investments fair valued through other comprehensive income (FVOCI)/Available for sale investments (AFS)	8	325,320	340,163
		3,311,710	3,363,484
Current assets			
Current tax asset			721,710
Amounts due from group company	9	45,767,321	44,265,913
Cash at bank	10	9,999	50,000
Total assets		49,089,030	48,401,107
Current liability			
Current tax liability		59,872	-
		59,872	-
Non-current liability			
Deferred tax liability	11	103,111	136,094
Total liabilities		162,983	136,094
Equity			
Called up share capital	12	35,000	35,000
Fair Value through Other Comprehensive Income/Available-for-sale-reserve		263,509	275,531
Profit and loss account		48,627,538	47,954,482
Total equity		48,926,047	48,265,013
Total liabilities and equity		49,089,030	48,401,107

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 26 September 2019 and signed on its behalf by:



K D Pereira
Director

STATEMENT OF CHANGES IN EQUITY
for the year ended 31 December 2018

	Share capital	Fair Value through Other Comprehen- sive Income/ Available-for- sale reserve	Profit and loss account	Total
	£	£	£	£
At 1 January 2017	35,000	429,113	34,934,044	35,398,157
Profit for the year	-	-	13,020,438	13,020,438
Unrealised gain on available-for-sale assets	-	1,123,630	-	1,123,630
Realised loss on available-for-sale assets	-	(1,316,364)	-	(1,316,364)
Tax credit on fair value adjustment	-	39,152	-	39,152
At 31 December 2017	35,000	275,531	47,954,482	48,265,013
Profit for the year	-	-	673,056	673,056
Unrealised loss on FVOCI assets	-	(14,843)	-	(14,843)
Tax credit on fair value adjustment	-	2,821	-	2,821
At 31 December 2018	35,000	263,509	48,627,538	48,926,047

Total comprehensive income for the year of £661,034 (2017: £12,866,856) 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 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 except that the following assets and liabilities are stated at their fair value: fair value through profit and loss and fair value through other comprehensive income.

The Company has early adopted all of the amendments to FRS 101 as a result of the Triennial review 2017 amendments with effect from 1st 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:
 - comparative information in respect of certain assets;
 - cash-flow statement;
 - standards not yet effective;
 - related party transactions; and
 - disclosure requirements of IFRS 7 "Financial Instruments: Disclosure and IFRS 13 "Fair value Measurement".

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

The few changes to IFRS that were effective from 1 January 2018 have had no material effect on the Company's financial statements for the year ended 31 December 2018.

IFRS 9 changed the classification categories from IAS 39. There has been no restatement of prior years. Assets held for trading were reclassified to mandatory fair value through profit or loss. Loans and receivables were reclassified to amortised costs assets, available for sale assets were reclassified as fair value through other comprehensive income unless they were deemed to be in a fair value business model or failed the contractual cash flow requirements under IFRS 9. There were no changes in the classification and measurement of financial liabilities.

The adoption of IFRS 9 'Financial Instruments' has not changed the recognition of interest income or expense; the cost of impairment is now based on expected loss as set out in accounting policy in 1(f). There has been no restatement of profit or loss for comparative periods.

b) Revenue recognition

Interest income or expense on financial instruments that are measured at amortised cost and fair value through other comprehensive income is determined using the effective interest rate method. The effective interest rate allocates the interest income or interest expense over the expected life of the asset or liability at the rate that exactly discounts all estimated future cash flows to equal the 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. Negative effective interest accruing to financial assets is presented in interest payable. Dividend income is recognised when the paying entity is obliged to make the payment.

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 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.

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) Cash at bank

Cash at bank comprises non-interest bearing deposits held with bank.

e) Financial instruments

On initial recognition, financial instruments are measured at fair value. Subsequently they are measured as follows: designated at fair value through profit or loss; amortised cost, the default class for liabilities; fair value through profit or loss, the default class for assets; or financial assets may be designated as at fair value through other comprehensive income. Regular way purchases of financial assets classified as amortised cost are recognised on the settlement date; all other regular way transactions in financial assets are recognised on the trade date.

Amortised cost assets – have to meet both the following criteria:

- the asset is held within a business model whose objective is solely to hold assets to collect contractual cash flows; and
- the contractual terms of the financial asset are solely payments of principal and interest on the outstanding balance.

Amortised cost liabilities – all liabilities that are not subsequently measured at fair value are measured at cost.

Assets designated at fair value through other comprehensive income – an equity instrument may be designated irrevocably at fair value through other comprehensive income. Other assets have to meet both the following criteria:

- the asset is held within a business model whose objective is both to hold assets to collect contractual cash flows and selling financial assets; and
- the contractual terms of the financial asset are solely payments of principal and interest on the outstanding balance.

Designated as at fair value through profit or loss – a financial instrument may be designated as at fair value through profit or loss only if such designation (a) eliminates or significantly reduces a measurement or recognition inconsistency; or (b) applies to a group of financial assets, financial liabilities or both, that the Group manages and evaluates on a fair value basis; or (c) relates to a financial liability that contains an embedded derivative which is not evidently closely related to the host contract. Financial assets that the Group designates on initial recognition as being at fair value through profit or loss are recognised at fair value, with transaction costs being recognised in profit or loss, and are subsequently measured at fair value. Gains and losses are recognised in profit or loss as they arise.

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

Reclassifications – financial liabilities cannot be reclassified. Financial assets are only reclassified where there has been a change in the business model.

Business model assessment – business models are assessed at portfolio level, being the level at which they are managed. This is expected to result in the most consistent classification of assets because it aligns with the stated objectives of the portfolio, its risk management, manager's remuneration and the ability to monitor sales of assets from a portfolio. The criteria for classifying cash flows as solely principal and interest are assessed against the contractual terms of a facility, with attention to leverage features; prepayment and extension terms; and triggers that might reset the effective rate of interest.

f) Impairment of financial assets

At each balance sheet date each financial asset measured at amortised cost or at fair value through other comprehensive income is assessed for impairment. Loss allowances are forward looking, based on 12 month expected credit losses where there has not been a significant increase in credit risk rating, otherwise allowances are based on lifetime expected losses.

Expected credit losses are a probability-weighted estimate of credit losses. The probability is determined by the risk of default which is applied to the cash flow estimates. In the absence of a change in credit rating, allowances are recognised when there is reduction in the net present value of expected cash flows. On a significant increase in credit risk, allowances are recognised without a change in the expected cash flows, although typically expected cash flows do also change; and expected credit losses are rebased from 12 month to lifetime expectations.

On restructuring a financial asset without causing derecognition of the original asset the revised cash flows are used in re-estimating the credit loss. Where restructuring causes derecognition of the original financial asset, the fair value of the replacement asset is used as the closing cash flow of the original asset.

The costs of loss allowances on assets held at amortised cost are presented as impairments in the income statement. Financial assets are presented gross of allowances except where the asset has been wholly or partially written off.

g) 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 IFRS 9 "Financial Instruments".

A financial liability is removed from the balance sheet when the obligation is discharged, or cancelled, or expires.

2. Critical accounting policies and key sources of estimation uncertainty

The reported results of the Company are sensitive to the accounting policies, assumptions and estimates that underlie the preparation of its financial statements. In accordance with their responsibilities for these financial statements, the factors the directors consider most important to the portrayal of the Company's performance and financial condition are discussed below.

Fair value - financial instruments

Financial instruments classified as fair value through other comprehensive income are recognised in the Financial Statements at fair value. Unrealised gains and losses on financial assets are recognised directly in equity unless an impairment loss is recognised.

NOTES TO THE FINANCIAL STATEMENTS

Financial instruments classified as designated as at fair value through profit or loss are recognised in the financial statements at fair value. Changes in fair value are recognised in profit or loss as they arise.

Fair value is the amount for which an asset could be exchanged, or a liability settled, between knowledgeable, willing parties in an arm's length transaction. Fair values are determined by reference to observable market prices where available and reliable. Where representative market prices for an instrument are not available or are unreliable because of poor liquidity, the fair value is derived from prices for its components using appropriate pricing or valuation models.

3. Operating expenses

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.

The auditor's remuneration for statutory audit work of £10,000 (2017: £7,000) for the Company was borne by NatWest Market Plc.

4. Turnover

	2018	2017
	£	£
Unrealised loss on Investments	(36,931)	(5,893,279)
Realised gain on disposal of Investment at FVTPL	-	11,225,466
Realised gain on disposal of Investment at FVOCI/AFS	-	1,316,369
	<u>(36,931)</u>	<u>6,648,556</u>

5. Interest receivable

	2018	2017
	£	£
Interest receivable from NatWest Market plc	<u>269,351</u>	<u>75,000</u>

NOTES TO THE FINANCIAL STATEMENTS

6. Tax

	2018 £	2017 £
Current tax:		
UK corporation tax charge for the year	78,299	299,110
Over provision in respect of prior periods	<u>(488,773)</u>	<u>(3,030,380)</u>
	(410,474)	(2,731,270)
Deferred tax:		
Credit for the year	(30,162)	(3,565,612)
Tax credit for the year	<u>(440,636)</u>	<u>(6,296,882)</u>

The actual tax credit differs from the expected tax charge/(credit) computed by applying the blended rate of UK corporation tax of 19% (2017: 19.25%) as follows:

	2018 £	2017 £
Profit on ordinary activities before tax	232,420	6,723,556
Expected tax charge	44,160	1,294,285
Partnership carried interest	(3,040)	62,402
Increase/(reduction) in deferred tax liability following change in rate of UK Corporation Tax	-	46,916
Non-deductible expenses	7,017	-
Non-taxable items	-	(4,670,105)
Adjustments in respect of prior periods	<u>(488,773)</u>	<u>(3,030,380)</u>
Actual tax credit for the year	<u>(440,636)</u>	<u>(6,296,882)</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 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 reduced rates.

7. Investments - FVTPL

	2018 £	2017 £
Equity shares (Special Opportunities Fund (Guernsey) LP)	<u>2,986,390</u>	<u>3,023,321</u>

Movements in investments- fair value through profit and loss during the year were as follows:

	2018 £	2017 £
At 1 January	3,023,321	23,027,984
Additions	-	1,494,358
Unrealised loss on FVTPL assets	(36,931)	(5,893,279)
Realised gain on disposal of investments at fair value	-	11,225,466
Disposals	-	(26,831,208)
	<u>2,986,390</u>	<u>3,023,321</u>

The Company holds a 9.52% interest in Special Opportunities Fund (Guernsey) LP via a limited partnership agreement ("LPA")

NOTES TO THE FINANCIAL STATEMENTS

8. Investments – FVOCI/AFS

	2018 £	2017 £
Equity investments (Special Opportunities Fund LP)	<u>325,320</u>	<u>340,163</u>

Movements in FVOCI/AFS investments during the year were as follows:

	2018 £ FVOCI	2017 £ AFS
At 1 January	340,163	546,225
Disposals	-	(13,328)
Realised loss on sale of investments	-	(1,316,364)
Unrealised (loss)/gain on change in fair value	(14,843)	1,123,630
At 31 December	<u>325,320</u>	<u>340,163</u>

The Company holds a 40% interest in Special Opportunities Fund LP via a limited partnership agreement ("LPA").

9. Amounts due from group company

	2018 £	2017 £
Short-term deposit - NatWest market plc	<u>45,767,321</u>	<u>44,265,913</u>

10. Cash at bank

	2018 £	2017 £
Cash at bank -RBS plc	<u>9,999</u>	<u>50,000</u>

NOTES TO THE FINANCIAL STATEMENTS

11. Deferred tax

The following are the major tax liabilities recognised by the Company, and the movements thereon.

	Deferred gains £	Available for Sale/Fair Value through OCI £	Total £
At 1 January 2017	3,637,075	103,783	3,740,858
Credit to profit and loss account	(3,565,612)	-	(3,565,612)
Credit to equity	-	(39,152)	(39,152)
At 31 December 2017	71,463	64,631	136,094
Credit to profit and loss account	(30,162)	-	(30,162)
Credit to equity	-	(2,821)	(2,821)
At 31 December 2018	41,301	61,810	103,111
		2018 £	2017 £
Deferred tax liabilities		103,111	136,094

12. Share capital

	2018 £	2017 £
Equity shares		
Authorised:		
35,000 Ordinary Shares of £1 each	35,000	35,000
Allotted, called up and fully paid:		
35,000 Ordinary Shares of £1 each	35,000	35,000

The Company has one class of Ordinary Shares which carry no right to fixed income. Holders of the Ordinary Shares have the right to receive notice of, to attend and to vote in respect of any resolution of the Company. Each Ordinary Share carries an equal entitlement to receive dividends out of the funds of the Company that are legally available for distribution.

13. 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 arm's length basis; they consisted solely of UK corporation tax which is separately disclosed in note 6.

Group companies

As at 31 December 2018

The Company's immediate parent was:	Royal Bank Investments 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.

NOTES TO THE FINANCIAL STATEMENTS

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.