

**Company Registered No: 02159325**

**PATALEX PRODUCTIONS LIMITED**

**ANNUAL REPORT AND FINANCIAL STATEMENTS**

**For the year ended 31 October 2020**



**PATALEX PRODUCTIONS LIMITED**

**02159325**

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**PATALEX PRODUCTIONS LIMITED**

**02159325**

**OFFICERS AND PROFESSIONAL ADVISERS**

**DIRECTORS:**

S C Lowe  
K D Pereira

**COMPANY SECRETARY:**

NatWest Group 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**

**PATALEX PRODUCTIONS LIMITED**

**02159325**

**DIRECTORS' REPORT**

**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 with cinematography films, video recording 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 materials for the production, exhibition or playing cinematograph films or video or sound recordings.

**Review of the year**

**Business review**

The directors are satisfied with the Company's performance in the year. The Company will be guided by its shareholders in seeking further opportunities for growth. In order to simplify intragroup deposits, borrowings and cashflows, the rentals on the finance leases were accelerated on 15 November 2017 resulting in a full settlement of the outstanding lease and associated borrowings. Following this event, the leases remain on the balance sheet but at nil value and no further rentals are expected. The directors consider the entity to continue on a going concern basis until termination of the lease, which there is currently no date set for, after making the relevant assessment.

**Financial Performance**

The loss for the year was £4,000 (2019: Profit of £14,000) and this was transferred to reserves. An interim dividend of £nil was paid during the year (2019: 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 NWM Group Asset and Liability Management Committee (NWM 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 Company's assets mainly comprise cash which would expose it to interest, liquidity and operational 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.

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**DIRECTORS' REPORT**

**Principal risks and uncertainties (continued)**

**Liquidity risk**

Liquidity risk arises where assets and liabilities have different contractual maturities. Management focuses on risk arising from the mismatch of maturities across the balance sheet and from undrawn commitments and other contingent obligations.

**Operational risk**

Operational risk is the risk of unexpected losses attributable to human error, systems failures, fraud or inadequate internal financial controls and procedures. The Company manages this risk, in line with the NatWest Group framework, through systems and procedures to monitor transactions and positions, the documentation of transactions and periodic review by internal audit. The Company also maintains contingency facilities to support operations in the event of disasters.

**Going concern**

These financial statements are prepared on a going concern basis, see note 1(a) on page 10.

**DIRECTORS AND SECRETARY**

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

**PATALEX PRODUCTIONS LIMITED**

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**DIRECTORS' REPORT**

**DIRECTORS' RESPONSIBILITIES STATEMENT**

The directors are responsible for preparing the annual report and the financial statements in accordance with applicable laws 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.

**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:



S C Lowe  
Director  
Date: 29 April 2021

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

### **Opinion**

We have audited the financial statements of Patalex Productions Limited ("the Company") for the year ended 31 October 2020 which comprise the Statement of Comprehensive Income, the Balance Sheet, the Statement of Changes in Equity and the related notes 1 to 9, including a summary of significant accounting policies. The financial reporting framework that has been applied in their preparation is applicable law and United Kingdom Accounting Standards including FRS 101 "Reduced Disclosure Framework" (United Kingdom Generally Accepted Accounting Practice).

In our opinion the financial statements:

- give a true and fair view of the Company's affairs as at 31 October 2020 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 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 has 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 in preparing the Directors' Report and from the requirements to prepare a Strategic Report.

### Responsibilities of directors

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

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

### Auditor's responsibilities for the audit of the financial statements

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

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

### Use of our report

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

DocuSigned by:

*Ernst & Young LLP*

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**Robin Enstone** (Senior Statutory Auditor)  
for and on behalf of Ernst & Young LLP, Statutory Auditor  
Bristol

Date: April 29, 2021 | 8:05:06 BST



## PATALEX PRODUCTIONS LIMITED

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**STATEMENT OF COMPREHENSIVE INCOME**  
**for the year ended 31 October 2020**

	Notes	2020 £'000	2019 £'000
<b>Income from continuing operations</b>			
Operating income	2	-	21
Operating expenses	3	(5)	(5)
<b>Operating (loss)/profit</b>		<b>(5)</b>	<b>16</b>
Finance income	4	-	1
<b>(Loss)/profit on ordinary activities before tax</b>		<b>(5)</b>	<b>17</b>
Tax credit/(charge)	5	1	(3)
<b>(Loss)/profit and total comprehensive (loss)/income for the year</b>		<b>(4)</b>	<b>14</b>

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

## PATALEX PRODUCTIONS LIMITED

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**BALANCE SHEET**  
as at 31 October 2020

	Notes	2020 £'000	2019 £'000
<b>Current assets</b>			
Prepayments, accrued income and other assets	6	1	262
Cash at bank		637	374
<b>Total assets</b>		<b>638</b>	<b>636</b>
<b>Current liabilities</b>			
Accruals, deferred income and other liabilities	7	30	24
<b>Total liabilities</b>		<b>30</b>	<b>24</b>
<b>Equity</b>			
Called up share capital	8	-	-
Capital contribution		1,000	1,000
Profit and loss account		(392)	(388)
<b>Total equity</b>		<b>608</b>	<b>612</b>
<b>Total liabilities and equity</b>		<b>638</b>	<b>636</b>

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 29 April 2021 and signed on its behalf by:



S C Lowe  
Director

**PATALEX PRODUCTIONS LIMITED**

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**STATEMENT OF CHANGES IN EQUITY  
for the year ended 31 October  
2020**

	Share capital £'000	Capital contribution £'000	Profit and loss account £'000	Total £'000
<b>At 01 November 2018</b>	-	1,000	(402)	598
Profit for the year	-	-	14	14
<b>At 31 October 2019</b>	-	1,000	(388)	612
Loss for the year	-	-	(4)	(4)
<b>At 31 October 2020</b>	-	1,000	(392)	608

Total comprehensive loss for the year of £4,000 (2019: Profit of £14,000) 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; In the first quarter of 2020, the World Health Organisation declared the Covid-19 outbreak to be a pandemic. Many governments, including the UK, have taken stringent measures to contain and/or delay the spread of the virus. Actions taken in response to the spread of Covid-19 have resulted in severe disruption to business operations and a significant increase in economic uncertainty, with more volatile asset prices and currency exchange rates, and a marked decline in long-term interest rates in developed economies.

NatWest Markets Group (the "Group") has a well-developed business continuity plan which includes pandemic response, enabling the Group to quickly adapt to these unprecedented circumstances and continue as viable business.

Management continue to monitor further impacts on profitability, assets, operations, liquidity however, at this stage do not consider there to be any additional material issues for the Company.

In assessing going concern, a Covid-19 impact analysis was performed across the NatWest Group. The directors have also considered the uncertainties associated with Covid-19 including the different ways in which this could impact the cash flows, capital, solvency and liquidity position of the Company and any mitigations management have within their control to implement. Based on this assessment, the directors have a reasonable expectation that the Company has adequate resources to continue in operational existence for the foreseeable future and have prepared the financial statements on a going concern basis.

- under Financial Reporting Standard (FRS) 101 Reduced Disclosure Framework in accordance with the recognition and measurement principles of International Financial Reporting Standards issued by the International Accounting Standards Board (IASB) and interpretations issued by the International Financial Reporting Interpretations Committee of the IASB as adopted by the EU (together IFRS); and
- on the historical cost basis

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

The Company is incorporated in the UK and registered in 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 NatWest Group plc, these accounts are available to the public and can be obtained as set out in note 9.

Other changes to IFRS that were effective from 1 November 2019 have had no material effect on the Company's financial statements for the year ended 31 October 2020.

**PATALEX PRODUCTIONS LIMITED**

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**NOTES TO THE FINANCIAL STATEMENTS****b) Revenue recognition**

Turnover comprises income from finance leases and arises in the United Kingdom from continuing activities.

Finance lease income is allocated to accounting periods so as to give a constant periodic rate of return before tax on the net investment. Unguaranteed residual values are subject to regular review; if there is a reduction in the estimated unguaranteed residual value, income allocation is revised and any reduction in respect of amounts accrued is recognised immediately.

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

Interest income or expense relates to financial instruments measured at amortised cost and debt instruments classified as fair value through OCI using the effective interest rate method, the effective part of any related accounting hedging instruments and finance lease income recognised at a constant periodic rate of return before tax on the net investment. Negative effective interest accruing to financial assets is presented in interest payable.

**c) Taxation**

Income tax expense or income, comprising current tax and deferred tax, is recorded in the Profit and Loss 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.

**2. Operating Income**

	<b>2020</b>	2019
	<b>£'000</b>	£'000
Management fees	-	18
Fee Income	-	3
	<u>-</u>	<u>21</u>

**3. Operating expenses**

	<b>2020</b>	2019
	<b>£'000</b>	£'000
Audit fee	5	5
Management fees	-	-
	<u>5</u>	<u>5</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.

**4. Finance income**

	<b>2020</b>	2019
	<b>£'000</b>	£'000
On loans receivable from group companies	-	1

## PATALEX PRODUCTIONS LIMITED

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## NOTES TO THE FINANCIAL STATEMENTS

## 5. Tax

	2020 £'000	2019 £'000
<b>Current tax:</b>		
(Credit)/charge for the year	(1)	3
	(1)	3
<b>Deferred tax:</b>		
Credit for the year	-	-
Tax (credit)/charge for the year	(1)	3

The actual tax (credit)/charge differs from the expected tax (credit)/charge computed by applying the standard rate of UK corporation tax of 19% (2019: standard tax rate 19%) as follows:

	2020 £'000	2019 £'000
Expected tax (credit)/ charge	(1)	3
Actual tax (credit) /charge for the year	(1)	3

In the current period, the substantively enacted UK Corporation tax rate applicable to the company from 1 April 2020 was increased from 17% to 19%.

Since the balance sheet date, it was announced in the UK Government's Budget on 3 March 2021 that the main UK corporation tax rate will increase to 25% from 1 April 2023. This change has not yet been substantively enacted.

## 6. Prepayments, accrued income and other assets

	2020 £'000	2019 £'000
Group relief receivable	1	262

## 7. Accruals, deferred income and other liabilities

	2020 £'000	2019 £'000
Accruals	30	24
	30	24

## 8. Share capital

	2020 £	2019 £
<b>Authorised:</b>		
1000 ordinary shares of £1 each	1,000	1,000
<b>Allotted, called up and fully paid:</b>		
Equity shares		
100 ordinary shares of £1 each	100	100

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

**PATALEX PRODUCTIONS LIMITED**

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**NOTES TO THE FINANCIAL STATEMENTS****9. Related parties****UK Government**

The UK Government through HM Treasury is the ultimate controlling party of NatWest 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 31 October 2020

The Company's immediate parent was:	The Lombard Corporate Finance (11) Limited
The smallest consolidated accounts including the company were prepared by:	NatWest Markets plc
The ultimate parent company was:	NatWest Group plc

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

On 22 July 2020 The Royal Bank of Scotland Group plc changed its name to NatWest Group plc.