Company Registered No: SC139617

ROYAL BANK INVESTMENTS LIMITED

ANNUAL REPORT AND FINANCIAL STATEMENTS

For the year ended 31 December 2019

CONTENTS

OFFICERS AND PROFESSIONAL ADVISERS

DIRECTORS:	K D Pereira L E Roberts
SECRETARY:	NatWest Markets Secretarial Services Limited
REGISTERED OFFICE:	RBS Gogarburn 175 Glasgow Road Edinburgh Midlothian EH12 1HQ
INDEPENDENT AUDITOR:	Ernst & Young LLP Statutory Auditor 144 Morrison Street Edinburgh EH3 8EX

Registered in Scotland

DIRECTORS' REPORT

The directors of Royal Bank Investments Limited ("the Company") present their annual report together with the audited financial statements for the year ended 31 December 2019.

CHANGE OF REGISTERED OFFICE

On 9 September 2020, the Registered Office of the Company changed from 24/25 St Andrew Square, Edinburgh, EH2 1AF to RBS Gogarburn, 175 Glasgow Road, Edinburgh, Midlothian, EH12 1HQ.

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 that of an investment company. The directors do not anticipate any material change in the type or level of activities of the Company.

The Company's ultimate parent company is NatWest Group plc (formerly known as The Royal Bank of Scotland Group plc (RBSG plc)) which provides the Company with direction and access to all central resources it needs and determines policies in all key areas such as finance, risk, human resources or environment. For this reason, the directors believe that performance indicators specific to the Company are not necessary or appropriate for an understanding of the development, performance or position of the business. The annual reports of The Royal Bank of Scotland Group plc review these matters on a group basis. Copies can be obtained from Legal, Governance and Regulatory Affairs, RBS Gogarburn, Edinburgh, PO Box 1000 EH12 1HQ, the Registrar of Companies or at www.natwestgroup.com.

The NatWest Group comprises NatWest Group plc and its subsidiaries.

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 Company's financial performance is presented on pages 8 to 11.

Turnover increased by £176,527 (2018: decreased by £6,515,591) and expenses increased by £132,303 (2018: decreased by £42,993). The profit for the year was £125,476 (2018: £311,973), decrease of 60% over 2018.

The directors do not recommend the payment of dividend for 2019 (2018: nil).

At the end of the year, the balance sheet showed total assets of £45,506,375 (2018: £45,966,422), including income-generating assets £45,397,955 (2018: £45,956,422) representing a decrease of 1%. Total shareholders' funds were £45,282,929 (2018: £45,670,605).

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 NatWest Markets Asset and Liability Management Committee (NWM ALCO).

The Company is funded by facilities from NatWest Markets Plc. These are denominated in sterling which is the functional currency and carry no significant financial risk.

The Company's assets mainly comprise equities, advances, and 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.

DIRECTORS' REPORT

Principal risks and uncertainties (continued)

The principal risks associated with the Company are as follows:

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.

Currency risk

The Company is exposed to foreign currency risk as it maintains a bank account in Euros. The Company manages currency risk by ensuring that there is consistency in the currency profile of its assets and liabilities, and limiting any currency mismatches.

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.

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.

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.

Going concern

These financial statements are prepared on a going concern basis, see note 1(a) on page 12.

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 2019 to date the following changes have taken place:

Directors	Appointed	Resigned
S P Nixon	-	26 April 2019
C White	26 April 2019	30 September 2020
L E Roberts	30 September 2020	-

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
- 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:

K. Pereira

K D Pereira

Director

Date: 5 October 2020

INDEPENDENT AUDITOR'S REPORT TO THE MEMBERS OF ROYAL BANK INVESTMENTS LIMITEDOpinion

We have audited the financial statements of Royal Bank Investments Limited ("the company") for the year ended 31 December 2019 which comprise the Profit and Loss Account, the Balance Sheet, the Statement of Comprehensive Income, the Statement of Changes in Equity and the related notes 1 to 15, including a summary of significant accounting policies. The financial reporting framework that has been applied in their preparation is applicable law and United Kingdom Accounting Standards including FRS 101 "Reduced Disclosure Framework" (United Kingdom Generally Accepted Accounting Practice).

In our opinion, the financial statements:

- give a true and fair view of the company's affairs as at 31 December 2019 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.

Emphasis of matter – Effects of Covid-19

We draw attention to Notes 1(a) and 155 of the financial statements, which describes the economic disruption the Company is facing as a result of Covid-19 which is impacting current business operations and financial markets. Our opinion is not modified in respect of this matter.

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 ROYAL BANK INVESTMENTS 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
- 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 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.

INDEPENDENT AUDITOR'S REPORT TO THE MEMBERS OF ROYAL BANK INVESTMENTS LIMITED

Use of our report

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

Ernst & Young L.L.P.

Jean Philippe Jacques Faillat (Senior Statutory Auditor)

for and on behalf of Ernst & Young LLP, Statutory Auditor,

London, United Kingdom

Date: 7 October 2020

PROFIT AND LOSS ACCOUNT

for the year ended 31 December 2019

Income from continuing operations	Notes	2019 £	2018 £
Turnover	3	**142,156**	(34,371)
Operating expenses	4	**(139,451)**	(7,148)
Operating profit/(loss)		**2,705**	(41,519)
Other interest income	5	**71,431**	56,860
Other income		**-**	586
Operating profit before tax		**74,136**	15,927
Tax credit	6	**51,340**	296,046
Profit for the financial year		**125,476**	311,973

The accompanying notes from pages 12 to 20 form an integral part of these financial statements.

STATEMENT OF COMPREHENSIVE INCOME

for the year ended 31 December 2019

	2019	2018
	£	£
Profit for the financial year	**125,476**	311,973
Items that will be reclassified subsequently to profit or loss:		
Unrealised loss on investments	**(525,425)**	(1,359,730)
Realised gain on investments	**-**	569,902
Other comprehensive loss before tax	**(525,425)**	(789,828)
Tax credit/(charge)	**12,273**	(109,118)
Other comprehensive loss after tax	**(513,152)**	(898,946)
Total comprehensive loss for the year	**(387,676)**	(586,973)

The accompanying notes from pages 12 to 20 form an integral part of these financial statements.

BALANCE SHEET

as at 31 December 2019

	Notes	2019 £	2018 £
Non-current assets			
Investments in group companies	7	30,912,137	30,912,137
Investments at fair value through profit & loss (FVTPL)	8	2,670,230	2,528,222
Investments at fair value through other comprehensive Income (FVOCI)	9	1,174,480	1,791,190
		34,756,847	35,231,549
Current assets			
Current tax asset		53,420	-
Amounts due from group company	10	10,641,108	10,724,873
Cash at bank	11	55,000	10,000
		10,749,528	10,734,873
Total assets		45,506,375	45,966,422
Non-current liabilities			
Amounts due to group company	12	37,219	2,615
Deferred tax liability	6	186,227	196,420
		223,446	199,035
Current liability			
Current tax liability		-	96,782
		-	96,782
Total liabilities		223,446	295,817
Equity			
Called-up share capital	13	4,700,003	4,700,003
Fair value through other comprehensive income reserve		(2,478,288)	(1,965,136)
Retained earnings		43,061,214	42,935,738
Total equity		45,282,929	45,670,605
Total liabilities and equity		45,506,375	45,966,422

The accompanying notes from pages 12 to 20 form an integral part of these financial statements.

The financial statements of the Company were approved by the Board of Directors on 5 October 2020 and signed on its behalf by:

K. Pereira

K D Pereira

Director

STATEMENT OF CHANGES IN EQUITY

for the year ended 31 December 2019

	Share capital	Fair value through other comprehensive income reserve	Retained earnings	Total
	£	£	£	£
At 1 January 2018	**4,700,003**	**(496,288)**	**42,053,863**	**46,257,578**
Unrealised loss on FVOCI assets (in net)	-	(789,828)	-	(789,828)
Transfer of FVOCI reserve to retained earnings on disposal of investments	-	(569,902)	569,902	-
Tax charge on fair value adjustment & realised gain	-	(109,118)	-	(109,118)
Profit for the year	-	-	311,973	311,973
At 31 December 2018	**4,700,003**	**(1,965,136)**	**42,935,738**	**45,670,605**
Unrealised loss on FVOCI assets (in net)	-	**(525,425)**	-	**(525,425)**
Profit for the year	-	-	**125,476**	**125,476**
Tax credit on fair value adjustment	-	**12,273**	-	**12,273**
At 31 December 2019	**4,700,003**	**(2,478,288)**	**43,061,214**	**45,282,929**

Total comprehensive loss for the year £387,676 (2018: £586,973) is wholly attributable to the owners of the Company.

The accompanying notes from pages 12 to 20 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.

  The underlying two companies that form a material part of the FVTPL investments made by the Company have not yet been sold. The latest 3rd party fund report states that there has been an adverse impact from Covid-19 with the sale process being extended into 2021.

  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.

  There remains significant uncertainty regarding the developments of the pandemic and the future economic recovery. The most likely expected financial impact is in respect of the Company's profitability, assets, operations and liquidity which management continues to monitor.

  In assessing going concern, a Covid-19 impact analysis was performed across 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 except that the following assets and liabilities are stated at their fair value: fair value through other comprehensive income, derivative financial instruments and investment property

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

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

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

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

The changes to IFRS that were effective from 1 January 2019 have had no material effect on the Company's Financial Statements for the year ended 31 December 2019.

1. Accounting policies (Continued)

b) Consolidated financial statements

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

c) Revenue recognition

Interest income 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.

Other interest relating to financial instruments measured at fair value is recognised as part of the movement in fair value.

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 the service is rendered. The price is usually fixed and always determinable.

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

d) 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, other comprehensive 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.

e) Financial instruments

Financial instruments are classified either by product, by business model or by reference to the IFRS default classification.

Classification by product relies on specific designation criteria which are applicable to certain classes of financial assets or circumstances where accounting mismatches would otherwise arise. Classification by business model reflects how the Company manages its financial assets to generate cash flows. A business model assessment determines if cash flows result from holding financial assets to collect the contractual cash flows; from selling those financial assets; or both.

The product classifications apply to financial assets that are either designated at fair value through profit or loss (DFV), or to equity investments designated as at fair value through other comprehensive income (FVOCI). In all other instances, fair value through profit or loss (MFVTPL) is the default classification and measurement category for financial assets

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.

All financial instruments are measured at fair value on initial recognition.

NOTES TO THE FINANCIAL STATEMENTS

1. Accounting policies (Continued)

All liabilities not subsequently measured at fair value are measured at amortised cost.

Most financial assets are held to collect the contractual cash flows that comprise solely payments of principal and interest and are measured at amortised cost. Certain financial assets managed under a business model of both to collect contractual cash flows comprising solely of payments of principal and interest, and to sell, are measured at fair value through other comprehensive income ('FVOCI').

f) Impairment of financial assets

At each balance sheet date each financial asset or portfolio of loans measured at amortised cost or at fair value through other comprehensive income, issued financial guarantee and loan commitment 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.

Where, in the course of the orderly realisation of a loan, it is exchanged for equity shares or property, the exchange is accounted for as the sale of the loan and the acquisition of equity securities or property. Where the Company's interest in equity shares following the exchange is such that the Company controls an entity, that entity is consolidated.

The costs of loss allowances on assets held at amortised cost are presented as impairments in the income statement. Allowances in respect financial guarantees and loan commitments are presented [in administrative expenses]. Contingent liabilities 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.

h) Cash at bank

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

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 estimates 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 are recognised directly in equity unless an impairment loss is recognised.

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.

Financial instruments measured at fair value are all equity investments in other than group companies.

NOTES TO THE FINANCIAL STATEMENTS

2. Critical accounting policies and key sources of estimation uncertainty (Continued)

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.

Investments in and loans to group companies

The Company has reviewed the carrying value of investments in group companies and concluded that there are no/indications of impairments. No impairment losses have been recognised on loans to group companies. No impairment losses have been recognised on loans to group companies.

3. Turnover

	2019 £	2018 £
Dividend income	**148**	-
Unrealised investment gain/ (loss) - FVTPL	**142,008**	(34,371)
	142,156	(34,371)

4. Operating expenses

	2019 £	2018 £
Management fees	**139,451**	7,148

Staff costs, number of employees and 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.

The auditor's remuneration for statutory audit work of £15,000 (2018: £8,104) for the Company was borne by NatWest Markets Plc. Remuneration paid to the auditor for non-audit work for the Company was nil (2018: nil).

5. Other interest income

	2019 £	2018 £
Interest receivable from parent entity	**71,431**	56,860

6. Tax

	2019 £	2018 £
Current tax:		
(Credit)/ charge for the year	**(36,218)**	26,623
Over provision in respect of prior periods	**(17,202)**	(306,003)
	(53,420)	(279,380)
Deferred tax:		
Charge/(credit) for the year	**2,080**	(16,666)
Tax credit for the year	**(51,340)**	(296,046)

The actual tax charge/(credit) differs from the expected tax charge/(credit) computed by applying the blended UK corporation tax rate of 19.00% (2018 - 19.00%) as follows:

	2019 £	2018 £
Profit before tax	**74,136**	15,927
Expected tax charge	**14,086**	3,026
Partnership allocation	**(23,295)**	17,067
Non-taxable items	**(24,929)**	(10,136)
Adjustments in respect of prior periods	**(17,202)**	(306,003)
Actual tax credit for the year	**(51,340)**	(296,046)

In recent years the UK Government has steadily reduced the rate of UK corporation tax, with the 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 these rates, as these were substantively enacted at the balance sheet date.

Since the balance sheet date, it was announced in the UK Government's Budget on 11 March 2020 that the reduction in the UK Corporation rate to 17% from 1 April 2020 will not proceed. Instead, the UK Corporation tax rate will remain at 19%. This change was substantively enacted on 17 March 2020 and is therefore a non adjusting post balance sheet event.

As a result, existing temporary differences on which deferred tax has been provided may unwind in periods subject to the 19% rate. The impact of the post balance sheet date change in tax rate is not expected to be material.

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

	FVOCI £	FVTPL £	Total £
At 1 January 2018	(142,500)	(57,631)	(200,131)
Credit to Profit and Loss Account	-	16,666	16,666
Charge to equity	(12,955)	-	(12,955)
At 31 December 2018	(155,455)	(40,965)	(196,420)
Charge to Profit and Loss Account	-	**(2,080)**	**(2,080)**
Credit to equity	**12,273**	-	**12,273**
At 31 December 2019	**(143,182)**	**(43,045)**	**(186,227)**

NOTES TO THE FINANCIAL STATEMENTS

7. Investments in group companies

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

	2019	2018
	£	£
At 1 January	**30,912,137**	30,912,137
Additions	-	-
Impairments	-	-
At 31 December	**30,912,137**	30,912,137

Details of investments in which the Company holds equity of 50% or more are as follows:

Name of Company	**Nature of business**	**Country of incorporation**	**Class of investments**	**Total equity %**	**Voting power %**
RBDC Administrator Limited	Investment	UK	Ordinary Shares	50	50
RB Investments 3 Limited	Financial intermediation	UK	Ordinary Shares	100	100
Coutts General Partner (Cayman) V Limited	Asset Management	UK	Ordinary Shares	100	100

The registered office for RBDC Administrator Limited is 24/25 St.Andrew Square, Edinburgh, EH2 1AF, RB Investments 3 Limited is 250 Bishopsgate, London, England, EC2M 4AA and for Coutts General Partner (Cayman) V Limited the address is Maples Corporate Services Limited, PO Box 309, 121 South Church Street , George Town, Grand Cayman, KY1-1104.

8. Investments – fair valued through profit & loss (FVTPL)

	2019	2018
	£	£
At 1 January	**2,528,222**	2,562,593
Movements during the year		
Disposals	-	-
Net fair value movements	**142,008**	(34,371)
Drawdowns	-	-
At 31 December	**2,670,230**	2,528,222

NOTES TO THE FINANCIAL STATEMENTS

9. Investments – fair valued through other comprehensive income (FVOCI)

	2019	2018
	£	£
Equity shares	**1,265,765**	1,791,190
Disposals	**(91,285)**	-
Fair value	**1,174,480**	1,791,190

Movements during the year were as follows:

	2019	2018
	£	£
As at 1 January	**1,791,190**	4,302,212
Additions	**-**	-
Disposal	**(91,285)**	(1,688,902)
Distributions	**-**	(32,292)
Decrease in fair value	**(525,425)**	(789,828)
As at 31 December	**1,174,480**	1,791,190

During the year, the Company acquired 100% interest in Bridges Community Development Venture Fund 'A' LP and in Bridges Community Development Venture Fund 'B' LP at Nil consideration from RBS Investments Limited ("the Transferor"), group company, vide the Deed of Transfer dated December 03, 2019.

From the date of transfer, the company shall assume and agree to pay and perform any and all the unperformed duties, obligations and liabilities of the transferor pursuant to the deed of transfer.

10. Amounts due from group company

	2019	2018
	£	£
Short term deposit – NatWest Markets Plc	**10,547,986**	10,724,015
Withholding tax amount due from Royal Bank Ventures Investments	**91,285**	-
Interest accrual on deposit	**1,837**	858
	10,641,108	10,724,873

11. Cash at bank

	2019	2018
	£	£
Cash at bank – RBS Plc	**55,000**	10,000

12. Amounts due to group company

	2019	2018
	£	£
Due within one year		
Administrative expenses	**37,219**	-
Term liquidity premium	**-**	2,615
	37,219	2,615

13. Share capital

	2019 £	2018 £
Authorised:		
4,700,998 A Ordinary Shares of £1 each	**4,700,998**	4,700,998
1 B Ordinary Share of £1 each	**1**	1
1 C Ordinary Share of £1 each	**1**	1
	4,701,000	4,701,000
Allotted, called-up and fully paid:		
4,700,002 A Ordinary Shares of £1 each	**4,700,002**	4,700,002
1 B Ordinary Share of £1 each	**1**	1
	4,700,003	4,700,003

A Ordinary Shares

The holders of these shares are entitled to attend and vote at general meetings of the Company. They are also entitled to the balance of the profits in excess of any dividends paid to B and C shareholders as resolved by the directors and approved by the Company in a general meeting.

B Ordinary Shares

The holders of these shares are not entitled to attend and vote at general meetings of the Company. The B shareholders are entitled to receive such dividends as resolved by the directors and approved by the Company in a general meeting, provided that the amount does not exceed twenty four per cent of the profits of the Company available for distribution in that accounting period nor does the amount exceed the Directors' estimate of dividends which are payable now or in the foreseeable future by Roboscot Equity Limited on their respective B, C, D and E Ordinary Shares.

C Ordinary Shares

The holders of these shares, if issued, are not entitled to attend and vote at general meetings of the Company. The C shareholders are entitled to receive such dividends as resolved by the directors and approved by the Company in a general meeting, provided that the amount does not exceed twenty four per cent of the profits of the Company available for distribution in that accounting period nor does the amount exceed the Directors' estimate of dividends which are payable now or in the foreseeable future by Roboscot Equity Limited on their respective B, C, D and E Ordinary Shares.

14. 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 consisted solely of corporation tax.

Group Companies

As at 31 December 2019

The Company's immediate parent was:	NatWest Markets Plc
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

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.

15. Post balance sheet events

On 30 January 2020, 19 March 2020 and 23 September 2020, the Company has received interim dividends of £18,000,000, £20,000,000 and £6,000,000 respectively in respect of Company's Ordinary shares of £1 each in RB Investments 3 Limited.

On 19 March 2020 and 23 March 2020, the Company has paid interim dividends of £18,000,000 and £20,000,000 respectively in respect of Company's Ordinary shares of £1 each to NatWest Markets Plc. Roboscot Equity Limited would waive its right to a dividend and pay it directly to NatWest Markets Plc N.C. Head Office Nominees Limited holds its share in trust for NatWest Markets Plc and as such distribution has been paid directly to NatWest Markets Plc.

The directors consider Covid-19 to be a non-adjusting post balance sheet event and as such no adjustments have been made to the measurement of assets and liabilities as at 31 December 2019. Refer to note 1a for the director's assessment of the impact on the Company. While there remains significant uncertainty regarding the developments of Covid-19 and the future economic recovery, a precise estimate of its financial effect, cannot be made at the date of issue of the financial statements. There could be an impact on profitability, assets, operations and liquidity and the directors continue to monitor this, however, at this stage do not consider there to be any material issues for the Company.