

Company Registered No: 02924692

R.B.S. SPECIAL INVESTMENTS LIMITED

ANNUAL REPORT AND FINANCIAL STATEMENTS

For the year ended 31 December 2017



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R.B.S. SPECIAL INVESTMENTS LIMITED

02924692

OFFICERS AND PROFESSIONAL ADVISERS

DIRECTORS:

S P Nixon
K D Pereira

COMPANY SECRETARY:

RBS Secretarial Services Limited

REGISTERED OFFICE:

250 Bishopsgate
London
England
EC2M 4AA

INDEPENDENT AUDITOR:

Ernst & Young LLP
Atria One, 144
Morrison Street
EH3 8EX, Edinburgh
United Kingdom

Registered in England and Wales

STRATEGIC REPORT**ACTIVITIES AND BUSINESS REVIEW****Activity**

The principal activity of the Company was to be an investment company.

The Company is a subsidiary of The Royal Bank of Scotland Group 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 Group review these matters on a group basis. Copies can be obtained from Corporate Governance and Regulatory Affairs, RBS Gogarburn, Edinburgh EH12 1HQ, the Registrar of Companies or at www.rbs.com.

Review of the year**Business review**

The directors are satisfied with the Company's performance in the year.

Financial performance and position

The Company's financial performance is presented on pages 9 to 12.

Turnover fell by £12,255,806 (2016: grew by £12,208,206) and expenses rose by £6,531 (2016: rose by £5,191). The profit for the year was £2,953,433 (2016: £9,702,186).

The Company reduced its share capital from 100,000 Ordinary Shares of £1 each and 18,807,207 Zero Redeemable Preference Shares of £1 each to 100,000 Ordinary Shares of £1 each.

The Company paid interim dividends in respect of its ordinary shares of £11,000,000 on 18 January 2017 and €26,000,000 on 20 March 2017.

At the end of the year, the balance sheet showed total assets of £9,989,877 (2016: £43,800,063) including income-generating assets comprising investments of nil (2016: £128,478) together representing a decrease of 77.2%. Total shareholders funds were £9,944,217 (2016: £40,462,189).

Principal risks and uncertainties

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

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

The Company is funded by facilities from The Royal Bank of Scotland Group 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, 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.

STRATEGIC 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.

Interest rate risk

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

The Company manages interest rate risk by monitoring the consistency in the interest rate profile of its assets and liabilities, and limiting any re-pricing mismatches.

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.

Currency risk

The Company is exposed to currency risk as amounts due to group companies are in Euro and USD.

The Company's policy is normally to match foreign currency investments with borrowings in the same currency. Any open position would be as a result of fair value adjustments to the financial assets. This exposure would not be hedged as it is not structural in nature.

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

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.

STRATEGIC 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.

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



Director **KEITH PEREIRA**
Date: 25 September 2018

DIRECTORS' REPORT

The Strategic Report includes the review of the year, risk report, disclosure of information to auditors and note of balance sheet events.

DIRECTORS AND SECRETARY

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


From 1 January 2017 to date the following changes have taken place:

	Appointed	Resigned
Directors		
A D Potter	-	08 November 2017
H A Grimshaw	-	08 November 2017
S P Nixon	08 November 2017	-
K D Pereira	08 November 2017	-

AUDITOR

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

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


Director **KEITH PEREIRA**
Date: 25 September 2018

INDEPENDENT AUDITOR'S REPORT TO THE MEMBERS OF R.B.S. SPECIAL INVESTMENTS LIMITED

Opinion

We have audited the financial statements of R.B.S. Special Investments Limited ('the Company') for the year ended 31 December 2017 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 Accounting Standards (United Kingdom Generally Accepted Accounting Practice), including FRS 101 "Reduced Disclosure Framework".

In our opinion the financial statements:

- give a true and fair view of the Company's affairs as at 31 December 2017 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 the provisions available for small entities, 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 R.B.S. SPECIAL INVESTMENTS LIMITED

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 strategic report and the directors' report for the financial year for which the financial statements are prepared is consistent with the financial statements; and
- the strategic report and directors' report have been prepared in accordance with applicable legal requirements.

Matters on which we are required to report by exception

In 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.

Responsibilities of directors

As explained more fully in the Directors' Responsibilities Statement 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 applicable law and International Standards on Auditing will always detect a material misstatement when it exists. Misstatements can arise from fraud or error and are considered material if, individually or in the aggregate, they could reasonably be expected to influence the economic decisions of users taken on the basis of these financial statements.

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

INDEPENDENT AUDITOR'S REPORT TO THE MEMBERS OF R.B.S. SPECIAL 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.

Matthew Philpott (Senior Statutory Auditor)
for and on behalf of Ernst & Young LLP,
Statutory Auditor
Edinburgh

Date: 27 September 2018

Ernst & Young LLP

PROFIT AND LOSS ACCOUNT
for the year ended 31 December 2017

		2017 £	2016 £
Discontinued operations	Notes		
Other income	3	717,962	12,973,768
Operating profit before tax		717,962	12,973,768
Other expenses	4	(31,651)	(25,120)
Interest receivable	5	31,307	99,443
Interest payable	6	(21,549)	(55,777)
Profit on ordinary activities before tax		696,069	12,992,314
Tax credit/(charge)	7	2,257,364	(3,290,128)
Profit for the financial year		2,953,433	9,702,186

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

STATEMENT OF COMPREHENSIVE INCOME
for the year ended 31 December 2017

	2017 £	2016 £
Profit for the financial year	2,953,433	9,702,186
Other comprehensive income: subject to reclassification		
Investments-Available-for-sale	-	126,778
Other comprehensive income before tax	-	126,778
Tax charge	-	(24,411)
Other comprehensive income after tax	-	102,367
Total comprehensive income for the year	2,953,433	9,804,553


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

BALANCE SHEET
 as at 31 December 2017

	Notes	2017 £	2016 £
Non-current assets			
Investments - available-for-sale		-	128,478
		-	128,478
Current assets			
Prepayments, accrued income and other assets	8	49,703	18,396
Current tax asset		1,454,586	-
Cash at bank	9	8,485,588	43,653,189
		9,989,877	43,671,585
Total assets		9,989,877	43,800,063
Current liabilities			
Amounts due to group companies	10	45,660	23,335
Current tax liabilities		-	3,290,128
Deferred tax liability		-	24,411
		45,660	3,337,874
Equity			
Called-up share capital	12	100,000	13,803,753
Available-for-sale reserve		-	102,367
Profit and loss account		9,844,217	26,556,069
Total equity		9,944,217	40,462,189
Total liabilities and equity		9,989,877	43,800,063

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 25 September 2018 and signed on its behalf by:


 Director KEITH PEREIRA

STATEMENT OF CHANGES IN EQUITY
for the year ended 31 December 2017

	Share capital £	Available-for- sale reserve £	Profit and loss account £	Total £
At 1 January 2016	19,225,849	4,404,754	11,431,787	35,062,390
Profit for the year	-	-	9,702,186	9,702,186
Realised gain	-	(9,173,349)	-	(9,173,349)
Unrealised gain	-	3,794,185	-	3,794,185
Tax credit on fair value adjustment	-	1,076,777	-	1,076,777
Share capital reduction	(5,422,096)	-	5,422,096	-
At 31 December 2016	13,803,753	102,367	26,556,069	40,462,189
Profit for the year	-	-	2,953,433	2,953,433
Realised gain transferred to profit and loss account	-	(102,367)	-	(102,367)
Dividends paid	-	-	(33,369,038)	(33,369,038)
Share capital reduction	(13,703,753)	-	13,703,753	-
At 31 December 2017	100,000	-	9,844,217	9,944,217

Total comprehensive income for the year of £2,953,433 (2016: £9,804,553) 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.

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

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

- in accordance with the Companies Act 2006;
- in Sterling which is the functional currency of the Company; and
- with the benefit of the disclosure exemptions permitted by FRS 101 with regard to:
 - cash-flow statement;
 - standards not yet effective; and
 - related party transactions.

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

The few changes to IFRS that were effective from 1 January 2017 have had no material effect on the Company's financial statements for the year ended 31 December 2017.

b) Foreign currencies

Transactions in foreign currencies are translated into Sterling at the foreign exchange rate ruling at the date of the transaction. Monetary assets and liabilities denominated in foreign currencies are translated into Sterling at the rates of exchange ruling at the balance sheet date. Foreign exchange differences arising on translation are reported in the profit and loss.

c) Revenue recognition

Interest income on financial assets that are classified as loans and receivables or available-for-sale and interest expense on financial liabilities other than those at fair value through profit or loss are determined using the effective interest method. The effective interest method is a method of calculating the amortised cost of a financial asset or financial liability (or group of financial assets or liabilities) and of allocating the interest income or interest expense over the expected life of the asset or liability. The effective interest rate is the rate that exactly discounts estimated future cash flows to 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.

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

Financial assets and financial liabilities held for trading or designated as at fair value through profit or loss are recognised at fair value. Changes in fair value are recognised in profit or loss.

NOTES TO THE FINANCIAL STATEMENTS**1. Accounting policies (continued)****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 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 assets

On initial recognition, financial assets are classified into loans and receivables; or available-for-sale financial assets.

Loans and receivables

Non-derivative financial assets with fixed or determinable repayments that are not quoted in an active market are classified as loans and receivables, except those that are classified as available-for-sale or as held-for-trading, or designated as at fair value through profit or loss. Loans and receivables are initially recognised at fair value plus directly related transaction costs. They are subsequently measured at amortised cost using the effective interest method less any impairment losses.

Available-for-sale- Investments

Financial assets that are not classified as held-to-maturity; held-for-trading; designated as at fair value through profit or loss; or loans and receivables, are classified as available-for-sale. Financial assets can be designated as available-for-sale on initial recognition. Available-for-sale financial assets are initially recognised at fair value plus directly related transaction costs. They are subsequently measured at fair value.

Unquoted equity investments whose fair value cannot be measured reliably are carried at cost and classified as available-for-sale financial assets.

Impairment losses and exchange differences resulting from retranslating the amortised cost of foreign currency monetary available-for-sale financial assets are recognised in profit or loss together with interest calculated using the effective interest method (see policy 1(c)). Other changes in the fair value of available-for-sale financial assets are reported in a separate component of shareholders' equity until disposal, when the cumulative gain or loss is recognised in profit or loss.

f) Financial liabilities

On initial recognition financial liabilities are classified into amortised cost.

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.

A financial liability is removed from the Balance Sheet when the obligation is discharged, cancelled, or expires.

NOTES TO THE FINANCIAL STATEMENTS

1. Accounting policies (continued)

h) Cash at bank

Cash at bank comprises interest bearing deposits held with banks.

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 available-for-sale are recognised in the Financial Statements at fair value. Unrealised gains and losses on available-for sale financial assets 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.

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. Other income

	2017 £	2016 £
Gain on investments at fair value through profit or loss	-	557,032
Interest income on LAR	-	6,727
Loss on sale of loan	-	(22,200)
Realised gain on investments at available-for-sale	602,399	9,173,349
Other foreign exchange movements	115,563	3,258,860
	717,962	12,973,768

4. Other expenses

	2017 £	2016 £
Administrative expense	31,651	25,120

Staff costs, number of employees and directors' emoluments

All staff and directors were employed by group companies and the financial statements of The Royal Bank of Scotland Group plc which contain full disclosure of employee benefit expenses incurred in the period including share based payments and pensions. The Company has no employees. 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 £8,104 was borne by The Royal Bank of Scotland Group plc (2016: £8,104 was borne by the Company).

NOTES TO THE FINANCIAL STATEMENTS

5. Interest receivable

	2017 £	2016 £
Interest receivable from group companies	31,307	61,294
Interest receivable from Star Capital Investments Limited	-	38,149
	<u>31,307</u>	<u>99,443</u>

6. Interest payable

	2017 £	2016 £
Interest payable to other group companies	<u>21,549</u>	<u>55,777</u>

7. Taxation

	2017 £	2016 £
Current tax:		
UK corporation tax charge for the year	116,881	2,488,089
(Over)/under provision in respect of prior year	(2,374,245)	802,039
Tax (credit)/charge for the year	<u>(2,257,364)</u>	<u>3,290,128</u>

The actual tax (credit)/charge differs from the expected tax charge computed by applying the blended rate of UK corporation tax of 19.25% (2016: standard tax rate 20%) as follows:

	2017 £	2016 £
Profit on ordinary activities before tax	696,069	12,992,314
Expected tax charge	133,970	2,598,463
Non taxable income	(17,089)	(110,374)
Adjustments in respect of prior year	(2,374,245)	802,039
Actual tax (credit)/charge for the year	<u>(2,257,364)</u>	<u>3,290,128</u>

In recent years the UK Government has steadily reduced the rate of UK corporation tax, with the latest rates substantively enacted at the balance sheet date standing at 20% with effect from 1 April 2015, 19% from 1 April 2017 and 17% from 1 April 2020. 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.

8. Prepayments, accrued income and other assets

	2017 £	2016 £
Accrued income	<u>49,703</u>	<u>18,396</u>

9. Cash at bank

	2017 £	2016 £
Cash at bank	<u>8,485,588</u>	<u>43,653,189</u>

NOTES TO THE FINANCIAL STATEMENTS

10. Amounts due to group companies

	2017 £	2016 £
Parent - The Royal Bank of Scotland plc	45,660	23,335

11. Financial instruments

The following tables analyse the Company's financial assets and liabilities in accordance with the categories of financial instruments in IAS 39 "Financial Instruments, Recognition and Measurement". Assets and liabilities outside the scope of IAS 39 are shown separately.

	Available - for-sale £	Loans and receivables £	At amortised cost £	Non financial assets/ liabilities £	Total £
2017					
Assets					
Prepayments, accrued income and other assets	-	-	-	49,703	49,703
Current tax asset	-	-	-	1,454,586	1,454,586
Cash at bank	-	8,485,588	-	-	8,485,588
	-	8,485,588	-	1,504,289	9,989,877
Liabilities					
Amounts due to group companies	-	-	45,660	-	45,660
	-	-	45,660	-	45,660
Equity					9,944,217
					9,989,877

	Available- for-sale £	Loans and receivables £	At amortised cost £	Non financial assets/ liabilities £	Total £
2016					
Assets					
Investments	128,478	-	-	-	128,478
Prepayments, accrued income and other assets	-	-	-	18,396	18,396
Cash at bank	-	43,653,189	-	-	43,653,189
	128,478	43,653,189	-	18,396	43,800,063
Liabilities					
Amounts due to group companies	-	-	23,335	-	23,335
Current tax liabilities	-	-	-	3,290,128	3,290,128
Deferred tax liability	-	-	-	24,411	24,411
	-	-	23,335	3,314,539	3,337,874
Equity					40,462,189
					43,800,063

There are no material differences between the carrying value and the fair value of the financial instruments.

NOTES TO THE FINANCIAL STATEMENTS

11. Financial instruments (continued)

Valuation hierarchy

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

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

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

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

The following tables show the financial instruments carried at fair value by hierarchy – level 1, level 2 and level 3:

	Level 1 £	Level 2 £	Level 3 £
2017			
Assets			
Investments- Available for sale	-	-	-

	Level 1 £	Level 2 £	Level 3 £
2016			
Assets			
Investments- Available for sale	-	-	128,478

The Company has determined that reported net asset value presents fair value at the end of the reporting period.

Level 3 portfolio movement tables

	Available for sale £	Fair value through profit and loss account (Equity shares) £	Total £
As at 1 January 2016	5,507,400	3,732,671	9,240,071
Unrealised gains/(losses)	3,794,185	(288,021)	3,506,164
Realised gain	(9,173,349)	-	(9,173,349)
Unrealised foreign exchange gain	242	-	242
Realised gain on disposal	-	1,318,695	1,318,695
Disposal of investment	-	(4,763,345)	(4,763,345)
As at 31 December 2016	128,478	-	128,478
Distributions/disposals	(128,478)	-	(128,478)
As at 31 December 2017	-	-	-

The investments included above represent an investment in unlisted equity instruments. The fair value of such investment has been determined by internal valuation model method.

NOTES TO THE FINANCIAL STATEMENTS

12. Share capital

	2017 £	2016 £
Authorised:		
250,000,000 Ordinary Shares of £1 each	250,000,000	250,000,000
110,000,000 zero coupon redeemable Preference Shares of €1 each	-	74,264,110
	250,000,000	324,264,110
Allotted, called-up and fully paid:		
100,000 Ordinary Shares of £1 each	100,000	100,000
18,807,207 zero coupon redeemable Preference Shares of €1 each	-	13,703,753
	100,000	13,803,753

The redeemable Preference Shares are classified as equity, as they rank pari passu and enjoy identical rights to the Ordinary Shares, save for those provisions outlined in article 3(b) of the Company's Articles of Association, but constitute a separate class of share. In summary the provisions stated in article 3(b) of the Company's Articles of Association state the following: The Company may, by serving not fewer than seven days notice, redeem the redeemable Preference Shares at par value. On a redemption date the par value of the redeemable shares to be redeemed shall, subject to the provisions of the Act, become debt due and payable by the Company and subject to the receipt by the Company of the relevant share certificate(s). On redemption the Company shall cancel the share certificate(s) of the shareholder concerned and, in the case of redemption of part of the shares included in the certificate, issue a fresh certificate for the balance of the shares not redeemed.

Each Ordinary Share carries one vote.

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 Financial Investments Limited, a company it wholly-owns and as a result, the UK Government and UK Government controlled bodies are related parties of the Company.

The Company enters into transactions with these bodies on an arms' length basis; they consisted solely of corporation tax which is separately disclosed in note 7.

Group companies

As at 31 December 2017

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

On 29 April 2018 The Royal Bank of Scotland plc changed its name to NatWest Markets Plc.

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