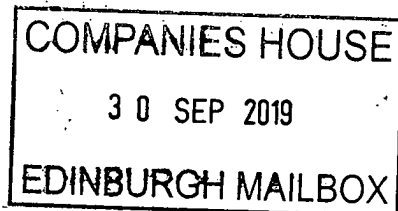


Company Registered No: 06288537

GATEHOUSE WAY DEVELOPMENTS LIMITED

ANNUAL REPORT AND FINANCIAL STATEMENTS

For the year ended 31 December 2018



CONTENTS**Page****OFFICERS AND PROFESSIONAL ADVISERS****1****DIRECTORS' REPORT****2****INDEPENDENT AUDITOR'S REPORT****5****STATEMENT OF COMPREHENSIVE INCOME****7****BALANCE SHEET****8****STATEMENT OF CHANGES IN EQUITY****9****NOTES TO THE FINANCIAL STATEMENTS****10**

GATEHOUSE WAY DEVELOPMENTS LIMITED

06288537

OFFICERS AND PROFESSIONAL ADVISERS

DIRECTORS: D C Grant
J M Rowney

COMPANY SECRETARY: RBS Secretarial Services Limited

REGISTERED OFFICE: 1 Princes Street
London
England
EC2R 8PB

INDEPENDENT AUDITOR: Ernst & Young LLP
25 Churchill Place
Canary Wharf
London
E14 5EY

Registered in England and Wales

DIRECTORS' REPORT

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

ACTIVITIES AND BUSINESS REVIEW

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

Principal Activity

The principal activity of the Company is that of property development.

REVIEW OF THE YEAR***Business review***

The directors are satisfied with the Company's performance in the year. The Company will be guided by its shareholders.

FINANCIAL PERFORMANCE

The Company's financial performance is presented on pages 7 to 9.

The operating loss before taxation for the year was £176,242 (2017: £313,110). The retained loss for the year was £143,170 (2017: £253,230).

The directors do not recommend the payment of a dividend (2017: £nil).

At the end of the year, total assets were £891,731 (2017: £1,119,241).

PRINCIPAL RISKS AND UNCERTAINTIES

The Company seeks to minimise its exposure to financial risks.

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 Group Asset and Liability Management Committee (Group ALCO).

The major risks associated with the Company's business are liquidity and interest rate risks. The Company has no material liquidity risk as it has access to group funding. The Company's exposure to interest rate risk is not considered to be significant as interest arises on amounts due to group undertakings.

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

Market risk

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

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 repricing mismatches.

DIRECTORS' REPORT**Credit risk**

Credit risk management seeks to match the risk of credit failure to price of credit on granting a facility whilst maintaining credit risk exposure in line with approved appetite for the risk that customers will be unable to meet their obligations to the Company.

The key principles of the group's Credit Risk Management Framework are set out below:

- Approval of all credit exposure is granted prior to any advance or extension of credit.
- An appropriate credit risk assessment of the customer and credit facilities is undertaken prior to approval of credit exposure. This includes a review of, amongst other things, the purpose of credit and sources of repayment, compliance with affordability tests, repayment history, capacity to repay, sensitivity to economic and market developments and risk-adjusted return.
- Credit risk authority is delegated by the Board and specifically granted in writing to all individuals involved in the granting of credit approval. In exercising credit authority, the individuals act independently of any related business revenue origination.

GOING CONCERN

The directors, having a reasonable expectation that the Company has adequate resources to continue in operational existence for the foreseeable future, have prepared the financial statements on a going concern basis.

DIRECTORS AND SECRETARY

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

From 1 January 2018 to date, there have been no changes to the directors and secretary of the Company.

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 FRS 101 has been followed; and
- make an assessment of the Company's ability to continue as a going concern.

The directors are responsible for keeping adequate accounting records that are sufficient to show and explain the Company's transactions and disclose with reasonable accuracy at any time the financial position of the Company and to enable them to ensure that the Directors' report and financial statements comply with the requirements of the Companies Act 2006. They are also responsible for safeguarding the assets of the Company and hence for taking reasonable steps for the prevention and detection of fraud and other irregularities.

DIRECTORS' REPORT

DISCLOSURE OF INFORMATION TO AUDITOR

Each of the directors at the date of approval of this report confirms that:

- so far as they are aware there is no relevant audit information of which the Company's auditor is unaware; and
- 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.

INDEPENDENT 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:

A handwritten signature in black ink, appearing to read 'D Grant', is written over the printed name and title.

David Grant
Director
23 September 2019

INDEPENDENT AUDITOR'S REPORT TO THE MEMBERS OF GATEHOUSE WAY DEVELOPMENTS LIMITED

Opinion

We have audited the financial statements of Gatehouse Way Developments Limited ("the Company") for the year ended 31 December 2018 which comprise 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 including FRS 101 "Reduced Disclosure Framework (United Kingdom Generally Accepted Accounting Practice).

In our opinion the financial statements:

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

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.

INDEPENDENT AUDITOR'S REPORT TO THE MEMBERS OF GATEHOUSE WAY DEVELOPMENTS LIMITED

Matters on which we are required to report by exception

In the light of the knowledge and understanding of the company and its environment obtained in the course of the audit, we have not identified material misstatements in the directors' report.

We have nothing to report in respect of the following matters in relation to which the Companies Act 2006 requires us to report to you if, in our opinion:

- adequate accounting records have not been kept, or returns adequate for our audit have not been received from branches not visited by us; or
- the financial statements are not in agreement with the accounting records and returns; or
- certain disclosures of directors' remuneration specified by law are not made; or
- we have not received all the information and explanations we require for our audit;
- the directors were not entitled to take advantage of the small companies exemptions in preparing the directors' report and from the requirement to prepare a strategic report.

Responsibilities of directors

As explained more fully in the directors' responsibilities statement set out on page 3, the directors are responsible for the preparation of the financial statements and for being satisfied that they give a true and fair view, and for such internal control as the directors determine is necessary to enable the preparation of financial statements that are free from material misstatement, whether due to fraud or error.

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

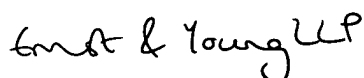
Auditor's responsibilities for the audit of the financial statements

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

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

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.



Helen Joseph (Senior statutory auditor)
for and on behalf of Ernst & Young LLP
Statutory Auditor
London
Date: 26 September 2019

STATEMENT OF COMPREHENSIVE INCOME
for the year ended 31 December 2018

		2018	2017
	Notes	£	£
Income from continuing operations			
Administrative expenses	3	(179,366)	(299,616)
Operating loss		(179,366)	(299,616)
Interest receivable/(payable)	4	3,124	(13,494)
Loss before tax		(176,242)	(313,110)
Tax credit	5	33,072	59,880
Total comprehensive loss for the year		(143,170)	(253,230)

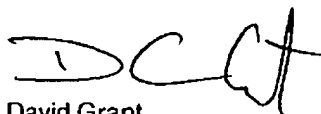
The accompanying notes form an integral part of these financial statements.

GATEHOUSE WAY DEVELOPMENTS LIMITED**06288537****BALANCE SHEET**
as at 31 December 2018

	Notes	2018 £	2017 £
Non-current assets			
Prepayments, accrued income and other assets	9	499,000	499,000
Current assets			
Cash at Bank		116,645	179,553
Development property	6	69,213	69,213
Trade and other receivables	7	178	8,724
Amounts due from group companies	8	2,500	-
Prepayments, accrued income and other assets	9	171,123	303,085
Current tax asset		33,072	59,666
Total assets		891,731	1,119,241
Current liabilities			
Amounts due to group companies	10	39,702	80,915
Accruals, deferred income and other liabilities	11	-	43,127
Total liabilities		39,702	124,042
Equity			
Called up share capital	12	3	3
Capital contribution		8,960,000	8,960,000
Profit and loss account		(8,107,974)	(7,964,804)
Total equity		852,029	995,199
Total liabilities and equity		891,731	1,119,241

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

The financial statements were approved by the Board of Directors on 23 September 2019 and signed on its behalf by:



David Grant
Director

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

	Share capital	Capital contribution	Profit and loss account	Total
	£	£	£	£
At 1 January 2017	3	-	(7,711,574)	(7,711,571)
Loss for the year	-	-	(253,230)	(253,230)
Capital contribution	-	8,960,000	-	8,960,000
At 31 December 2017	3	8,960,000	(7,964,804)	995,199
Loss for the year	-	-	(143,170)	(143,170)
At 31 December 2018	3	8,960,000	(8,107,974)	852,029

Total comprehensive loss for the year of £143,170 (2017: £253,230) 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 which approximates, without material differences, the recoverable value for assets and settlement value for liabilities.

The Company has early adopted all of the amendments to FRS 101 as a result of the Triennial review 2017 amendments with effect from 1st January 2018.

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

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

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

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

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

b) Revenue recognition

Interest income or expense on financial instruments that are measured at amortised cost and fair value through other comprehensive income is determined using the effective interest rate method. The effective interest rate allocates the interest income or interest expense over the expected life of the asset or liability at the rate that exactly discounts all estimated future cash flows to equal the instrument's initial carrying amount. Calculation of the effective interest rate takes into account fees payable or receivable that are an integral part of the instrument's yield, premiums or discounts on acquisition or issue, early redemption fees and transaction costs. All contractual terms of a financial instrument are considered when estimating future cash flows. Negative effective interest accruing to financial assets is presented in interest payable.

c) Taxation

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

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

NOTES TO THE FINANCIAL STATEMENTS

1. Accounting policies (continued)**d) Development property**

Development property is stated at the lower of cost and net realisable value. Cost comprises direct cost of land and buildings, materials and where applicable direct labour and those overheads that have been incurred in bringing the development properties to their present location and condition. Cost is calculated at the actual amount paid or accrued. Net realisable value represents the estimated selling price less all estimated costs of completion and costs to be incurred in marketing and selling.

Impairment of development property

At each reporting date, the Company assesses whether there is any indication that its development property is impaired. If any such indication exists, the Company estimates the recoverable amount of the asset and the impairment loss if any.

e) Financial instruments

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

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

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

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

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.

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 represents deposits with banks.

NOTES TO THE FINANCIAL STATEMENTS

2. Critical accounting policies and key sources of estimation uncertainty

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

Development property

The recoverable amount of development property, which is not yet subject to a customer contract, depends on the assessment of the market value on completion of the development.

3. Administrative expenses

	2018 £	2017 £
Legal and professional fees	22,210	17,977
Property operating costs	34,742	205,968
Management fees	25,678	70,601
Audit fees	10,000	1,917
Bank charges	-	13
Other	86,736	3,140
	179,366	299,616

Other than the audit fees disclosed above, no additional remuneration was payable to the auditors for any other services.

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.

Other expense includes £83,700 of write off during the current year relates to NHBC warranty deposit, AVDC deposit receivable and trade receivables.

Auditor's remuneration

Audit fees are charged as a group service to KUC Properties Limited and reallocated specifically to the Company, being the sum of £10,000 (2017: £5,000).

4. Interest (receivable)/payable

	2018 £	2017 £
Interest (receivable)/payable to NatWest Markets Plc	(3,124)	13,494

The credit in the current year resulted from the reversal of prior years expense accruals.

NOTES TO THE FINANCIAL STATEMENTS

5. Tax

	2018 £	2017 £
Current tax:		
UK corporation tax credit for the year	(33,072)	(59,666)
Over provision in respect of prior periods	-	(214)
	<u>(33,072)</u>	<u>(59,880)</u>

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

	2018 £	2017 £
Expected tax credit	(33,486)	(60,263)
Non deductible items	414	597
Adjustments in respect of prior periods	-	(214)
Actual tax credit for the year	<u>33,072</u>	<u>(59,880)</u>

6. Development property

	2018 £	2017 £
At 1 January	<u>69,213</u>	<u>69,213</u>
At 31 December	<u>69,213</u>	<u>69,213</u>

Development property consists of Ground Rent assets. The Company is in negotiation to sell the assets and hopes to complete the sale during 2019. There were no movements in the carrying value of the asset during the prior or current financial years. The asset has been pledged as security for the liabilities of the Company.

7. Trade and other receivables

	2018 £	2017 £
Trade receivables	<u>178</u>	<u>8,724</u>

8. Amounts due from group companies

	2018 £	2017 £
Walton Lake Developments Limited	<u>2,500</u>	<u>-</u>

NOTES TO THE FINANCIAL STATEMENTS

9. Prepayments, accrued income and other assets

	2018 £	2017 £
Non-current:		
Road Bond	499,000	499,000
Current:		
Deposit receivable	29,910	137,977
Value added tax recoverable	11,213	10,108
Warranty deposit receivable	130,000	155,000
	171,123	303,085
	670,123	802,085

The road bond pertains to an asset with Buckingham County Council and is not expected to be settled until after 2020. The Warranty deposit pertains to an agreement with NHBC and is due to be settled fully 2 years after the final sale of the last development property. £130,000 was received in April 2019 in respect of the warranty deposit.

10. Amounts due to group companies

	2018 £	2017 £
NatWest Markets Plc	15,000	10,000
KUC Properties Limited	24,702	69,795
Walton Lake Developments Limited	-	1,120
	39,702	80,915

11. Accruals, deferred income and other liabilities

	2018 £	2017 £
Accruals	-	43,127

12. Called up Share capital

	2018 £	2017 £
Equity shares		
Authorised:		
100 Ordinary Shares of £1	100	100
Allotted, called up and fully paid:		
3 Ordinary Shares of £1	3	3

The Company has one class of Ordinary Shares which carry no right to fixed income.

NOTES TO THE FINANCIAL STATEMENTS**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 Government 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.

Group undertakings

At 31 December 2018

The Company's immediate parent was:	KUC Properties Limited
The smallest consolidated accounts including the Company were prepared by:	National Westminster Bank 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 Corporate Governance and Regulatory Affairs, The Royal Bank of Scotland, Gogarburn, PO Box 1000, Edinburgh EH12 1HQ.