Company Registered No: SC044073

KUC PROPERTIES LIMITED

ANNUAL REPORT AND FINANCIAL STATEMENTS

For the year ended 31 December 2020

CONTENTS

OFFICERS AND PROFESSIONAL ADVISERS

DIRECTORS:	M Brandwood J M Rowney
COMPANY SECRETARY:	NatWest Group Secretarial Services Limited (formerly RBS Secretarial Services Limited)
REGISTERED OFFICE:	RBS Gogarburn 175 Glasgow Road Edinburgh EH12 1HQ
INDEPENDENT AUDITOR:	Ernst & Young LLP 25 Churchill Place Canary Wharf London E14 5EY

Registered in Scotland

DIRECTORS' REPORT

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.

CHANGE OF REGISTERED OFFICE

On 3 August 2020, the registered office of the Company changed from 24/25 St Andrew Square, Edinburgh, Scotland, EH2 1AF to RBS Gogarburn, 175 Glasgow Road, Edinburgh, EH12 1HQ.

ACTIVITIES AND BUSINESS REVIEW

Activity

The principal activity of the Company continues to be assessment and execution of opportunities to acquire and dispose of properties and investments.

The Company is a subsidiary of 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 NatWest Group plc review these matters on a group basis. Copies may be requested from Legal, Governance and Regulatory Affairs, NatWest Group plc Gogarburn, Edinburgh, PO Box 1000 EH12 1HQ, the Registrar of Companies or at www.natwestgroup.com.

NatWest Group comprises NatWest Group plc and its subsidiary and associated undertakings.

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 10.

The profit before taxation for the year was £74,949 (2019: loss of £471,372). The retained profit for the year was £75,486 (2019: loss of £519,116).

At the end of the year total assets were £11,837,985 (2019: £10,419,456). Total shareholders' funds were £5,975,478 (2019: £5,899,992).

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 Group Asset and Liability Management Committee (NatWest Group ALCO).

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

The Company's assets mainly comprise property receivables which would expose it to market and credit risk.

The principal risks associated with the Company are as follows:

DIRECTORS' REPORT

Principal risks and uncertainties (continued)

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.

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 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 NatWest 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.
- All credit exposures, once approved, are effectively monitored and managed and reviewed periodically against approved limits. Lower quality exposures are subject to a greater frequency of analysis and assessment.

Going concern

These financial statements are prepared on a going concern basis, see note 1(a) on page 11.

DIRECTORS AND SECRETARY

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

From 1 January 2020 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 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.

DIRECTORS' REPORT

DIRECTORS' RESPONSIBILITIES STATEMENT (continued)

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

DISCLOSURE OF INFORMATION TO AUDITOR

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

- so far as they are aware there is no relevant audit information of which the Company's auditor is unaware; and
- directors have taken all the steps that they ought to have taken to make themselves aware of any relevant audit information and to establish that the Company's auditor is aware of that information.

This confirmation is given and shall be interpreted in accordance with the provisions of section 418 of the Companies Act 2006.

AUDITOR

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

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

James Rowney (Sep 29, 2021 11:24 GMT+1)

J M Rowney
Director
Date: 29 September 2021

INDEPENDENT AUDITOR'S REPORT TO THE MEMBERS OF KUC PROPERTIES LIMITED

Opinion

We have audited the financial statements of KUC Properties Limited ("the company") for the year ended 31 December 2020 which comprise the Statement of Comprehensive Income, the Balance Sheet, the Statement of Changes in Equity and the related notes 1 to 14, 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 2020 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. 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

In auditing the financial statements, we have concluded that the directors' use of the going concern basis of accounting in the preparation of the financial statements is appropriate.

Based on the work we have performed, we have not identified any material uncertainties relating to events or conditions that, individually or collectively, may cast significant doubt on the entity's ability to continue as a going concern for a period of at least twelve months from when the financial statements are authorised for issue.

Our responsibilities and the responsibilities of the directors with respect to going concern are described in the relevant sections of this report. However, because not all future events or conditions can be predicted, this statement is not a guarantee as to the company's ability to continue as a going concern.

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 contained within the annual report.

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.

INDEPENDENT AUDITOR'S REPORT TO THE MEMBERS OF KUC PROPERTIES LIMITED

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 course of 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 themselves. 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 matter prescribed by the Companies Act 2006

In our opinion, based on the work undertaken in the course of the audit:

- the information given in the directors' report for the financial year for which the financial statements are prepared is consistent with the financial statements; and

- the directors' report 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 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.

INDEPENDENT AUDITOR'S REPORT TO THE MEMBERS OF KUC PROPERTIES LIMITED

Explanation as to what extent the audit was considered capable of detecting irregularities, including fraud

Irregularities, including fraud, are instances of non-compliance with laws and regulations. We design procedures in line with our responsibilities, outlined above, to detect irregularities, including fraud. The risk of not detecting a material misstatement due to fraud is higher than the risk of not detecting one resulting from error, as fraud may involve deliberate concealment by, for example, forgery or intentional misrepresentations, or through collusion. The extent to which our procedures are capable of detecting irregularities, including fraud is detailed below. However, the primary responsibility for the prevention and detection of fraud rests with both those charged with governance of the entity and management. Our approach was as follows:

- We obtained an understanding of the legal and regulatory frameworks that are applicable to the company and determined that the most significant are as laid down by Financial Reporting standard FRS 101-Reduced Disclosure Framework, Companies Act 2006 and UK tax legislation (governed by HM Revenue and Customs).
- We understood how the company is complying with those frameworks by making inquiries of management and those charged with governance. We also reviewed minutes of the board of the directors and gained an understanding of the company's governance framework.
- We assessed the susceptibility of the company's financial statements to material misstatement, including how fraud might occur through the results of our inquires with management, from our knowledge of the business and the control environment in which the company operates. With regard to the ability of management to override controls, we tested the appropriateness of journal entries recorded in the general ledger and evaluated the business rationale for significant and/or unusual transactions. We verified that the selected journals were supported by appropriate documentation and adequately authorised.
- Based on this understanding we designed our audit procedures to identify non-compliance with such laws and regulations. Our procedures involved review of minutes of the meetings held by the Board of directors and review of the Ultimate Parent's (NatWest Group plc) claims database to check any claims for the company, inquiries of key management and those charged with governance, and the performance of journal entry testing to address the risk of management override of controls. We also reviewed the financial statements to ensure compliance with the reporting requirements of the company.

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

Use of our report

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

Ernst & Young LLP
Ernst & Young LLP (Sep 29, 2021 14:32 GMT+1)

Cassondra Polegri (Senior statutory auditor)
for and on behalf of Ernst & Young LLP, Statutory Auditor
London
Date: 29 September 2021

STATEMENT OF COMPREHENSIVE INCOME
for the year ended 31 December 2020

		2020	2019
Income from continuing operations	**Notes**	**£**	£
Other operating income	3	**117,235**	305,778
Administrative expenses	4	**(42,284)**	(62,679)
Impairment losses	5	**-**	(714,471)
Operating profit/(loss)		**74,951**	(471,372)
Interest receivable	8	**110,349**	110,612
Interest payable	8	**(110,351)**	(110,612)
Profit/(loss) before tax		**74,949**	(471,372)
Tax credit/(charge)	6	**537**	(47,744)
Profit/(loss) and total comprehensive profit/(loss) for the year		**75,486**	(519,116)

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

BALANCE SHEET
as at 31 December 2020

	Notes	2020 £	2019 £
Non-current assets			
Investments in group companies	7	5	5
Finance lease receivables*	1,8	4,289,420	4,301,299
		4,289,425	4,301,304
Current assets			
Finance lease receivables*	1,8	133,779	11,551
Amounts due from group companies	9	1,230,561	116,324
Prepayments, accrued income and other assets	10	814,936	651,667
Current tax assets		28,935	-
Cash at bank		5,340,349	5,338,610
		7,548,560	6,118,152
Total assets		11,837,985	10,419,456
Current liabilities			
Amounts due to group companies	11	-	143,792
Accruals, deferred income and other liabilities*	1,12	1,573,005	26,549
Current tax liabilities		-	47,744
		1,573,005	218,085
Non-current liabilities			
Accruals, deferred income and other liabilities*	1,12	4,289,502	4,301,379
Total liabilities		5,862,507	4,519,464
Equity			
Share capital	13	200	200
Capital contribution		8,800,000	8,800,000
Retained earnings		(2,824,722)	(2,900,208)
Total equity		5,975,478	5,899,992
Total liabilities and equity		11,837,985	10,419,456

*Certain comparative figures have been restated from the 2019 published financial statements (refer to Accounting policy note 1).

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

The financial statements were approved by the Board of Directors and signed on its behalf on 29 September 2021 by:

James Rowney (Sep 29, 2021 11:24 GMT+1)

J M Rowney
Director

STATEMENT OF CHANGES IN EQUITY
for the year ended 31 December 2020

	Share capital £	Capital contribution £	Retained earnings £	Total £
At 1 January 2019	200	8,800,000	(2,381,092)	6,419,108
Loss for the year			(519,116)	(519,116)
At 31 December 2019	200	8,800,000	(2,900,208)	5,899,992
Profit for the year	-	-	**75,486**	**75,486**
At 31 December 2020	**200**	**8,800,000**	**(2,824,722)**	**5,975,478**

Total comprehensive profit for the year of £75,486 (2019: loss of £519,116) 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 accounts

These financial statements are prepared:

- on a going concern basis which was assessed over 12 months from the date of their approval and under Financial Reporting Standard (FRS) 101 Reduced Disclosure Framework ; and
- on the historical cost 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 NatWest Holdings 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 a viable business.

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

  In assessing going concern, a Covid-19 impact analysis was performed across the NatWest Group. The directors have also considered the uncertainties associated with Covid-19 including the different ways in which this could impact the cash flows, capital, solvency and liquidity position, of the Company and any mitigations management have within their control to implement. Based on this assessment, the directors have a reasonable expectation that the Company has adequate resources to continue in operational existence for at least 12 months from the date of the approval of the financial statements and have prepared the financial statements on a going concern 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 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
  - certain disclosure certain disclosures from IFRS 15 "Revenue from Contracts with Customers" and IFRS 16 "Leases"; and
  - disclosure requirements of IFRS 7 "Financial Instruments: Disclosure" and IFRS 13 "Fair Value Measurement"

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

The changes to IFRS that were effective from 1 January 2020 have had no material effect on the Company's financial statement for the year ended 31 December 2020.

In the published 2019 financial statements, the Company incorrectly presented the finance lease receivables and lease liabilities as being all current assets and liabilities respectively. In these financial statements the correct split between current and non-current assets and liabilities is presented together with a restatement of the 2019 position (refer to note 12).

NOTES TO THE FINANCIAL STATEMENTS

1. Accounting policies (continued)

2019	Original £	Restated £
Finance lease receivables		
Non-current assets	-	4,301,299
Current assets	4,312,850	11,551
Accruals, deferred income and other liabilities		
Non-current liabilities	-	4,301,379
Current liabilities	4,327,928	26,549

b) Consolidated financial statements
The financial statements contain information about KUC Properties 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, NatWest Group Plc, a public company registered in Scotland whose registered address is 36 St Andrew Square, Edinburgh, EH2 2YB.

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.

Deferred tax is the tax expected to be payable or recoverable in respect of temporary differences between the carrying amount of an asset or liability for accounting purposes and its carrying amount for tax purposes. Deferred tax liabilities are generally recognised for all taxable temporary differences and deferred tax assets are recognised to the extent that it is probable that they will be recovered. Deferred tax is not recognised on temporary differences that arise from initial recognition of an asset or liability in a transaction (other than a business combination) that at the time of the transaction affects neither accounting nor taxable profit or loss. Deferred tax is calculated using tax rates expected to apply in the periods when the assets will be realised or the liabilities settled, based on tax rates and laws enacted, or substantively enacted, at the balance sheet date.

d) Investments in group companies
Investments in group companies are stated at cost less any impairment.

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 (FVTPL) is the default classification and measurement category for financial assets.

NOTES TO THE FINANCIAL STATEMENTS

1. Accounting policies (continued)

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.

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 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.

g) Leases
As lessor
Finance lease contracts are those which transfer substantially all the risks and rewards of ownership of an asset to a customer. All other contracts with customers to lease assets are classified as operating leases.

Finance lease receivables are measured at the net investment in the lease, comprising the minimum lease payments and any unguaranteed residual value discounted at the interest rate implicit in the lease. Interest receivable includes finance lease income recognised at a constant periodic rate of return before tax on the net investment. Unguaranteed residual values are subject to regular review; if there is a reduction in their value, income allocation is revised and any reduction in respect of amounts accrued is recognised immediately.

Rental income from operating leases is recognised in other operating income on a straight-line basis over the lease term unless another systematic basis better represents the time pattern of the asset's use. Operating lease assets are included within Property, plant and equipment and depreciated over their useful lives.

As lessee
On entering a new lease contract, the Group recognises a right of use asset and a lease liability to pay future rentals. The liability is measured at the present value of future lease payments discounted at the applicable incremental borrowing rate. The right of use asset is depreciated over the shorter of the term of the lease and the useful economic life, subject to review for impairment.

Short term and low value leased assets are expensed on a systematic basis.

NOTES TO THE FINANCIAL STATEMENTS

1. Accounting policies (continued)

h) 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.

i) Cash at Bank

Cash at bank represents deposits 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 directors have considered whether there are any estimates important to the portrayal of the Company's performance and concluded that given the limited activity and resources of the Company there are none to disclose.

3. Other operating income

	2020	2019
	£	£
Other income	**117,235**	305,878
Loss on disposal of investment in group companies	**-**	(100)
	117,235	305,778

4. Administrative expenses

	2020	2019
	£	£
Expense from subleasing	**-**	36,286
Legal and professional fees	**2,330**	9,671
Audit fees	**38,315**	15,000
Rates	**-**	(49,286)
Other	**1,639**	51,008
	42,284	62,679

Auditor's remuneration

Audit fees for the year are charged as a group service to National Westminster Bank Plc and reallocated specifically to the Company, being the sum of £15,000 (2019: £33,000). Audit overrun fees of £18,315 for the year 2019 were accrued in the current year.

Negative amount under rates for 2019 relates to the refunds.

5. Impairment losses

	2020	2019
	£	£
Impairment losses on overages	**-**	714,471

The Company has recognised impairment losses of £465,000 for Huller property, £230,000 for Lower Castledene property and £19,471 for Upper Castledene property in 2019.

NOTES TO THE FINANCIAL STATEMENTS

6. Tax

	2020 £	2019 £
Current taxation:		
UK corporation tax (credit)/charge for the year	**(538)**	47,844
Under/(over) provision in respect of prior periods	**1**	(100)
Tax (credit)/charge for the year	**(537)**	47,744

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

	2020 £	2019 £
Profit/ (loss) before tax	**74,949**	(471,372)
Expected tax charge/(credit)	**14,240**	(89,561)
Non-deductible items	**8,700**	156,751
Non taxable items	**(37,778)**	(19,346)
Chargeable gains	**14,300**	-
Adjustments in respect of prior periods	**1**	(100)
Actual tax (credit)/charge for the year	**(537)**	47,744

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

Since the balance sheet date, it was announced in the UK Government's Budget on 3 March 2021 that the main UK corporation tax rate will increase to 25% from 1 April 2023. This change was substantively enacted on 24 May 2021.

7. Investment in group companies

	2020 £	2019 £
At 1 January	**5**	105
Disposal	**-**	(100)
At 31 December	**5**	5

The subsidiary undertakings of the Company, which have an accounting reference date of 31 December, are:

Name of subsidiary	**Note**	***Proportion of ownership interest and* voting power (%)**	***Country of* incorporation**	***Principal* activity**
Gatehouse Way Developments Ltd	(1)	100	England	Property Development
Walton Lake Developments Ltd	(1)	100	England	Property Development

(1) The registered office is 1 Princes Street, London, EC2R 8BP.

8. Leases

<u>**Company as lessor**</u>

	2020 £	2019 £
Amounts included in income statement for finance leases		
Interest income	**110,349**	110,612

NOTES TO THE FINANCIAL STATEMENTS

8. Leases (continued)

Amount receivable under finance leases	2020 £	2019 £
Within 1 year	**133,779**	11,551
1 to 2 years	**12,186**	11,879
2 to 3 years	**12,502**	12,186
3 to 4 years	**12,817**	12,502
After 4 years	**4,251,915**	4,264,732
Present value of lease payments	**4,423,199**	4,312,850

Company as lessee

	2020 £	2019 £
Amounts included in income statement for finance leases		
Interest expense	**110,351**	110,612

	2020 £	2019 £
Lease liabilities (note 12)	**4,301,379**	4,312,928

9. Amounts due from group companies

	2020 £	2019 £
Priority Sites Limited	-	63,008
Gatehouse Way Developments Ltd	-	24,702
Walton Lake Developments Ltd	-	24,702
Land Options (West) Limited	-	3,912
National Westminster Bank Plc	**1,230,561**	-
	1,230,561	116,324

10. Prepayments, accrued income and other assets

	2020 £	2019 £
Due within one year		
Accrued income*	**309,430**	364,962
Value added tax	-	5,765
Property management receivables	**303,303**	78,737
	612,733	449,464
Property income receivable		
Gross receivable	**272,203**	272,203
Impairments	**(70,000)**	(70,000)
Net receivable	**202,203**	202,203
	814,936	651,667

*Accrued income relates to property contracts that were novated to the Company during the prior year and are subject to market and execution risk.

11. Amounts due to group companies

	2020 £	2019 £
National Westminster Bank Plc	-	143,616
Priority Sites Investments Limited	-	176
	-	143,792

NOTES TO THE FINANCIAL STATEMENTS

12. Accruals, deferred income and other liabilities

	2020 £	2019* £
Due within one year:		
Finance lease liabilities*	**11,877**	11,549
Accruals	**1,466,500**	15,000
Value Added Tax payable	**94,628**	-
Due after one year:		
Finance lease liabilities*	**4,289,502**	4,301,379
	5,862,507	4,327,928

*In the published 2019 financial statements, the Company incorrectly presented the finance lease liabilities as current liabilities only. The above table includes a restatement of the 2019 lease liabilities between within one year and after one year (refer to note 1).

13. Share capital

	2020 £	2019 £
Authorised:		
200 Ordinary shares of £1 each	**200**	200
Allotted, called up and fully paid:		
200 Ordinary shares of £1 each	**200**	200

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

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 include the payment of taxes including UK corporation tax and Value Added Tax.

Group companies

At 31 December 2020

The Company's immediate parent was:	National Westminster Bank Plc
The smallest consolidated accounts including the Company were prepared by:	National Westminster Bank Plc
The ultimate parent company was:	NatWest Group plc

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