Company Registration No: SC141822

WEST REGISTER (LAND) LIMITED

DIRECTORS' REPORT AND FINANCIAL STATEMENTS

31 December 2009

Group Secretariat
The Royal Bank of Scotland Group plc
P.O. Box 1000, Gogarburn
Edinburgh
EH12 1HQ

WEST REGISTER (LAND) LIMITED

Company Registration No: SC141822

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WEST REGISTER (LAND) LIMITED

Company Registration No: SC141822

OFFICERS AND PROFESSIONAL ADVISERS

DIRECTORS:	**L J Barlow** **R M Cullinan** **N M Bostock** **S B Eighteen** **D J Hourican** **J McAdam** **D S Sach**
SECRETARY:	**R E Fletcher**
REGISTERED OFFICE:	**24/25 St Andrew Square** **Edinburgh** **EH2 1AF**
AUDITORS:	**Deloitte LLP** **London**

Registered in Scotland.

WEST REGISTER (LAND) LIMITED

Company Registration No: SC141822

DIRECTORS' REPORT

The directors present their report and the audited financial statements for the year ended 31 December 2009.

ACTIVITIES AND BUSINESS REVIEW

This Directors' Report has been prepared in accordance with the special provisions available to companies entitled to the small companies exemption.

Activity

The principal activity of the Company continues to be property development.

The Company traded at a loss during the year but it is expected to trade profitably in the future.

Review of the year

The loss for the year was £53,137 (2008: profit of £645,187) and this was met from reserves. No dividend was paid during the year (2008: £nil).

Going concern

The Company's business activities and review are outlined above and the Company's financial position, cash flows and liquidity position are set out in the financial statements.

The directors, having made such enquiries as they considered appropriate, including regarding the continuing availability of sufficient resources from the Royal Bank of Scotland group, have prepared the financial statements on a going concern basis. They considered the financial statements of The Royal Bank of Scotland Group plc for the year ended 31 December 2009, approved on 24 February 2010, which were prepared on a going concern basis.

DIRECTORS AND SECRETARY

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

From 1 January 2009 to date the following changes have taken place:

Directors	Appointed	Resigned
D J Hourican	26 January 2009	
P A Carraro		20 April 2009
S B Eighteen	5 June 2009	
D E Cartledge		8 February 2010
T P Kennedy		8 February 2010
M S Nicholls		8 February 2010
L J Barlow	8 February 2010	
N M Bostock	8 February 2010	
R M Cullinan	8 February 2010	
J McAdam	8 February 2010	
P R Aubery	5 June 2009	19 April 2010

DIRECTORS' RESPONSIBILITIES

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 and the directors have elected to prepare the financial statements in accordance with International Financial Reporting Standards (IFRSs) as adopted by the European Union. Under company law the directors 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 for the financial year as concern members of the company. In preparing these financial statements, under International Accounting Standard 1, the directors are required to:

- select suitable accounting policies and apply them consistently;
- present information, including accounting policies, in a manner that provides relevant, reliable, comparable and understandable information;
- provide additional disclosures when compliance with the specific requirements in IFRSs are insufficient to enable users to understand the impact of particular transactions, other events and conditions on the entity's financial position and financial performance; 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 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.

USE OF FINANCIAL INSTRUMENTS

The Company's financial risk management policies and exposure in relation to the respective risks are detailed in note 19 of the financial statements.

DISCLOSURE OF INFORMATION TO AUDITORS

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

(a) so far as he or she is aware there is no relevant audit information of which the Company's auditors are unaware; and
(b) the director has taken all the steps that he or she ought to have taken to make himself or herself aware of any relevant audit information and to establish that the Company's auditors are 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.

DIRECTORS' REPORT (Continued)

DIRECTORS' INDEMNITIES

In terms of section 236 of the Companies Act 2006 Mr N M Bostock, Mr P A Carraro, Mr R M Cullinan and Mr D S Sach had been granted Qualifying Third Party Indemnity Provisions by The Royal Bank of Scotland Group plc.

AUDITORS

Deloitte LLP have expressed their willingness to continue in office as auditors.

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

Declan Hourican

D J Hourican
Director

Date: 29 June 2010

INDEPENDENT AUDITORS' REPORT TO THE MEMBERS OF WEST REGISTER (LAND) LIMITED

We have audited the financial statements of West Register (Land) Limited ('the Company') for the year ended 31 December 2009 which comprise the statement of comprehensive income, the balance sheet, the statement of changes in equity, the cash flow statement and the related notes 1 to 23. The financial reporting framework that has been applied in their preparation is applicable law and International Financial Reporting Standards (IFRSs) as adopted by the European Union.

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 auditors' 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.

Respective responsibilities of directors and auditors

As explained more fully in the Directors' Responsibilities Statement, the directors are responsible for the preparation of the financial statements and for being satisfied that they give a true and fair view. Our responsibility is to audit the financial statements in accordance with applicable law and International Standards on Auditing (UK and Ireland). Those standards require us to comply with the Auditing Practices Board (APB's) Ethical Standards for Auditors.

Scope of the audit of the financial statements

An audit involves obtaining evidence about the amounts and disclosures in the financial statements sufficient to give reasonable assurance that the financial statements are free from material misstatement, whether caused by fraud or error. This includes an assessment of: whether the accounting policies are appropriate to the Company's circumstances and have been consistently applied and adequately disclosed; the reasonableness of significant accounting estimates made by the directors; and the overall presentation of the financial statements.

Opinion on financial statements

In our opinion the financial statements:

- give a true and fair view of the state of the Company's affairs as at 31 December 2009 and of its loss for the year then ended;
- have been properly prepared in accordance with IFRSs as adopted by the European Union; and
- have been prepared in accordance with the requirements of the Companies Act 2006.

Opinion on other matter prescribed by the Companies Act 2006

In our opinion the information given in the Directors' Report for the financial year for which the financial statements are prepared is consistent with the financial statements.

Matters on which we are required to report by exception

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

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

Kari Hale (Senior Statutory Auditor)
for and on behalf of Deloitte LLP
Chartered Accountants and Statutory Auditors
London, United Kingdom

Date: 29 June 2010

WEST REGISTER (LAND) LIMITED

Company Registration No: SC141822

STATEMENT OF COMPREHENSIVE INCOME
for the year ended 31 December 2009

	Note	2009 £	2008 £
Continuing operations			
Revenue	4	-	1,453,418
Cost of sales		-	(579,506)
Gross profit		-	873,912
Other operating income	5	10	251,798
Administrative expenses	6	(54,314)	(108,234)
Operating (loss)/profit		(54,304)	1,017,476
Finance costs	7	(977)	(23,789)
(Loss)/Profit before tax		(55,281)	993,687
Tax	8	2,144	(348,500)
(Loss)/profit for the year		(53,137)	645,187
Other comprehensive income		-	-
Total comprehensive (loss)/income for the year attributable to the equity holders of the Company	18	(53,137)	645,187

The notes on pages 11 to 22 form a part of these financial statements.

WEST REGISTER (LAND) LIMITED

Company Registration No: SC141822

BALANCE SHEET
at 31 December 2009

	Note	2009 £	2008 £ (Restated)	2007 £
Current assets				
Cash and cash equivalents	10	**3,001,539**	3,790,811	2,383,345
Loans and receivables	11	-	-	478,128
Trade and other receivables	12	-	107,596	10,665
Development property	13	**122,239**	122,239	221,770
		3,123,778	4,020,646	3,093,908
Total assets		**3,123,778**	4,020,646	3,093,908
Non-current liabilities				
Amounts owed to group undertakings	14	**163,496**	162,519	-
		163,496	162,519	-
Current liabilities				
Trade and other payables	15	**20,927**	521,600	63,608
Tax payable		**382**	344,135	564,129
Provisions	16	-	282	119,248
		21,309	866,017	746,985
Total liabilities		**184,805**	1,028,536	746,985
Net assets		**2,938,973**	2,992,110	2,346,923
Equity				
Share Capital	17	**2**	2	2
Reserves	18	**2,938,971**	2,992,108	2,346,921
Total equity attributable to the equity holders of the Company		**2,938,973**	2,992,110	2,346,923

The financial statements were approved by the board of directors and authorised for issue on 29 June 2010 and were signed on its behalf by:

Declan Hourican

D J Hourican
Director

The notes on pages 11 to 22 form a part of these financial statements.

WEST REGISTER (LAND) LIMITED

Company Registration No: SC141822

STATEMENT OF CHANGES IN EQUITY
for the year ended 31 December 2009

	Share capital £	Retained earnings £	Total equity £
At 1 January 2008	2	2,346,921	2,346,923
Total comprehensive income for the year	-	645,187	645,187
At 31 December 2008	2	2,992,108	2,992,110
At 1 January 2009	2	2,992,108	2,992,110
Total comprehensive loss for the year	-	(53,137)	(53,137)
At 31 December 2009	**2**	**2,938,971**	**2,938,973**

The notes on pages 11 to 22 form a part of these financial statements.

WEST REGISTER (LAND) LIMITED

Company Registration No: SC141822

CASH FLOW STATEMENT
for the year ended 31 December 2009

	Note	2009 £	2008 £ (Restated)
Operating activities			
Profit/loss before tax		**(55,281)**	993,687
Adjustments for:			
Finance costs	7	**977**	23,789
Operating profit before changes in working capital		**(54,304)**	1,017,476
Decrease/(increase) in trade and other receivables		**107,596**	(96,931)
Decrease in development property		**-**	99,531
Increase in amounts owed to group undertakings		**977**	640,647
(Decrease)/increase in trade and other payables		**(500,673)**	457,992
Decrease in provisions		**(282)**	(118,966)
Net cash generated (used in)/from the operations		**(446,686)**	1,999,749
Interest paid		**(977)**	(23,789)
Tax paid		**(341,609)**	(568,494)
Net cash (used in)/from operating activities		**(789,272)**	1,407,466
Net cash from investing activities		**-**	-
Net cash from financing activities		**-**	-
Net (decrease)/increase in cash and cash equivalents		**(789,272)**	1,407,466
Cash and cash equivalents at 1 January		**3,790,811**	2,383,345
Cash and cash equivalents at 31 December	10	**3,001,539**	3,790,811

The notes on pages 11 to 22 form a part of these financial statements.

WEST REGISTER (LAND) LIMITED

Company Registration No: SC141822

NOTES TO THE FINANCIAL STATEMENTS
for the year ended 31 December 2009

1 General information

West Register (Land) Limited is a company incorporated in Great Britain and registered in Scotland. The address of the registered office is on page 1. The nature of the Company's principal activities is set out in the Directors' Report. The financial statements are presented in accordance with the Companies Act 2006.

2 Adoption of new and revised Standards

In the current year the Company has adopted the revisions to IAS 1 *Presentation of Financial Statements* which introduced a single performance statement, the 'Statement of Comprehensive Income'. The adoption of this has not led to any changes in the Company's accounting policies, nor has it led to any items being restated or reclassified.

In addition the following Standards issued by the International Accounting Standards Board and Interpretations issued by the International Financial Reporting Interpretations Committee have become effective during the current year:

IFRS 7 *(revised 2009)*	*Financial Instruments: Disclosures*
IFRS 8	*Operating Segments,*
IFRIC 13	*Customer Loyalty Programmes,*
IFRIC 14	*IAS 19 The Limit on a Defined Benefit Asset,*
IFRIC 15	*Agreements for the Construction of Real Estate,*
IFRIC 16	*Hedges of a Net Investment in a Foreign Operation.*

The adoption of these has not led to any changes in the Company's accounting policies and has had no material impact on the financial statements.

At the date of authorisation of these financial statements, the following Standards and Interpretations which have not been applied in these financial statements were in issue but not yet effective:

IFRS 1 (*revised 2008*)	*First-time Adoption of International Financial reporting Standards,*
IFRS 3 (*revised 2008*)	*Business Combinations,*
IFRS 5 (*revised 2008*)	*Non-current Assets Held for Sale and Discontinued Operations,*
IFRS 9	*Financial Instruments - Classification and Measurement,*
IAS 24 (*revised 2009*)	*Related Party Disclosures - Revised definition of related parties,*
IAS 27 (*amended*)	*Consolidated and Separate Financial Statements,*
IAS 28 (*amended*)	*Investments in Associates,*
IAS 31 (*amended*)	*Interests in Joint Ventures,*
IAS 32 (*amended*)	*Financial Instruments: Presentation,*
IAS 39 (*amended*)	*Financial Instruments: Recognition and Measurement,*
IFRIC 17	*Distributions of Non-cash Assets to Owners,*
IFRIC 18	*Transfers of a Foreign Operation,*
IFRIC 19	*Extinguishing Financial Liabilities with Equity Instruments.*

Annual Improvements to IFRSs (April 2009).

Apart from IFRS 9, whose affect is being assessed, the directors anticipate that the adoption of these Standards and Interpretations in future periods will have no material impact on the financial statements of the Company.

NOTES TO THE FINANCIAL STATEMENTS (Continued)
for the year ended 31 December 2009

3 Accounting policies

a. Accounting convention

The financial statements, which should be read in conjunction with the Directors' Report, are prepared on a going concern basis and in accordance with 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 (together IFRS) as adopted by the European Union.

The financial statements have been prepared upon the basis of historical cost except as noted in the following accounting policies and are presented in accordance with applicable United Kingdom law.

b. Revenue recognition

Revenue is measured at the fair value of the consideration received or receivable and includes gains on the disposal of development properties sold in the normal course of business, net of discounts, VAT and other sales related taxes. Revenue from the sale of development properties is recognised when title has passed to the purchaser.

Rental income, excluding charges for services such as insurance and maintenance, is recognised on a straight-line basis over the lease term even if the payments are not made on that basis, unless another systematic basis is more representative of the time pattern in which use benefit derived from the leased asset is diminished.

Revenue arises in the United Kingdom from continuing activities.

c. Cash and cash equivalents

Cash and cash equivalents comprise cash on hand and demand deposits and other short-term highly liquid investments that are readily convertible to a known amount of cash and are subject to an insignificant risk of changes in value.

d. Loans and receivables

Loans and receivables are measured at initial recognition at fair value and are subsequently measured at amortised cost using the effective interest rate method. Appropriate allowances for estimated irrecoverable amounts are recognised in profit or loss when there is objective evidence that the asset is impaired. The allowance recognised is the difference between the asset's carrying amount and the present value of estimated future cash flows discounted at the effective interest rate computed at initial recognition.

e. Trade and other receivables

Trade and other receivables are measured at initial recognition at fair value and subsequently at amortised cost. Appropriate allowances for estimated irrecoverable amounts are recognised in profit or loss when there is objective evidence that the asset is impaired.

3 Accounting policies (continued)

f. 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. The properties are being developed for the purpose of sale in the near future.

g. Impairment of assets

If the recoverable amount of an asset is estimated to be less than its carrying amount, the carrying amount of the asset is reduced to its recoverable amount and an impairment loss is recognised as an expense immediately.

Where an impairment loss subsequently reverses, the carrying amount of the asset is increased to the revised estimate of its recoverable amount, but so that the increased carrying amount does not exceed the carrying amount that would have been determined had no impairment loss been recognised for the asset in prior years. A reversal of an impairment loss is recognised as income immediately.

h. Amounts owed to group undertakings

Amounts owed to group undertakings are initially measured at fair value and are subsequently measured at amortised cost using the effective interest rate method.

Finance costs incurred on borrowings from group undertakings are recognised in profit or loss on an effective interest rate basis.

i. Trade and other payables

Trade and other payables are initially measured at fair value and subsequently at amortised cost.

j. Taxation

Provision is made for taxation at current enacted rates on taxable profits, arising in income or in equity.

Deferred taxation is accounted for in full for all temporary differences between the carrying amount of an asset or liability for accounting purposes and its carrying amount for tax purposes.

Deferred tax assets are only recognised to the extent that it is probable that they will be recovered.

3 Accounting policies (continued)

k. Provisions

Provisions are recognised when the Company has a present obligation as a result of a past event, and it is probable that the Company will be required to settle that obligation. Provisions are measured at the directors' best estimate of the expenditure required to settle the obligation at the balance sheet date, and are discounted to present value where the effect is material.

l. Other operating income

Other operating income is accounted for on an accruals basis.

m. Administrative expenses

Administrative expenses are accounted for on an accruals basis.

n. Critical accounting judgements and key sources of estimation uncertainty

In the process of applying the Company's accounting policies above, management has made the following judgements that have the most significant effect on the amounts recognised in the financial statements:

- Valuation of development property
- Provisions

The Company's policies for provisions and development property are noted above.

4 Revenue

	2009	2008
	£	£
Sale of development property	**-**	1,453,418

5 Other operating income

	2009	2008
	£	£
Other income	**10**	251,798

NOTES TO THE FINANCIAL STATEMENTS (Continued)
for the year ended 31 December 2009

6 Administrative expenses

	2009	2008
	£	£
Legal and professional fees	**9,156**	64,741
Management fees	**25,352**	19,200
Other administrative expenses	**19,806**	24,293
	54,314	108,234

The Company had no employees in the current year (2008 – none).

Employee costs are incurred by the intermediate parent company, The Royal Bank of Scotland plc and allocated together with other overheads by way of a management charge to the Company.

7 Finance costs

	2009	2008
	£	£
On loans and payables:		
To group undertakings	**977**	23,789

8 Tax (credit)/charge on profit before tax

A) Analysis of charge for the year

	2009	2008
	£	£
Current taxation:		
Income tax charge for the year	**382**	344,457
(Over)/under provision in respect of prior periods	**(2,526)**	4,043
Tax (credit)/charge for the year	**(2,144)**	348,500

B) Factors affecting the tax charge for the year

The actual tax charge differs from the expected tax charge computed by applying the standard rate of UK corporation tax of 28% (2008: 28.5%) as follows:

	2009	2008
	£	£
Expected tax (credit)/charge	**(15,479)**	283,174
Non-deductible items	-	61,683
Non-taxable items	**15,861**	(400)
Adjustments in respect of prior periods	**(2,526)**	4,043
Actual tax (credit)/charge	**(2,144)**	348,500

The applicable rate for the year has changed from 28.5% to 28% following a reduction in the rate of UK corporation tax from 30% to 28% on 1 April 2008.

NOTES TO THE FINANCIAL STATEMENTS (Continued)
for the year ended 31 December 2009

9 Auditors' Remuneration

Fees payable to the Company's auditors for the audit of the Company's annual financial statements are £5,000 (2008: £5,000). There was no charge in either the current or prior year's financial statements for auditors' remuneration as the fees were charged in the financial statements of the immediate parent, The Royal Bank of Scotland plc.

10 Cash and cash equivalents

	2009	2008	2007
	£	£	£
		(Restated)	
Cash and cash equivalents per balance sheet:			
Amounts held with group undertakings	**3,001,539**	3,790,811	2,383,345
Cash and cash equivalents per cash flow statement	**3,001,539**	3,790,811	2,383,345

11 Loans and receivables

	2009	2008	2007
	£	£	£
		(Restated)	
Current			
Amounts owed by group undertakings	-	-	478,128

The fair value of loans and receivables is considered not to be materially different to the carrying amounts in the balance sheet.

12 Trade and other receivables

	2009	2008	2007
	£	£	£
Other receivables	-	107,596	-
VAT	-	-	10,665
	-	107,596	10,665

The fair value of trade receivables is considered not to be materially different to the carrying amounts in the balance sheet.

NOTES TO THE FINANCIAL STATEMENTS (Continued)
for the year ended 31 December 2009

13 Development property

	2009 £	2008 £	2007 £
At 1 January	**122,239**	221,770	-
Additions	-	479,975	99,531
Disposals	-	(579,506)	-
Transfer from investment property	-	-	122,239
At 31 December	**122,239**	122,239	221,770

14 Amounts owed to group undertakings

	2009 £	2008 £ (Restated)	2007 £
Current liabilities			
Amounts repayable on demand	**163,496**	162,519	-

The fair value of amounts owed to group undertakings is considered not to be materially different to the carrying amounts in the balance sheet.

The average effective interest rate over this loan approximates 0.55%.

15 Trade and other payables

	2009 £	2008 £	2007 £
Current liabilities			
Other payables	**3,100**	519,267	62,083
Other tax and social security	**6,792**	2,050	-
Accruals and deferred income	**11,035**	283	1,525
	20,927	521,600	63,608

The fair value of trade receivables is considered not to be materially different to the carrying amounts in the balance sheet.

16 Provisions

	2009 £	2008 £	2007 £
At 1 January	**282**	119,248	183,732
Provisions used during the year	**(282)**	(118,966)	(64,484)
At 31 December	-	282	119,248

The provision related to costs which West Register (Land) Limited remained liable for on properties which had been sold in previous years.

NOTES TO THE FINANCIAL STATEMENTS (Continued)
for the year ended 31 December 2009

17 Share capital

	2009	2008	2007
	£	£	£
Authorised:			
1,000 (2008: 1,000) Ordinary shares of £1 each	**1,000**	1,000	1,000
Allotted, called up and fully paid:			
2 (2008: 2) Ordinary shares of £1 each	**2**	2	2

18 Reserves

	Retained earnings £
At 1 January 2007	949,243
Total comprehensive income for the year	1,397,678
At 31 December 2007	2,346,921
At 1 January 2008	2,346,921
Total comprehensive income for the year	645,187
At 31 December 2008	2,992,108
At 1 January 2009	2,992,108
Total comprehensive loss for the year	(53,137)
At 31 December 2009	**2,938,971**

19 Financial instruments and risk management

Capital risk management

The Company considers its capital to consist of equity attributable to the equity holders of the Company, comprising issued share capital, revaluation reserve and retained earnings as disclosed in notes 17 and 18. The Company is a member of the Royal Bank of Scotland group of companies which has regulatory disciplines over the use of its capital. The Company operates controls and policies put in place by the group to ensure that the Company can continue as a going concern and to ensure that the group complies with these regulatory disciplines.

Accounting policies

Details of the accounting policies and methods adopted, including the criteria for recognition, the basis of measurement and the basis on which income and expenses are recognised, in respect of each class of financial asset and financial liability are disclosed in note 3.

NOTES TO THE FINANCIAL STATEMENTS (Continued)
for the year ended 31 December 2009

19 Financial instruments and risk management (continued)

Categories of financial instruments

The carrying value of each category of financial instruments, as defined in IAS 39, is disclosed in the following table:

	2009	2008	2007
	£	£	£
Financial assets:			
Loans and receivables	**3,001,539**	3,735,888	2,872,138
Non financial assets	**122,239**	122,239	221,770
	3,123,778	3,858,127	3,093,908
Financial liabilities:			
Amortised cost	**184,423**	684,119	-
Non financial liabilities	**382**	344,417	746,985
	184,805	1,028,536	746,985

Risk management

The Company uses a comprehensive framework for managing risks established by the Royal Bank of Scotland group of companies.

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

Interest rate risk

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

The repricing maturity profile of the financial assets of the Company may be different to that of the associated borrowings and hence give potential exposure to interest rate risk.

The matching of the repricing maturity characteristics of the Company's assets and liabilities is achieved through hedges transacted within another group company. This results in the Company having exposure to interest rate risk, though this would be offset elsewhere within the group.

The sensitivity analysis below has been determined based on the exposure to interest rates at the balance sheet date. The analysis is prepared on the assumption that the balances receivable and/or payable at the balance sheet date were receivable and/or payable for the whole year.

If interest rates had been 0.5% higher and all other variables were held constant, the Company's loss before tax for the year would have increased by £15,008 (2008: profit before tax for the year would have decreased by £18,954). This is mainly due to the Company's exposure to interest rates on its variable rate borrowings. There would be no other material impact on equity.

Currency risk

The Company has no currency risk as all transactions and balances are denominated in Sterling.

NOTES TO THE FINANCIAL STATEMENTS (Continued)
for the year ended 31 December 2009

19 Financial instruments and risk management (continued)

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.

The Company has no significant credit risk as all loans and receivables are with group undertakings. No amounts owed by group undertakings are past due.

Liquidity risk

Liquidity risk arises where assets and liabilities have different contractual maturities. The Company manages liquidity risk through applying the established framework put in place within the group.

The maturity analysis of financial liabilities is disclosed in notes 14 and 15.

The Company has no significant liquidity risk as it has access to financing facilities and support provided by fellow group companies.

Operational risk

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

20 Contingent liabilities

The Royal Bank of Scotland group has agreed to compensate UK members for any adjustments in respect of UK:UK Transfer Pricing that may arise under paragraph 1A of Schedule 28 AA, Income and Corporation Taxes Act 1988.

21 Post balance sheet events

There have been no significant events between the year end and the approval of these financial statements which would require a change to the disclosures in the accounts.

22 Related parties

On 1 December 2008, the UK Government through HM Treasury became the ultimate controlling party of The Royal Bank of Scotland Group plc. The UK Government's shareholding is managed by UK Financial Investments Limited, a company wholly-owned by the UK Government. As a result, the UK Government and UK Government controlled bodies became related parties of the Company.

The Company's ultimate holding company is The Royal Bank of Scotland Group plc, a company incorporated in Great Britain and registered in Scotland. Its immediate parent company is the Royal Bank of Scotland plc which is incorporated in Great Britain and registered in Scotland.

As at 31 December 2009, The Royal Bank of Scotland Group plc heads the largest group in which the Company is consolidated and The Royal Bank of Scotland plc heads the smallest group in which the Company is consolidated. Copies of the consolidated accounts of both companies may be obtained from The Secretary, The Royal Bank of Scotland Group plc, Gogarburn, Edinburgh EH12 1HQ.

Related party transactions with other group undertakings

The table below details balances and transactions with group undertakings.

	At 1 January 2008 £	Net payments £	Net interest paid £	Net payables £	At 31 December 2009 £
Banking members of the group:					
Immediate parent	3,628,292	(789,272)	(977)	-	2,838,043
Other members of the group:					
Other RBS Group undertakings	(236,539)	236,539	-	(11,134)	(11,134)
Total	3,391,753	(552,733)	(977)	(11,134)	2,826,909

The amounts outstanding are unsecured and will be settled in cash. No guarantees have been given or received.

Other related party transactions

Expenses of £25,352 (2008: £19,200) were paid by other members of the group and then recharged to the Company by way of management charges.

No emoluments were paid to any director by the Company during the year (2008 - £nil).

None of the directors had any material interest in any contract of significance in relation to the business of the Company (2008 - none).

NOTES TO THE FINANCIAL STATEMENTS (Continued)
for the year ended 31 December 2009

23 Prior period restatement

Due to enhanced data reporting capabilities implemented in the current year, certain amounts and balances in the prior year have been reclassified to enhance the comparability with the presentation within the current year Financial Statements.

There was no impact on profit for the year nor on total equity as a result of this reclassification.

The impact of the restatement on the balance sheet as at 31 December 2008 and on the cash flow statement for the year ended 31 December 2008 is disclosed in the table below.

	As previously reported £	Impact of prior period restatement £	Reported as restated £
Balance sheet as at 31 December 2008			
Cash and cash equivalents	1,840,378	1,950,433	3,790,811
Loans and receivables	1,787,914	(1,787,914)	-
Amounts owed to group undertakings	-	(162,519)	(162,519)
Impact on net assets		-	
Cash flow statement for the year ended 31 December 2008			
Increase in amounts owed to group undertakings		1,950,433	
Impact on net increase/(decrease) in cash and cash equivalents for the year		1,950,433	