

**Company Registered No: 05740944**

**THRAPSTON TRIANGLE LTD**

**DIRECTORS' REPORT AND FINANCIAL STATEMENTS**

**For the year ended 31 December 2011**



**Group Secretariat  
The Royal Bank of Scotland Group plc  
PO Box 1000  
Gogarburn  
Edinburgh  
EH12 1HQ**

**DIRECTORS' REPORT AND FINANCIAL STATEMENTS 2011**

<b>CONTENTS</b>	<b>Page</b>
Officers and professional advisers	2
Directors' report	3
Independent auditor's report	6
Statement of comprehensive income	8
Balance sheet	9
Statement of changes in equity	10
Cash flow statement	11
Notes to the financial statements	12

**THRAPSTON TRIANGLE LTD**

**05740944**

**OFFICERS AND PROFESSIONAL ADVISERS**

**DIRECTORS:**

**I F Nicol  
J M Rowney  
B I M Turnbull**

**SECRETARY:**

**RBS Secretarial Services Limited**

**REGISTERED OFFICE:**

**1 Princes Street  
London  
EC2R 8PB**

**AUDITOR:**

**Deloitte LLP  
London**

**Registered in England and Wales.**

**DIRECTORS' REPORT**

The directors present their report and the audited financial statements for the year ended 31 December 2011

**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

**Review of the year*****Financial performance***

The retained loss for the year was £33,528 (2010 £497,235) and this was met from reserves. No dividend was paid during the year (2010 £nil)

***Principal risks and uncertainties***

The company is funded by facilities from The Royal Bank of Scotland plc

The company's financial risk management objectives and policies regarding the use of financial instruments are set out in note 16 to these financial statements

***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 except where noted below, are listed on page 2

From 1 January 2011 to date the following changes have taken place

	<b>Appointed</b>	<b>Resigned</b>
<b>Secretary</b>		
RBS Secretarial Services Limited	27 April 2012	
R E Fletcher		27 April 2012

**DIRECTORS' REPORT (continued)****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 and the directors have elected to prepare them 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 of the company. In preparing these financial statements, under International Accounting Standard 1, the directors are required to

- select suitable accounting policies and then 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 of the entity's financial position and 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 to enable them to ensure that the directors' report and financial statements comply with the requirements of the Companies Act 2006. They are also responsible for safeguarding the assets of the company and hence for taking reasonable steps for the prevention and detection of fraud and other irregularities.

**DISCLOSURE OF INFORMATION TO AUDITOR**

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

- so far as they are aware there is no relevant audit information of which the company's auditor is unaware, and
- the director has 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

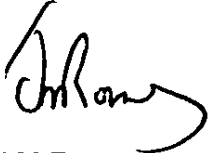
This confirmation is given and shall be interpreted in accordance with the provisions of section 418 of the Companies Act 2006

**DIRECTORS' REPORT (continued)**

**AUDITOR**

Deloitte LLP has expressed its willingness to continue in office as auditor

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



J M Rowney  
Director  
Date 31 July 2012

## **INDEPENDENT AUDITOR'S REPORT TO THE MEMBERS OF THRAPSTON TRIANGLE LTD**

We have audited the financial statements of Thrapston Triangle Ltd ('the company') for the year ended 31 December 2011 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 20. 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 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.

### **Respective responsibilities of directors and auditor**

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 and express an opinion on 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'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. In addition, we read all the financial and non-financial information in the annual report to identify material inconsistencies with the audited financial statements. If we become aware of any apparent material misstatements or inconsistencies we consider the implications for our report.

### **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 2011 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.

**INDEPENDENT AUDITOR'S REPORT TO THE MEMBERS OF THRAPSTON TRIANGLE LTD (continued)**

**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



Russell Davis FCA (Senior Statutory Auditor)  
for and on behalf of Deloitte LLP  
Chartered Accountants and Statutory Auditor,  
London, United Kingdom  
Date 8 August 2012



**STATEMENT OF COMPREHENSIVE INCOME**  
for the year ended 31 December 2011

	Notes	2011 £	2010 £
<b>Continuing operations</b>			
Revenue	3	-	8,447,340
Cost of sales		-	(9,164,592)
<b>Gross loss</b>		<hr/> -	(717,252)
Other operating income	4	-	4,206
Administrative expenses	5	(36,836)	(35,714)
<b>Operating loss</b>		<hr/> (36,836)	(748,760)
Interest receivable	6	-	45,516
Interest payable	7	(8,630)	(6,248)
<b>Loss before tax</b>	8	<hr/> (45,466)	(709,492)
Tax credit	9	11,938	212,257
<b>Loss and total comprehensive loss for the year</b>		<hr/> (33,528)	<hr/> (497,235)


The accompanying notes form an integral part of these financial statements

**BALANCE SHEET**  
as at 31 December 2011

	Notes	2011 £	2010 £
<b>Current assets</b>			
Development property	10	881,994	881,994
Amounts due from group undertakings	11	59,439	59,439
Prepayments, accrued income and other assets	12	17,074	247,832
<b>Total assets</b>		<u>958,507</u>	<u>1,189,265</u>
<b>Current liabilities</b>			
Amounts due to group undertakings	13	31,354	23,903
Accruals, deferred income and other liabilities	14	5,312	7,168
Overdraft	15	710,692	913,517
<b>Total liabilities</b>		<u>747,358</u>	<u>944,588</u>
<b>Equity</b>			
Share capital	17	3	3
Retained earnings		211,146	244,674
<b>Total equity</b>		<u>211,149</u>	<u>244,677</u>
<b>Total liabilities and equity</b>		<u>958,507</u>	<u>1,189,265</u>

The accompanying notes form an integral part of these financial statements

The financial statements were approved by the Board of Directors on 31 July 2012  
and signed on its behalf by

  
J M Rowney  
Director

**STATEMENT OF CHANGES IN EQUITY**  
**for the year ended 31 December 2011**

	<b>Share capital £</b>	<b>Retained earnings £</b>	<b>Total £</b>
<b>At 1 January 2010</b>	3	741,909	741,912
Loss for the year	-	(497,235)	(497,235)
<b>At 31 December 2010</b>	3	244,674	244,677
Loss for the year	-	(33,528)	(33,528)
<b>At 31 December 2011</b>	3	211,146	211,149

Total comprehensive loss for the year of £33,528 (2010 £497,235) was wholly attributable to the owners of the company

The accompanying notes form an integral part of these financial statements

**CASH FLOW STATEMENT**  
for the year ended 31 December 2011

	Notes	2011 £	2010 £
<b>Operating activities</b>			
Loss before taxation		(45,466)	(709,492)
<b>Adjustments for:</b>			
Interest receivable	6	-	(45,516)
Interest payable	7	8,630	6,248
<b>Operating cash flows before movements in working capital</b>		<u>(36,836)</u>	<u>(748,760)</u>
Decrease in trade and other receivables		-	13,287
Decrease in prepayments, accrued income and other assets		33,733	715,679
Increase in amounts due to group undertakings		7,451	23,903
Decrease in trade and other payables		-	(22,797)
Decrease in accruals, deferred income and other liabilities		(1,856)	(192,737)
<b>Net cash from/(used in) operating activities before tax</b>		<u>2,492</u>	<u>(211,425)</u>
Tax received		208,963	125,577
<b>Net cash from/(used in) operating activities</b>		<u>211,455</u>	<u>(85,848)</u>
<b>Cash flows from investing activities</b>			
Proceeds from sale of development property		-	8,275,000
<b>Net cash flows from investing activities</b>		<u>-</u>	<u>8,275,000</u>
<b>Cash flows from financing activities</b>			
Repayment of loans		-	(9,344,149)
Interest paid		(8,630)	(45,616)
<b>Net cash flows used in financing activities</b>		<u>(8,630)</u>	<u>(9,389,765)</u>
<b>Net increase/(decrease) in cash and cash equivalents</b>		<u>202,825</u>	<u>(1,200,613)</u>
<b>Cash and cash equivalents at beginning of year</b>		(913,517)	287,096
<b>Cash and cash equivalents at end of year</b>	15	<u>(710,692)</u>	<u>(913,517)</u>

The accompanying notes form an integral part of these financial statements

**NOTES TO THE FINANCIAL STATEMENTS****1. Accounting policies****a) Presentation of accounts**

The accounts 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 as adopted by the European Union (EU) (together IFRS)

The accounts are prepared on the historical cost basis except as noted in the following accounting policies

The company's financial statements are presented in sterling which is the functional currency of the company

The company is incorporated in Great Britain and registered in England and Wales. The company's accounts are presented in accordance with the Companies Act 2006

**Adoption of new and revised standards**

There are a number of changes to IFRS that were effective from 1 January 2011. They have had no material effect on the company's financial statements for the year ended 31 December 2011.

**b) Revenue recognition**

Revenue represents the total value of construction works on developments sold during the year. Construction work in progress, classified as current assets, represents construction and development work stated at the lower of cost or net realisable value. Cost represents direct materials, labour, production and capitalised interest incurred during the period of development. Interest payable directly attributable to the construction or production of a qualifying asset is capitalised as part of the cost of the asset. The capitalised interest is calculated using the weighted average method. Profit on each development is taken to the statement of comprehensive income on completion and sale of that development to the parent or other group company, and the transfer of all related risks and rewards of ownership.

Rental income from operating leases is recognised in the statement of comprehensive income on a straight line basis over the lease term unless another systematic basis better represents the time pattern of the asset's use.

**c) Taxation**

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

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

**NOTES TO THE FINANCIAL STATEMENTS (continued)****1. Accounting Policies (continued)****c) Taxation (continued)**

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 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) 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 available-for-sale or to be developed.

**e) Impairment of development property**

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

**f) Leases**

Contracts to lease assets are classified as finance leases if they transfer substantially all the risks and rewards of ownership of the asset to the customer. Other contracts to lease assets are classified as operating leases.

Operating leases are recognised on an accruals basis.

**g) Financial assets**

On initial recognition, financial assets are classified into held-to-maturity investments held-for-trading, designated as at fair value through profit or loss, loans and receivables, or available-for-sale financial assets.

***Loans and receivables***

Loans and receivables are initially recognised at fair value plus directly related transaction costs. They are subsequently measured at amortised cost using the effective interest method less any impairment losses.

All financial assets are classified as loans and receivables unless otherwise indicated.

**h) Impairment of financial assets**

The company assesses at each balance sheet date whether there is any objective evidence that a financial asset or group of financial assets classified as held-to-maturity, available-for-sale or loans and receivables is impaired. A financial asset or portfolio of financial assets is impaired and an impairment loss incurred if there is objective evidence that an event or events since initial recognition of the asset have adversely affected the amount or timing of future cash flows from the asset.

**NOTES TO THE FINANCIAL STATEMENTS (continued)****1. Accounting policies (continued)****i) Financial liabilities**

On initial recognition financial liabilities are classified into held-for-trading, designated as at fair value through profit or loss, or amortised cost

***Amortised cost***

Other than derivatives, which are recognised and measured at fair value, all financial liabilities are measured at amortised cost using the effective interest method

**j) Cash and cash equivalents**

In the cash flow statement, cash and cash equivalents comprises cash and demand deposits with banks together with short-term highly liquid investments that are readily convertible to known amounts of cash and subject to insignificant risk of change in value

**k) Accounting developments**

There are a number of changes to IFRS that are in issue but not yet effective. The adoption of these changes in future periods is not expected to have a material effect on the company's accounting policies or 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. UK company law and IFRS require the directors, in preparing the company's Financial Statements, to select suitable accounting policies, apply them consistently and make judgements and estimates that are reasonable and prudent. In the absence of an applicable standard or interpretation, IAS 8 'Accounting Policies, Changes in Accounting Estimates and Errors', requires management to develop and apply an accounting policy that results in relevant and reliable information in the light of the requirements and guidance in IFRS dealing with similar and related issues and the IASB's Framework for the Preparation and Presentation of Financial Statements. The judgements and assumptions involved in the company's accounting policies that are considered by the directors to be the most important to the portrayal of its financial condition are discussed below. The use of estimates, assumptions or models that differ from those adopted by the company would affect its reported results.

***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. Revenue**

	2011 £	2010 £
Sale of development property	-	8,275,000
Rental income	-	172,340
	<u>-</u>	<u>8,447,340</u>

## NOTES TO THE FINANCIAL STATEMENTS (continued)

## 4. Other operating income

	2011 £	2010 £
Service recharges	-	4,206

## 5. Administrative expenses

	2011 £	2010 £
Management fees	26,129	20,343
Legal and professional fees	-	18,000
Audit fees	10,000	-
Other	707	(2,629)
	<u>36,836</u>	<u>35,714</u>

**Management recharge**

Management charges relate to the company's share of group resources such as the use of IT platforms, staff and a share of central resources. These are re-charged on an annual basis by KUC Properties Limited, a fellow group undertaking.

**Staff costs, number of employees and directors' emoluments**

All staff and directors were employed by RBS, the accounts for which contain full disclosure of employee benefit expenses incurred in the period including share based payments and pensions. The company has no employees and pays a management charge for services provided by other group companies. The directors of the company do not receive remuneration for specific services provided to the company.

## 6. Interest receivable

	2011 £	2010 £
Interest receivable from group undertakings	-	45,516

## 7. Interest payable

	2011 £	2010 £
Interest payable to group undertakings	<u>8,630</u>	<u>6,248</u>



## NOTES TO THE FINANCIAL STATEMENTS (continued)

## 8. Loss before tax

Loss before tax is stated after charging

	2011 £	2010 £
Auditor's remuneration – audit services	<u>10,000</u>	-

In the previous year audit fees were charged as a group service to The Royal Bank of Scotland plc without specific allocation to the company

## 9. Tax

	2011 £	2010 £
Current taxation		
UK corporation tax credit for the year	(11,938)	(208,963)
Over provision in respect of prior periods	-	(3,294)
	<u>(11,938)</u>	<u>(212,257)</u>

The actual tax credit differs from the expected tax credit computed by applying the blended rate of UK corporation tax of 26.5% (2010: 28%) as follows

	2011 £	2010 £
Expected tax credit	(12,045)	(198,658)
Non-deductible items	-	4,200
Non-taxable items	18	-
Transfer pricing adjustment	89	(14,505)
Adjustments in respect of prior periods	-	(3,294)
Actual tax credit for the year	<u>(11,938)</u>	<u>(212,257)</u>

The changes to tax rates and capital allowances proposed in the Budget on 22 June 2010, 23 March 2011 and 21 March 2012 are not expected to have a material effect on the company

## 10. Development property

	2011 £	2010 £
At 1 January	881,994	9,156,994
Disposals	-	(8,275,000)
At 31 December	<u>881,994</u>	<u>881,994</u>

Development property has been pledged as security for the liabilities of the company

## NOTES TO THE FINANCIAL STATEMENTS (continued)

## 11. Amounts due from group undertakings

	2011 £	2010 £
The Royal Bank of Scotland plc	45,516	45,516
Fellow subsidiaries	13,923	13,923
	<u>59,439</u>	<u>59,439</u>

## 12. Prepayments, accrued income and other assets

	2011 £	2010 £
Value added tax	5,136	38,869
Group relief receivable	11,938	208,963
	<u>17,074</u>	<u>247,832</u>

## 13. Amounts due to group undertakings

	2011 £	2010 £
Amounts falling due within one year		
Fellow subsidiaries	<u>31,354</u>	<u>23,903</u>

The fair value of amounts due to group undertakings approximates to their carrying value in the balance sheet

## 14. Accruals, deferred income and other liabilities

	2011 £	2010 £
Accruals	<u>5,312</u>	<u>7,168</u>

## 15. Cash and cash equivalents

	2011 £	2010 £
Overdrafts		
Amounts owed to group banks	710,692	913,517
Cash and cash equivalents per cash flow statement	<u>710,692</u>	<u>913,517</u>

**NOTES TO THE FINANCIAL STATEMENTS (continued)****16. Financial instruments and risk management****i) Categories of financial instrument**

In accordance with the categories of financial instruments in IAS 39 "Financial Instruments, Recognition and Measurement", all amounts receivable from banks and group undertakings are categorised as loans and receivables and all amounts payable to banks and group undertakings are categorised as amortised cost

**Fair value**

The fair value of financial instruments that are not carried at fair value on the balance sheet is considered not to be materially different to the carrying amounts

**Financial liabilities**

The contractual maturity of the financial liabilities is within 1 year (2010 within 1 year)

The company's intra-group liabilities may in certain circumstances become repayable on demand pursuant to the terms of the capital support deed (see note 19 commitments and contingent liabilities)

**ii) Financial risk management**

The principal risks associated with the company are as follows

**Interest rate risk**

Interest rate risk arises where assets and liabilities have different repricing maturities

The only interest bearing financial assets or liabilities are overdraft balances held

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 £3,553 (2010 loss before tax for the year would have increased by £4,568). This is mainly due to the company's exposure to interest rates on its variable rate balances. There would be no other impact on equity

**Currency risk**

The company has no currency risk as all transactions and balances are denominated in sterling

**Credit risk**

Credit risk is the risk that companies, financial institutions, individuals and other counterparties will be unable to meet their obligations to the company

All loans and receivables are with group undertakings. Although credit risk arises this is not considered to be significant and no amounts owed are past due

**NOTES TO THE FINANCIAL STATEMENTS (continued)**

**16. Financial instruments and risk management (continued)**

**ii) Financial risk management**

**Liquidity risk**

Liquidity risk arises where assets and liabilities have different contractual maturities

The company has no material liquidity risk as it has access to group funding

**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.

**17. Share capital**

	2011 £	2010 £
<b>Authorised:</b>		
100 ordinary shares of £1	<u>100</u>	<u>100</u>
<b>Allotted, called up and fully paid:</b>		
<b>Equity shares</b>		
3 ordinary shares of £1	<u>3</u>	<u>3</u>

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

**18. Capital resources**

The company's capital consists of equity comprising issued share capital and retained earnings. The company is a member of The Royal Bank of Scotland group of companies which has regulatory disciplines over the use of capital. In the management of capital resources, the company is governed by the group's policy which is to maintain a strong capital base. It is not separately regulated. The group has complied with the FSA's capital requirements throughout the year.

**19. Commitments and contingent liabilities**

The company, together with other members of the RBSG group, is party to a capital support deed (CSD). Under the terms of the CSD, the company may be required, if compatible with its legal obligations, to make distributions on, or repurchase or redeem, its ordinary shares. The amount of this obligation is limited to the company's immediately accessible funds or assets, rights, facilities or other resources that, using best efforts, are reasonably capable of being converted to cleared, immediately available funds (the company's available resources). The CSD also provides that, in certain circumstances, funding received by the company from other parties to the CSD becomes immediately repayable, such repayment being limited to the company's available resources.

## NOTES TO THE FINANCIAL STATEMENTS (continued)

## 20. Related parties

## UK Government

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 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 Undertakings

The company's immediate parent company is Property Ventures (B & M) Limited, a company incorporated in Great Britain and registered in England and Wales. As at 31 December 2011 The Royal Bank of Scotland plc heads the smallest group in which the company is consolidated, a company incorporated in Great Britain and registered in Scotland. Copies of the consolidated accounts may be obtained from The Secretary, The Royal Bank of Scotland Group plc, Gogarburn, Edinburgh, EH12 1HQ.

The company's ultimate holding company is The Royal Bank of Scotland Group plc, a company incorporated in Great Britain and registered in Scotland. As at 31 December 2011 The Royal Bank of Scotland Group plc heads the largest group in which the company is consolidated. Copies of the consolidated accounts may be obtained from The Secretary, The Royal Bank of Scotland Group plc, Gogarburn, Edinburgh, EH12 1HQ.

<b>Net interest (payable)/receivable</b>	<b>2011</b>	<b>2010</b>
	<b>£</b>	<b>£</b>
The Royal Bank of Scotland plc	<b>(8,630)</b>	<b>39,268</b>
	<hr/>	<hr/>
<b>Net amounts payable</b>	<b>2011</b>	<b>2010</b>
	<b>£</b>	<b>£</b>
The Royal Bank of Scotland plc	<b>665,176</b>	<b>868,001</b>
Fellow subsidiaries	<b>17,431</b>	<b>17,148</b>
	<b>682,607</b>	<b>885,149</b>
	<hr/>	<hr/>