Company Registration No: 05740944

THRAPSTON TRIANGLE LTD

DIRECTORS' REPORT AND FINANCIAL STATEMENTS

period from 1 August 2008 to 31 December 2009

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

THRAPSTON TRIANGLE LTD

Company Registration No 05740944

CONTENTS

THRAPSTON TRIANGLE LTD

Company Registration No 05740944

OFFICERS AND PROFESSIONAL ADVISERS

DIRECTORS:	**S C Sanders** **D A Shaw** **B I M Turnbull**
SECRETARY:	**R E Fletcher**
REGISTERED OFFICE:	**1 Princes Street** **London** **EC2R 8PB**
AUDITORS:	**Deloitte LLP** **London**

Registered in England and Wales.

THRAPSTON TRIANGLE LTD

Company Registration No 05740944

DIRECTORS' REPORT

The directors present their report and the audited financial statements for the 17 months from 1 August 2008 to 31 December 2009

ACCOUNTING REFERENCE DATE

On 3 December 2009, the Company extended its accounting reference date from 31 July to 31 December

REGISTERED OFFICE

On 1 April 2009, the Company changed its Registered Office Address from 7/10 Chandos Street, Cavendish Square, London, W1G 9DQ, to 1 Princes Street, London, EC2R 8PB

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 directors do not anticipate any material change in either the type or level of activities of the Company

Review of the period

The loss for the period was £703,722 (2008 loss of £730,524) and this was met from reserves No dividend was paid during the period (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, 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 period except where noted below, are listed on page 1

From 1 August 2008 to date the following changes have taken place

Directors	**Appointed**	**Resigned**
R J S Palmer		22 October 2008
A J Crowther		1 April 2009
A Eldred		1 April 2009
S C Sanders	1 April 2009	
B I M Turnbull	1 April 2009	
D A Shaw	22 April 2009	
Secretary		
A Eldred (Joint Secretary)		1 April 2009
L Wood (Joint Secretary)		1 April 2009
R E Fletcher	1 April 2009	

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 period 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 period and the profit or loss for the financial period 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/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/she ought to have taken to make himself/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

AUDITORS

On 1 April 2009, Simmons Gainsford LLP resigned as auditors of the Company and Deloitte LLP were appointed auditors of the Company

Deloitte LLP have expressed their willingness to continue in office as auditors and a resolution to re-appoint them will be proposed at the forthcoming Annual General Meeting

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

Barbara M Turnbull

B I M Turnbull
Director

Date 26 AUG 2010

INDEPENDENT AUDITORS' REPORT TO THE MEMBERS OF THRAPSTON TRIANGLE LTD

We have audited the financial statements of Thrapston Triangle Ltd ('the Company') for the 17 months 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 period 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 period for which the financial statements are prepared is consistent with the financial statements

INDEPENDENT AUDITORS' 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

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

Date 26/8/10

THRAPSTON TRIANGLE LTD

Company Registration No 05740944

STATEMENT OF COMPREHENSIVE INCOME
for the 17 months ended 31 December 2009

	Note	**17 months ended 31 December 2009 £**	12 months ended 31 July 2008 £
Continuing operations			
Revenue	4	**901,376**	212,089
Impairment of development property	14	**(843,006)**	(297,602)
Other operating income	5	**23,854**	230,282
Administrative expenses	6	**(72,861)**	(5,539)
Operating profit		**9,363**	139,230
Finance income	7	**-**	1,069
Finance costs	8	**(835,368)**	(870,823)
Loss before tax		**(826,005)**	(730,524)
Tax	9	**122,283**	-
Loss for the period		**(703,722)**	(730,524)
Other comprehensive income		**-**	-
Total comprehensive loss for the period attributable to the equity holders of the Company	18	**(703,722)**	(730,524)

The notes on pages 11 to 25 form a part of these financial statements

THRAPSTON TRIANGLE LTD

Company Registration No 05740944

BALANCE SHEET
at 31 December 2009

	Note	31 December 2009 £	31 July 2008 £	1 August 2007 £
Current assets				
Cash and cash equivalents	11	**287,096**	185,467	-
Loans and receivables	12	**13,923**	-	-
Tax receivable		**122,283**	-	-
Trade and other receivables	13	**767,835**	255,932	7,914
Development property	14	**9,156,994**	10,000,000	5,226,007
Total assets		**10,348,131**	10,441,399	5,233,921
Non-current liabilities				
Bank loans	11	-	-	4,866,779
Trade and other payables	15	-	-	250,000
		-	-	5,116,779
Current liabilities				
Overdrafts	11	-	10,913,319	11,916
Amounts owed to group undertakings	16	**9,383,517**	-	-
Trade and other payables	15	**222,702**	258,601	105,223
		9,606,219	11,171,920	117,139
Total liabilities		**9,606,219**	11,171,920	5,233,918
Net assets		**741,912**	(730,521)	3
Equity				
Share capital	17	**3**	3	3
Reserves	18	**741,909**	(730,524)	-
Total equity attributable to the equity holders of the Company		**741,912**	(730,521)	3

The financial statements were approved by the board of directors and authorised for issue on 26 AUG 2010 and were signed on its behalf by

Barbara M Turnbull

B I M Turnbull
Director

The notes on pages 11 to 25 form a part of these financial statements

THRAPSTON TRIANGLE LTD

Company Registration No 05740944

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

	Share capital £	Retained earnings £	Total equity £
At 1 August 2007	3	-	3
Total comprehensive loss for the period	-	(730,524)	(730,524)
At 31 July 2008	3	(730,524)	(730,521)
At 1 August 2008	3	(730,524)	(730,521)
Total comprehensive loss for the period	-	(703,722)	(703,722)
Capital contribution	-	2,176,155	2,176,155
At 31 December 2009	**3**	**741,909**	**741,912**

The capital contribution arose from intercompany loans that have been waived

The notes on pages 11 to 25 form a part of these financial statements

THRAPSTON TRIANGLE LTD

Company Registration No 05740944

CASH FLOW STATEMENT
for the period ended 31 December 2009

	Note	17 months ended 31 December 2009 £	12 months ended 31 July 2008 £
Operating activities			
Loss before tax		**(826,005)**	(730,524)
Adjustments for			
Impairment of development property	14	**843,006**	297,602
Finance income	7	**-**	(1,069)
Finance costs	8	**835,368**	870,823
Operating profit before changes in working capital		**852,369**	436,832
Increase in trade and other receivables		**(511,903)**	(248,018)
Increase in amounts owed to group undertakings		**25,445**	-
Decrease in trade and other payables		**(35,899)**	(96,622)
Net cash generated from the operations		**330,012**	92,192
Interest received		**-**	1,069
Interest paid		**(835,368)**	(870,823)
Net cash used in operating activities		**(505,356)**	(777,562)
Investing activities			
Acquisition of development property		**-**	(5,071,595)
Net cash used in investing activities		**-**	(5,071,595)
Financing activities			
New loans advanced		**9,344,149**	-
Capital contribution		**2,176,155**	-
Net cash from financing activities		**11,520,304**	-
Net increase/(decrease) in cash and cash equivalents		**11,014,948**	(5,849,157)
Cash and cash equivalents at beginning of period		**(10,727,852)**	(4,878,695)
Cash and cash equivalents at end of period	11	**287,096**	(10,727,852)

The notes on pages 11 to 25 form a part of these financial statements

THRAPSTON TRIANGLE LTD

Company Registration No 05740944

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

1 General information

Thrapston Triangle Ltd is a company incorporated in Great Britain and registered in England and Wales 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

The financial statements have, for the first time, been prepared in accordance with International Financial Reporting Standards adopted by the International Accounting Standards Board (IASB), and interpretations issued by the International Financial Reporting Interpretations Committee of the IASB (together IFRS) The financial statements have also been prepared in accordance with IFRSs adopted for use in the European Union (EU) and therefore comply with Article 4 of the EU IAS regulation The date of transition to IFRS for the Company and date of its opening IFRS balance sheet was 1 August 2007

The disclosures required by IFRS 1 concerning the transition from UKGAAP to IFRS are given in note 23

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)

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

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. 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 lease rentals are recognised on an accruals basis

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

3 Accounting policies (continued)

e. 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

f. 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

g. 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

h. 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

i. 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

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

3 Accounting policies (continued)

j. Trade and other payables

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

k. 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

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

4 Revenue

	17 months ended 31 December 2009 £	12 months ended 31 July 2008 £
Rental income	**901,376**	212,089

5 Other operating income

	17 months ended 31 December 2009 £	12 months ended 31 July 2008 £
Contribution from former Joint Venture partners	-	230,282
Service recharges	**23,854**	-
	23,854	230,282

THRAPSTON TRIANGLE LTD

Company Registration No 05740944

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

6 Administrative expenses

	17 months ended 31 December 2009 £	12 months ended 31 July 2008 £
Insurance	18,587	20
Marketing costs	22,116	-
Audit fees	5,932	5,244
Management fees	7,169	-
Legal and professional fees	15,194	75
Bank charges	130	200
Other operating costs	3,733	-
	72,861	5,539

The Company had no employees in the current period (2008 none)

Employee costs are incurred by the 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 income

	17 months ended 31 December 2009 £	12 months ended 31 July 2008 £
On loans and receivables		
Other	-	1,069

8 Finance costs

	17 months ended 31 December 2009 £	12 months ended 31 July 2008 £
On loans and payables		
To group undertakings	835,368	857,696
Other	-	13,127
	835,368	870,823

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

9 Tax credit on loss before tax

A) Analysis of credit for the period

	17 months ended 31 December 2009 £	12 months ended 31 July 2008 £
Current taxation		
Tax credit for the period	**(122,283)**	-

B) Factors affecting the tax credit for the period

The actual tax credit differs from the expected tax credit computed by applying the standard rate of UK corporation tax of 28% (2008 29 3%) as follows

	17 months ended 31 December 2009 £	12 months ended 31 July 2008 £
Expected tax credit	**(231,281)**	(214,287)
Transfer pricing adjustment	**945**	-
Unutilised losses brought forward and carried forward	**108,053**	214,287
Actual tax credit	**(122,283)**	-

The applicable rate for the period has changed from 29 3% to 28% following a reduction in the rate of UK corporation tax from 30% to 28% on 1 April 2008

10 Operating lease arrangements

At the balance sheet date, the Company had contracted with customers for the following future minimum lease payments under non-cancellable operating leases

	Year in which receipt is expected			
	Within 1 year £	Between 1 and 5 years £	After 5 years £	Total £
2009	**717,834**	**2,871,336**	**3,034,569**	**6,623,739**
2008	375,634	2,871,336	3,752,403	6,999,373

THRAPSTON TRIANGLE LTD

Company Registration No 05740944

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

10 Operating lease arrangements (continued)

Nature of operating lease assets in the balance sheet

	2009	2008
	£	£
Development property	**8,275,000**	8,275,000

There were no contingent rentals recognised as income in the period (2008 none)

11 Cash and cash equivalents

	31 December 2009	31 July 2008	1 August 2007
	£	£	£
Cash and cash equivalents per balance sheet			
Amounts held with group undertakings	**287,096**	185,467	-
Bank loans per balance sheet			
Amounts held with group undertakings	-	-	(4,866,779)
Overdrafts per balance sheet			
Amounts held with group undertakings	-	(10,913,319)	(11,916)
Cash and cash equivalents per cash flow statement	**287,096**	(10,727,852)	(4,878,695)

12 Loans and receivables

	31 December 2009	31 July 2008	1 August 2007
	£	£	£
Amounts owed by group undertakings	**13,923**	-	-

The directors of the Company have waived the right to charge interest on the amounts owed by group undertakings

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

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

13 Trade and other receivables

	31 December 2009 £	31 July 2008 £	1 August 2007 £
	13,287	-	-
Trade receivables	-	37,020	7,914
Other receivables	754,548	218,912	-
Prepayments and accrued income	767,835	255,932	7,914

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

14 Development property

	31 December 2009 £	31 July 2008 £	1 August 2007 £
Carrying Value	9,156,994	10,000,000	5,226,007

During the 17 months to 31 December 2009 the carrying value of the development property was impaired by £843,006 (12 months to 31 July 2008 £297,602) This is due to a fall in the net realisable value of the development property

15 Trade and other payables

	31 December 2009 £	31 July 2008 £	1 August 2007 £
Non-current liabilities			
Amounts owed to former JV partners	-	-	250,000
Current liabilities			
Trade payables	22,797	3,464	285
Other payables	13,278	31,890	104,938
Accruals and deferred income	186,627	223,247	-
	222,702	258,601	105,223
	222,702	258,601	355,223

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

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

16 Amounts owed to group undertakings

	31 December 2009 £	31 July 2008 £	1 August 2007 £
Current liabilities			
Amounts due within 1 year	9,383,517	-	-

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 5 8%

17 Share capital

	31 December 2009 £	31 July 2008 £	1 August 2007 £
Authorised:			
100 (2008 100) ordinary shares of £1 each	100	100	100
Allotted, called up and fully paid:			
3 (2008 3) ordinary shares of £1 each	3	3	3

18 Reserves

	Retained earnings £
At 1 August 2007	-
Total comprehensive loss for the year	(730,524)
At 31 July 2008	(730,524)
At 1 August 2008	(730,524)
Total comprehensive loss for the period	(703,722)
Capital contribution	2,176,155
At 31 December 2009	**741,909**

The capital contribution arose from intercompany loans that have been waived

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

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, reserves 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

Categories of financial instruments

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

	31 December 2009	31 July 2008	1 August 2007
	£	£	£
Financial assets			
Loans and receivables	**314,306**	185,467	-
Non financial assets	**10,033,825**	10,255,932	5,233,921
	10,348,131	10,441,399	5,233,921
Financial liabilities			
Amortised cost	**9,406,314**	10,916,783	4,878,980
Non financial liabilities	**199,905**	255,137	354,938
	9,606,219	11,171,920	5,233,918

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 and sensitivity analysis

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

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

19 Financial instruments and risk management (continued)

Interest rate risk and sensitivity analysis (continued)

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 period would have increased by £45,482 (2008 loss before tax for the year would have increased by £53,639) 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

Analysis of credit quality by credit rating

The following tables provide an analysis of the credit quality of the Company's financial assets at the balance sheet date

	Analysis of credit quality by quality grade			Accruing past due	Non accrual	Less Impairment provision	Total
	AQ1 to 3	AQ4	AQ5				
	£	£	£	£	£	£	£
31 December 2009							
Cash and cash equivalents	**287,096**	-	-	-	-	-	**287,096**
Loans and receivables	**13,923**	-	-	-	-	-	**13,923**
Trade receivables	-	-	-	**13,287**	-	-	**13,287**
	301,019	-	-	**13,287**	-	-	**314,306**
31 July 2008							
Cash and cash equivalents	185,467	-	-	-	-	-	185,467

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

19 Financial instruments and risk management (continued)

Credit risk (continued)

The analysis of credit quality by quality grade represents the maximum exposure to credit risk excluding past due and non accrual Assets are graded according to the following

Asset quality grade	probability of default (PD)
AQ1	<=0 2%
AQ2	>0 2% and <=0 6%
AQ3	>0 6% and <=1 5%
AQ4	>1 5% and <=5%
AQ5	>5%

Analysis of assets accruing past due

The following assets were past due at the balance sheet date but not considered impaired

Past due	1-29 days	30-59 days	60-89 days	more than 90 days	Total
	£	£	£	£	£
31 December 2009					
Trade receivables	-	-	-	**13,287**	**13,287**

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 15 and 16

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

THRAPSTON TRIANGLE LTD

Company Registration No 05740944

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

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

On 31 March 2010 the Company disposed of development property for a sale price of £8,275,000 which had a carrying value at 31 December 2009 of £8,275,000, thereby generating no profit or loss on sale The lease was sold with the property

22 Related parties

The Company was a joint venture between Frontier Capital LLP and Palmer Capital Partners Limited Frontier Capital LLP was considered to be the controlling party of the Company

On 1 April 2009, Property Ventures (B & M) Limited acquired the entire share capital of the Company and as at 31 December 2009 is the Company's immediate parent company Property Ventures (B & M) Limited is incorporated in Great Britain and registered in England and Wales

The Company's ultimate holding company is The Royal Bank of Scotland Group plc, a company incorporated in Great Britain and registered in Scotland

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, on 1 April 2009 when the Company was acquired by Property Ventures (B&M) Limited, the UK Government and UK Government controlled bodies became related parties of the Company

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 UK Government bodies

During the period from 1 April 2009 to 31 December 2009 the Company paid Value Added Tax of £53,020 to Her Majesty's Revenue & Customs (HMRC), a UK Government body and received Value Added Tax of £357 from HMRC At the balance sheet date the amount of Value Added Tax owed to HMRC was £13,278

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

22 Related parties (continued)

Related party transactions with group undertakings

The Company had previously held bank accounts and overdrafts with the members of the Royal Bank of Scotland group

The table below details balances and transactions with group undertakings

	At 1 August 2008 £	Net (receipts)/ payments £	Net interest paid £	Capital contribution £	At 31 December 2009 £
Banking members of the group					
Other RBS Group undertakings	(10,727,852)	331,912	(835,368)	2,134,887	(9,096,421)
Other members of the group					
Other RBS Group undertakings	-	129,037	-	-	129,037
Other related parties					
Palmer Capital Partners Limited	(15,945)	-	(4,689)	20,634	-
Frontier Capital LLP	(15,945)	-	(4,689)	20,634	-
Total	(10,759,742)	460,949	(844,746)	2,176,155	(8,967,384)

Other related party transactions

Expenses of £7,169 (2008 £nil) 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)

During the 12 months to 31 July 2008, £30,000 of project management fees were charged to the Company by Frontier Estates Limited, a company which, at that time, had common directors
During the 17 months to 31 December 2009 no such fees were charged to the Company

23 Explanation of transition to adopted IFRS

As stated in note 2, these are the Company's first financial statements prepared in accordance with Adopted IFRS

The accounting policies set out in note 3 have been applied in preparing the financial statements for the period ended 31 December 2009, the comparative information presented in these financial statements for the year ended 31 July 2008 and in the preparation of an opening IFRS balance sheet at 1 August 2007

The transition from the Company's old basis of accounting (UK GAAP) to adopted IFRS has not affected the Company's financial position, financial performance and cash flows Accordingly the Company has not had to adjust amounts reported in previous financial statements prepared under UK GAAP