Company Registered No: 05740944

THRAPSTON TRIANGLE LTD

DIRECTORS' REPORT AND FINANCIAL STATEMENTS

For the year ended 31 December 2010

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

THRAPSTON TRIANGLE LTD 05740944

DIRECTORS' REPORT AND FINANCIAL STATEMENTS 2010

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OFFICERS AND PROFESSIONAL ADVISERS

DIRECTORS:	I F Nicol J M Rowney B I M Turnbull
SECRETARY:	R E Fletcher
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 2010.

ACCOUNTING REFERENCE DATE

On 3 December 2009 the Company extended its accounting reference date from 31 July to 31 December, therefore the comparative period is for 17 months

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 £497,235 (17 months ended 31 December 2009 retained loss £703,722) and this was met from reserves No dividend was paid during the year (2009: £nil)

Post balance sheet events are described in note 23 to the financial statements

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 19 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 1

From 1 January 2010 to date the following changes have taken place:

	Appointed	Resigned
Directors		
S C Sanders		2 September 2010
D A Shaw		2 September 2010
I F Nicol	2 September 2010	
J M Rowney	2 September 2010	

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. 24 JUN 2011

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 2010 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 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

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 2010 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

Mark Rhys FCA (Senior Statutory Auditor)
for and on behalf of Deloitte LLP
Chartered Accountants and Statutory Auditor,
London, United Kingdom
Date

27th June 2011

STATEMENT OF COMPREHENSIVE INCOME
for the year ended 31 December 2010

	Notes	12 months ended 31 December 2010	17 months ended 31 December 2009
Continuing operations		£	£
Revenue	3	8,447,340	901,376
Cost of sales		(9,164,592)	-
Impairment of development property	11	-	(843,006)
Gross (loss)/profit		(717,252)	58,370
Other operating income	4	4,206	23,854
Administrative expenses	5	(35,714)	(72,861)
Operating (loss)/profit		(748,760)	9,363
Interest receivable	7	45,516	-
Interest payable	8	(6,248)	(835,368)
Loss before tax		(709,492)	(826,005)
Tax credit	9	212,257	122,283
Loss and total comprehensive loss for the period		(497,235)	(703,722)

The accompanying notes form an integral part of these financial statements

BALANCE SHEET
as at 31 December 2010

	Notes	2010	2009
		£	£
Assets			
Current assets			
Development property	11	881,994	9,156,994
Trade and other receivables	12	38,869	13,287
Amounts due from group undertakings	13	59,439	13,923
Prepayments, accrued income and other assets	14	208,963	876,831
Cash	15	-	287,096
Total assets		1,189,265	10,348,131
Liabilities			
Current liabilities			
Trade and other payables	16	-	36,075
Amounts due to group undertakings	17	23,903	9,383,517
Accruals, deferred income and other liabilities	18	7,168	186,627
Overdrafts	15	913,517	-
Total liabilities		944,588	9,606,219
Equity			
Share capital	20	3	3
Retained earnings		244,674	741,909
Total equity		244,677	741,912
Total liabilities and equity		1,189,265	10,348,131

The accompanying notes form an integral part of these financial statements

The financial statements were approved by the Board of directors on 24 JUN 2011 and signed on its behalf by

J M Rowney
Director

STATEMENT OF CHANGES IN EQUITY
for the year ended 31 December 2010

	Share capital £	Retained earnings £	Total £
At 1 August 2008	3	(730,524)	(730,521)
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
Loss for the year	-	(497,235)	(497,235)
At 31 December 2010	3	244,674	244,677

Total comprehensive loss for the year of £497,235 (2009 loss of £703,722) 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 2010

	Notes	12 months ended 31 December 2010 £	17 months ended 31 December 2009 £
Operating activities			
Loss before taxation		(709,492)	(826,005)
Adjustments for:			
Interest receivable	7	(45,516)	-
Interest payable	8	6,248	835,368
Impairment on development property	11	-	843,006
Operating cash flows before movements in working capital		(748,760)	852,369
(Increase)/decrease in trade and other receivables		(25,582)	23,733
Decrease/(increase) in prepayments, accrued income and other assets		754,548	(535,636)
Increase in amounts due from group undertakings		-	(13,923)
Increase in amounts due to group undertakings		23,903	-
(Decrease)/increase in trade and other payables		(36,075)	721
Decrease in accruals, deferred income and other liabilities		(179,459)	(36,620)
Net cash (used in)/from operating activities before tax		(211,425)	290,644
Interest paid		(45,616)	(796,000)
Tax received		125,577	-
Net cash used in operating activities		(131,464)	(505,356)
Cash flows from investing activities			
Proceeds on sale of development property		8,275,000	-
Net cash flows from investing activities		8,275,000	-
Cash flows from financing activities			
New loans advanced		-	9,344,149
Repayment of loans		(9,344,149)	-
Capital contribution		-	2,176,155
Net cash flows (used in)/from financing activities		(9,344,149)	11,520,304
Net (decrease)/increase in cash and cash equivalents		(1,200,613)	11,014,948
Cash and cash equivalents at beginning of period		287,096	(10,727,852)
Cash and cash equivalents at end of period	15	(913,517)	287,096

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 company is incorporated in the UK and registered in England and Wales

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

The company's accounts are presented in accordance with the Companies Act 2006

On 3 December 2009 the Company extended its accounting reference date from 31 July to 31 December, therefore the comparative period is for 17 months

Adoption of new and revised standards

There are a number of changes to IFRS that were effective from 1 January 2010. They have had no material effect on the company's financial statements for the year ended 31 December 2010

b) Revenue recognition

Revenue, arising in the UK from continuing activities, comprises sales of property and income from occupants of development property prior to the commencement of works

Development 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.

c) 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

d) 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.

NOTES TO THE FINANCIAL STATEMENTS (continued)

1. Accounting policies (continued)

e) 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

f) Impairment of development property

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

g) Financial assets

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

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

Cash and cash equivalents comprises cash, demand deposits and overdrafts 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.

NOTES TO THE FINANCIAL STATEMENTS (continued)

1. Accounting policies (continued)

k) Accounting developments

There are a number of changes to IFRS that were 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

	12 months ended 31 December 2010 £	17 months ended 31 December 2009 £
Sale of development property	8,275,000	-
Rental income	172,340	901,376
	8,447,340	901,376

There were no contingent rentals recognised in the year (2009: none).

NOTES TO THE FINANCIAL STATEMENTS (continued)

4. Other operating income

	12 months ended 31 December 2010 £	17 months ended 31 December 2009 £
Service recharges	4,206	23,854

5. Administrative expenses

	12 months ended 31 December 2010 £	17 months ended 31 December 2009 £
Marketing costs	-	22,116
Insurance	-	18,587
Legal and professional fees	18,000	15,194
Management fees	20,343	7,169
Audit fees – prior auditor	-	5,932
Audit fees – current auditor	-	-
Bank charges	175	130
Other	(2,804)	3,733
	35,714	72,861

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 The Royal Bank of Scotland plc, 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. Auditor's remuneration

Audit fees and non audit fees are charged as a group service to The Royal Bank of Scotland plc without specific allocation to the company

NOTES TO THE FINANCIAL STATEMENTS (continued)

7. Interest receivable

	12 months ended 31 December 2010 £	17 months ended 31 December 2009 £
Interest receivable from group undertakings	45,516	-

8. Interest payable

	12 months ended 31 December 2010 £	17 months ended 31 December 2009 £
Interest payable to group undertakings	6,248	835,368

9. Tax

	12 months ended 31 December 2010 £	17 months ended 31 December 2009 £
Current taxation:		
UK corporation tax credit for the year	(208,963)	(122,283)
Over provision in respect of prior periods	(3,294)	-
Tax credit for the year	(212,257)	(122,283)

The actual tax credit differs from the expected tax credit computed by applying the standard rate of UK corporation tax of 28% (2009: 28%) as follows

	12 months ended 31 December 2010 £	17 months ended 31 December 2009 £
Expected tax credit	(198,658)	(231,281)
Non-deductible items	4,200	-
Unutilised losses carried forward	-	108,053
Transfer pricing adjustment	(14,505)	945
Adjustments in respect of prior periods	(3,294)	-
Actual tax credit for the year	(212,257)	(122,283)

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

NOTES TO THE FINANCIAL STATEMENTS (continued)

10. Operating lease arrangements

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

	Within 1 year £	Between 1 and 5 years £	After 5 years £	Total £
2010	-	-	-	-
2009	717,834	2,871,336	3,034,569	6,623,739

Nature of operating lease assets in the balance sheet:	2010 £	2009 £
Development property	-	8,275,000

11. Development property

	2010 £	2009 £
Opening balance	9,156,994	10,000,000
Disposals	(8,275,000)	-
Impairments	-	(843,006)
At 31 December	881,994	9,156,994

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

12. Trade and other receivables

	2010 £	2009 £
Trade receivables	-	13,287
Value added tax	38,869	-
	38,869	13,287

13. Amounts due from group undertakings

	2010 £	2009 £
The Royal Bank of Scotland plc	45,516	-
Fellow subsidiaries	13,923	13,923
	59,439	13,923

NOTES TO THE FINANCIAL STATEMENTS (continued)

14. Prepayments, accrued income and other assets

	2010 £	2009 £
Accrued income	-	754,548
Group relief receivable	208,963	122,283
	208,963	876,831

15. Cash and cash equivalents

	2010 £	2009 £
Cash	-	287,096
Overdrafts		-
Amounts owed to group banks	(913,517)	
Cash and cash equivalents per cash flow statement	(913,517)	287,096

16. Trade and other payables

	2010 £	2009 £
Trade payables	-	22,797
Value added tax	-	13,278
	-	36,075

17. Amounts due to group undertakings

	2010 £	2009 £
Amounts falling due within one year		
The Royal Bank of Scotland plc	-	9,383,517
Fellow subsidiaries	23,903	-
	23,903	9,383,517

NOTES TO THE FINANCIAL STATEMENTS (continued)

18. Accruals, deferred income and other liabilities

	2010	2009
	£	£
Accruals	7,168	7,168
Deferred income	-	179,459
	7,168	186,627

19. Financial instruments and risk management

(i) Categories of financial instrument

The following tables analyse the company's financial assets and liabilities in accordance with the categories of financial instruments in IAS 39 "Financial Instruments, Recognition and Measurement". Assets and liabilities outside the scope of IAS 39 are shown separately

2010	Loans and receivables	Amortised cost	Non financial assets/ liabilities	Total
	£	£	£	£
Assets				
Development property	-	-	881,994	881,994
Trade and other receivables	-	-	38,869	38,869
Amounts due from group undertakings	59,439	-	-	59,439
Prepayments, accrued income and other assets	-	-	208,963	208,963
	59,439	-	1,129,826	1,189,265
Liabilities				
Amounts due to group undertakings	-	23,903	-	23,903
Accruals, deferred income and other liabilities	-	-	7,168	7,168
Overdrafts	-	913,517	-	913,517
	-	937,420	7,168	944,588
Equity				244,677
				1,189,265

NOTES TO THE FINANCIAL STATEMENTS (continued)

19. Financial instruments and risk management (continued)

(i) Categories of financial instrument (continued)

2009	Loans and receivables £	Amortised cost £	Non financial assets/ liabilities £	Total £
Assets				
Development property	-	-	9,156,994	9,156,994
Trade and other receivables	13,287	-	-	13,287
Amounts due from group undertakings	13,923	-	-	13,923
Prepayments, accrued income and other assets	-	-	876,831	876,831
Cash	287,096	-	-	287,096
	314,306	-	10,033,825	10,348,131
Liabilities				
Trade and other payables	-	22,797	13,278	36,075
Amounts due to group undertakings	-	9,383,517	-	9,383,517
Accruals, deferred income and other liabilities	-	-	186,627	186,627
	-	9,406,314	199,905	9,606,219
Equity				741,912
				10,348,131

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

Financial liabilities

The contractual maturity of the financial liabilities is within 1 year (2009 within 1 year)

NOTES TO THE FINANCIAL STATEMENTS (continued)

19. Financial instruments and risk management (continued)

(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 (2009: cash balances held and amounts due to group undertakings)

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 £4,568 (2009 loss before tax for the year would have increased by £45,482) 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

The objective of credit risk management is to enable the company to achieve appropriate risk versus reward performance whilst maintaining credit risk exposure in line with approved appetite for the risk that customers will be unable to meet their obligations to the company.

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

- Approval of all credit exposure is granted prior to any advance or extension of credit
- An appropriate credit risk assessment of the customer and credit facilities is undertaken prior to approval of credit exposure This includes a review of, amongst other things, the purpose of credit and sources of repayment, compliance with affordability tests, repayment history, capacity to repay, sensitivity to economic and market developments and risk-adjusted return
- Credit risk authority is dictated by the Board and specifically granted in writing to all individuals involved in the granting of credit approval. In exercising credit authority, the individuals act independently of any related business revenue origination.
- All credit exposures, once approved, are effectively monitored and managed and reviewed periodically against approved limits. Lower quality exposures are subject to a greater frequency of analysis and assessment.

The company has no credit risk as all financial assets are with group undertakings and no amounts are past due.

NOTES TO THE FINANCIAL STATEMENTS (continued)

19. Financial instruments and risk management (continued)

(ii) Financial risk management (continued)

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

20. Share capital

	2010 £	2009 £
Authorised:		
100 ordinary shares of £1	100	100
Allotted, called up and fully paid:		
Equity shares		
3 ordinary shares of £1	3	3

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

21. 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.

NOTES TO THE FINANCIAL STATEMENTS (continued)

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 and its immediate parent company is Property Ventures (B&M) Limited. Both companies are incorporated in Great Britain, The Royal Bank of Scotland Group plc is registered in Scotland and Property Ventures (B&M) Limited is registered in England and Wales

As at 31 December 2010, 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, PO Box 1000, Edinburgh EH12 1HQ

Related party transactions with UK Government bodies

Transactions between the company, the UK Government and UK Government controlled bodies, consisted solely of Value Added Tax included within Notes 12 and 16.

Related party transactions with group undertakings

The tables below detail transactions and balances with group undertakings

	2010 £	2009 £
Net interest receivable/(payable):		
The Royal Bank of Scotland plc	39,268	(835,368)
Net amounts receivable/(payable):		
The Royal Bank of Scotland plc	(868,001)	(9,096,421)
Fellow subsidiaries	191,815	129,038
	(676,186)	(8,967,383)

23. Post balance sheet events

On 9 June 2011, the company, together with other members of the RBSG group, became 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

There have been no other significant events between the year end and the date of approval of these financial statements which would require a change to or disclosure in the financial statements