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**Company Registered No: 03315488**

**PRIORITY SITES INVESTMENTS LIMITED**  
**ANNUAL REPORT AND FINANCIAL STATEMENTS**  
**For the year ended 31 December 2016**

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**PRIORITY SITES INVESTMENTS LIMITED**

**03315488**

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**PRIORITY SITES INVESTMENTS LIMITED**

**03315488**

**OFFICERS AND PROFESSIONAL ADVISERS**

**DIRECTORS:**

F K Cummins  
S K A Michell  
J M Rowney

**COMPANY SECRETARY:**

RBS Secretarial Services Limited

**REGISTERED OFFICE:**

250 Bishopsgate  
London  
England  
EC2M 4AA

**INDEPENDENT AUDITOR:**

Ernst & Young LLP  
Chartered Accountants and Statutory Auditor  
25 Churchill Place  
Canary Wharf  
London  
E14 5EY

**Registered in England and Wales**

**DIRECTORS' REPORT**

The directors of Priority Sites Investments Limited ("the Company") present their annual report together with the audited financial statements for the year ended 31 December 2016.

**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 and therefore does not include a Strategic report.

**Principal activity**

The principal activity of the Company was property investment. The Company sold off all investment property in June 2016.

**REVIEW OF THE YEAR****Business review**

The Company sold off all investment property which resulted in a gross loss of £187,000 on a book value of £990,000. It is the intention of the directors to wind up the Company within the next 12 months.

**FINANCIAL PERFORMANCE**

The Company's financial performance is presented on page 7 to 9. The loss before taxation for the year was £501,210 (restated 2015: £142,461). The comprehensive loss for the year was £436,439 (restated 2015: £111,581).

At the end of the year total assets were £887,119 (restated 2015: £1,762,488).

**Dividends**

The directors do not recommend the payment of a dividend (2015: £nil).

**PRINCIPAL RISKS AND UNCERTAINTIES**

The Company seeks to minimise its exposure to financial risks other than credit risk.

Management focuses on both the overall balance sheet structure and the control, within prudent limits, of risk arising from mismatches, including market and credit. It is undertaken within limits and other policy parameters set by the RBS Asset and Liability Management Committee (RBS ALCO).

The major risks associated with the Company's business are market and credit risks. The Company has no material liquidity risk as it has access to group funding. The Company's exposure to interest rate risk is not considered to be significant as interest arises on amounts due to group undertakings.

**Market risk**

Market risk is the potential for loss as a result of adverse changes in risk factors including interest rates and equity prices together with related parameters such as market volatilities.

**Credit risk**

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

The 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.

**DIRECTORS' REPORT****PRINCIPAL RISKS AND UNCERTAINTIES (continued)****Credit risk (continued)**

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 delegated by the Board and specifically granted in writing to all individuals involved in the granting of credit approval. In exercising credit authority, the individuals act independently of any related business revenue origination.
- All credit exposures, once approved, are effectively monitored and managed and reviewed periodically against approved limits. Lower quality exposures are subject to a greater frequency of analysis and assessment.

**GOING CONCERN**

The directors, having taken into account their intention to place the Company in liquidation within the next 12 months, have prepared the financial statements on a basis other than that of a going concern. The directors do not consider that this basis of preparation affects the valuation of the assets or liabilities of the Company; any cost of the liquidation will be borne by the RBS group.

**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 2016 to date the following changes have taken place:

	<b>Appointed</b>	<b>Resigned</b>
<b>Directors</b>		
H D Lincoln	-	8 January 2016
F K Cummins	8 January 2016	-

**DIRECTORS' RESPONSIBILITIES STATEMENT**

The directors are responsible for preparing the annual report and the financial statements in accordance with applicable laws and regulations.

Company law requires the directors to prepare a Directors' Report and financial statements for each financial year. Under that law, the directors have elected to prepare the financial statements in accordance with Financial Reporting Standard (FRS) 101 Reduced Disclosure Framework, and must not approve the financial statements unless they are satisfied that they give a true and fair view of the state of affairs at the end of the year and the profit or loss of the Company for that period. In preparing these financial statements, the directors are required to:

- select suitable accounting policies and then apply them consistently;
- make judgements and estimates that are reasonable and prudent;
- state whether FRS 101 has been followed, and
- make an assessment of the Company's ability to continue as a going concern.

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.

**DIRECTORS' REPORT**

**DISCLOSURE OF INFORMATION TO AUDITOR**

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

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

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

**DIRECTORS' INDEMNITIES**

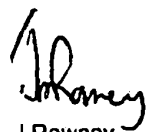
None of the directors have been indemnified under the qualifying third party terms.

**AUDITOR**

The Royal Bank of Scotland Group plc has appointed Ernst & Young LLP as its auditor for the year ending 31 December 2016.

A resolution to appoint Ernst & Young LLP as the Company's auditor was passed on 29 September 2016 at the meeting of the Board of Directors. Ernst & Young have expressed their willingness to continue in office as auditor.

By order of the Board:



J Rowney  
Director  
Date: 24<sup>th</sup> January 2018

## **INDEPENDENT AUDITOR'S REPORT TO THE MEMBERS OF PRIORITY SITES INVESTMENTS LIMITED**

We have audited the financial statements of Priority Sites Investments Limited ("the Company") for the year ended 31 December 2016 which comprise the Profit and Loss Account, the Balance Sheet, the Statement of Changes in Equity and the related notes 1 to 20. The financial reporting framework that has been applied in their preparation is applicable law and United Kingdom Accounting Standards (United Kingdom Generally Accepted Accounting Practice), including Financial Reporting Standard 101 'Reduced Disclosure Framework'. These financial statements have been prepared on a basis other than going concern as disclosed in Note 1 to the financial statements.

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 on page 3, the directors are responsible for the preparation of the financial statements and for being satisfied that they give a true and fair view. 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 and to identify any information that is apparently materially incorrect based on, or materially inconsistent with, the knowledge acquired by us in the course of performing the audit. 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 2016 and of its loss for the year then ended;
- have been properly prepared in accordance with United Kingdom Generally Accepted Accounting Practice, including Financial Reporting Standard 101 'Reduced Disclosure Framework'; 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.

The directors' report has been prepared in accordance with applicable legal requirements.

**INDEPENDENT AUDITOR'S REPORT TO THE MEMBERS OF PRIORITY SITES INVESTMENTS LIMITED**

**Matters on which we are required to report by exception**

In light of the knowledge and understanding of the Company and its environment obtained in the course of the audit, we have identified no material misstatements in the directors' report.

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 prepare the financial statements in accordance with the small companies regime and take the advantage of the small companies' exemptions in not preparing the Strategic Report.

*Ernst & Young LLP*

**Helen Joseph (Senior statutory auditor)**  
for and on behalf of Ernst & Young LLP  
Statutory Auditor  
London

*29 January 2018*



**PROFIT AND LOSS ACCOUNT**  
**for the year ended 31 December 2016**

		<b>2016</b>	Restated <sup>(1)</sup>
		<b>£</b>	<b>2015</b>
<b>Discontinued operations</b>	<b>Notes</b>		<b>£</b>
Turnover	3	20,692	43,276
Administrative expenses	4	(336,922)	(229,580)
Other (expenses)/income	6	(169,685)	66,521
<b>Operating loss</b>		<b>(485,915)</b>	<b>(119,783)</b>
Interest payable	7	(15,295)	(22,678)
<b>Loss on ordinary activities before tax</b>		<b>(501,210)</b>	<b>(142,461)</b>
Tax credit	8	64,771	30,880
<b>Loss and total comprehensive loss for the financial year</b>		<b>(436,439)</b>	<b>(111,581)</b>

<sup>(1)</sup> For details of the restatements refer to note 20.

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

**PRIORITY SITES INVESTMENTS LIMITED**

**03315488**


**BALANCE SHEET**  
**as at 31 December 2016**

		2016	Restated <sup>(1)</sup> 2015
	Notes	£	£
<b>Fixed and non current assets</b>			
Amounts due from group undertakings	12	733,420	-
Investment properties	10	-	990,000
		<u>733,420</u>	<u>990,000</u>
<b>Current assets</b>			
Trade and other receivables	11	-	111,992
Prepayments, accrued income and other assets	13	114,848	623,106
Group relief receivable		37,851	36,390
Cash at bank		1,000	1,000
		<u>153,699</u>	<u>772,488</u>
<b>Total assets</b>		<u>887,119</u>	<u>1,762,488</u>
<b>Creditors: amounts falling due within one year</b>			
Trade and other payables	14	49,940	49,540
Amounts due to group undertakings	16	56,164	-
Accruals, deferred income and other liabilities	15	19,544	394,547
		<u>125,648</u>	<u>444,087</u>
<b>Total assets less current liabilities</b>		<u>761,471</u>	<u>1,318,401</u>
<b>Creditors: amounts falling due after more than one year</b>			
Amounts due to group undertakings	16	-	111,379
Deferred tax liability	17	-	9,112
		<u>-</u>	<u>120,491</u>
<b>Total liabilities</b>		<u>125,648</u>	<u>564,578</u>
<b>Equity: capital and reserves</b>			
Called up share capital	18	1,000	1,000
Profit and loss account		760,471	1,196,910
<b>Total shareholders' funds</b>		<u>761,471</u>	<u>1,197,910</u>
<b>Total liabilities and shareholders' funds</b>		<u>887,119</u>	<u>1,762,488</u>

<sup>(1)</sup> For details of the restatements refer to note 20.

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

The financial statements of the Company were approved and authorised for issue by the Board of Directors on 24<sup>th</sup> January 2018 and signed on its behalf by:



J Rowney  
Director

**STATEMENT OF CHANGES IN EQUITY**  
for the year ended 31 December 2016

	Share capital	Profit and loss account	Total
	£	£	£
<b>At 1 January 2015</b>	1,000	1,308,491	1,309,491
Loss for the year (restated) <sup>(1)</sup>	-	(111,581)	(111,581)
<b>At 31 December 2015 (restated) <sup>(1)</sup></b>	1,000	1,196,910	1,197,910
Loss for the year	-	(436,439)	(436,439)
<b>At 31 December 2016</b>	<b>1,000</b>	<b>760,471</b>	<b>761,471</b>

<sup>(1)</sup> For details of restatement refer to note 20.

Total comprehensive loss for the year of £436,439 (2015: £111,581) was wholly attributable to the owners of the Company.

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

## NOTES TO THE FINANCIAL STATEMENTS

## 1. Accounting policies

## a) Preparation and presentation of financial statements

These financial statements are prepared:

- on a basis other than that of going concern; the directors do not consider this basis of preparation has affected the recognition and measurement of the assets or liabilities of the Company as described in the accounting policies below.
- under Financial Reporting Standard (FRS) 101 Reduced Disclosure Framework in accordance with the recognition and measurement principles of 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 EU (together IFRS); and
- on the historical cost basis which approximates, without material differences, the recoverable value for assets and settlement value for liabilities.

The Company meets the definition of a qualifying entity under FRS 100 Application of Financial Reporting Requirements issued by the Financial Reporting Council.

The Company is incorporated in the UK and registered in England and Wales and the financial statements are presented:

- in accordance with the Companies Act 2006.
- in Sterling which is the functional currency of the Company.
- with the benefit of the disclosure exemptions permitted by FRS 101 with regards to:
  - cash-flow statement;
  - standards not yet effective; and
  - related party transactions.

The few changes to IFRS that were effective from 1 January 2016 have had no material effect on the Company's financial statement for the year ended 31 December 2016.

## b) Revenue recognition

Rental income from operating leases is recognised on a straight-line basis over the term of the relevant lease. Initial direct costs incurred in negotiating and arranging an operating lease are added to the carrying amount of the leased asset and recognised on a straight-line basis over the lease term.

Gains and losses on realisation of investments are recognised in profit or loss on the date of disposal.

## 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 assets are included within Investment property (see note 9).

## d) Taxation

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

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

Deferred tax is the tax expected to be payable or recoverable in respect of temporary differences between the carrying amount of an asset or liability for accounting purposes and its carrying amount for tax purposes. Deferred tax liabilities are generally recognised for all taxable temporary differences and deferred tax assets are recognised to the extent that it is probable that they will be recovered.

## NOTES TO THE FINANCIAL STATEMENTS

## 1. Accounting policies (continued)

## d) Taxation (continued)

Deferred tax is not recognised on temporary differences that arise from initial recognition of an asset or liability in a transaction (other than a business combination) that at the time of the transaction affects neither accounting nor taxable profit or loss. Deferred tax is calculated using tax rates expected to apply in the periods when the assets will be realised or the liabilities settled, based on tax rates and laws enacted, or substantively enacted, at the balance sheet date.

## e) Investment properties

Investment property comprises freehold and leasehold properties that are held to earn rentals or for capital appreciation or both. Investment property is not depreciated but is stated at fair value based on valuations by qualified professionals. Fair value is based on current prices for similar properties in the same location and condition.

## f) Provisions

The Company recognises a provision for a present obligation resulting from a past event when it is more likely than not that it will be required to transfer economic benefits to settle the obligation and the amount of the obligation can be estimated reliably.

## g) Cash at bank

Cash at bank comprises interest bearing deposits held with banks.

## h) Financial assets

On initial recognition, financial assets are classified as loans and receivables.

## 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.

## i) 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 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.

## j) Financial liabilities

On initial recognition financial liabilities are classified at amortised cost.

All financial liabilities are measured at amortised cost using the effective interest method.

The effective interest method is a method of calculating the amortised cost of a financial asset or financial liability (or group of financial assets or liabilities) and of allocating the interest income or interest expense over the expected life of the asset or liability.

## 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.

## NOTES TO THE FINANCIAL STATEMENTS

## 2. Critical accounting policies and key sources of estimation uncertainty (continued)

**Fair value - Investment properties**

Investment property is stated at fair value on the balance sheet based on valuations by independent registered values. Any gain or loss arising from a change in fair value is recognised in profit or loss.

## 3. Turnover

	2016	2015
	£	£
Rental income	20,692	43,276

All turnover arose in the UK in both the current year and prior year.

## 4. Administrative Expense

	2016	Restated <sup>(1)</sup> 2015
	£	£
Rent and Insurance	-	66,144
Management charge	90,232	37,692
Legal and professional fees	27,458	38,831
Bad debts provision	219,232	69,377
Other expenses	-	17,536
	336,922	229,580

<sup>(1)</sup> For details of the restatements refer to note 20.

**Management charge**

Out of the management charges, £70,123 relate to the Company's share of group resources such as the use of IT platforms, staff and a share of central resources, while the balance being third party property management costs. These are re-charged on an annual basis by KUC Properties Limited, a fellow group undertaking.

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

The Company does not remunerate directors nor can remuneration from elsewhere in the group be apportioned meaningfully in respect of their services to the Company (2015: £nil). The Company has no employees (2015: nil).

## 5. Operating Loss

**Operating loss before tax is stated after charging:**

	2016	2015
	£	£
Auditor's remuneration- fees payable to the Company's auditor for the audit of the Company's annual accounts	7,091	7,000
	7,091	7,000

Audit remuneration payable in regards to non-audit services during the year was £nil (2015: £nil).

## NOTES TO THE FINANCIAL STATEMENTS

## 6. Other (expenses)/income

	2016 £	2015 £
(Loss)/gain on disposal of investment properties	(187,000)	9,215
Other income	17,315	57,306
	<u>(169,685)</u>	<u>66,521</u>

Other income comprises property receipts other than rental income.

## 7. Interest payable

	2016 £	2015 £
Interest on loan from parent undertaking	15,295	22,678

## 8. Tax

	2016 £	Restated <sup>(1)</sup> 2015 £
<b>Current tax:</b>		
UK corporation tax credit for the year	(52,805)	(34,754)
(Over)/under provision in respect of prior periods	(2,854)	14,254
	<u>(55,659)</u>	<u>(20,500)</u>
<b>Deferred tax:</b>		
Credit for the year	(9,112)	(10,508)
Under provision in respect of prior periods	-	128
	<u>(9,112)</u>	<u>(10,380)</u>
<b>Tax credit for the year</b>	<u><b>(64,771)</b></u>	<u><b>(30,880)</b></u>

The actual tax credit differs from the expected tax credit computed by applying the UK corporation tax rate of 20% (2015: blended rate of 20.25%) as follows:

	2016 £	Restated <sup>(1)</sup> 2015 £
Loss before tax for the year	(501,210)	(142,461)
Expected tax credit	(100,242)	(28,843)
Non deductible items	42,503	4,849
Non-taxable items	(4,178)	(21,268)
Adjustments in respect of prior periods	(2,854)	14,382
<b>Tax credit for the year</b>	<u><b>(64,771)</b></u>	<u><b>(30,880)</b></u>

<sup>(1)</sup> For details of the restatements refer to note 20.

In recent years the UK Government has steadily reduced the rate of UK corporation tax, with the latest rates substantively enacted at the balance sheet date standing at 20% with effect from 1 April 2015, 19% from 1 April 2017 and 17% from 1 April 2020. The closing deferred tax assets and liabilities have been calculated taking into account that existing temporary differences may unwind in periods subject to the reduced rates.

## NOTES TO THE FINANCIAL STATEMENTS

## 9. Operating lease arrangements

At the balance sheet date, the Company had contracted with customers for the following future minimum lease rentals payable under non-cancellable operating leases. The operating leases, in relation to the investment properties disposed during the year, were transferred as part of the sale agreements.

	Within 1 year £	Between 1 and 5 years £	After 5 years £	Total £
2016	-	-	-	-
2015	34,272	78,638	-	112,910

## Nature of operating lease assets in the balance sheet:

	2016 £	2015 £
Property	-	112,910

## 10. Investment properties

	2016 £	2015 £
At 1 January	990,000	1,200,000
Disposals	(990,000)	(210,000)
At 31 December	-	990,000

The Company sold off all Investment property which resulted in a gross loss of £187,000 on a book value of £990,000.

The property rental income earned by the Company from its investment properties, which were leased out under operating leases, amounted to £20,692 (2015: £43,276). Direct operating expenses arising on the investment property during the year amounted to £130,568 (2015: £214,882).

## 11. Trade and other receivables

	2016 £	2015 £
Trade receivables	-	111,992
	-	111,992
	2016 £	2015 £
At 1 January	111,992	161,108
Movement in trade receivables	(125,870)	20,261
	(13,878)	181,369
Impairment release/(provision)	13,878	(69,377)
At 31 December	-	111,992



## NOTES TO THE FINANCIAL STATEMENTS

## 12. Amounts due from group undertakings

	2016	2015
	£	£
Priority Sites Limited	733,420	-
	<u>733,420</u>	<u>-</u>

The amount of £733k consists of an Intercompany loan balance receivable of £1,010k with £277k of rolled up interest due to Priority Sites Limited.

## 13. Prepayments, accrued income and other assets

	2016	2015
	£	£
Prepayments and other assets	114,848	623,106

Other assets comprise items which are recoverable from third party customers. The above balance at 31 December 2016 is stated net of a provision against it of £212k due to uncertainty of the recoverability of the receivable.

## 14. Trade and other payables

	2016	2015
	£	£
Value added tax	-	17,368
Trade payables	49,940	32,172
	<u>49,940</u>	<u>49,540</u>

## 15. Accruals, deferred income and other liabilities

	2016	Restated <sup>(1)</sup> 2015
	£	£
Accruals	7,939	168,119
Deferred income	-	11,168
Other Liabilities	11,605	215,260
	<u>19,544</u>	<u>394,547</u>

<sup>(1)</sup> For details of the restatements refer to note 20.

Other liabilities comprise items which are payable to third party vendors.

## 16. Amounts due to group undertakings

	2016	2015
	£	£
Priority Sites Limited	-	111,379
KUC Properties Limited	56,164	-
	<u>56,164</u>	<u>111,379</u>

	2016	2015
	£	£
Amounts falling due within one year	56,164	-
Amounts falling due after one year	-	111,379
	<u>56,164</u>	<u>111,379</u>

## NOTES TO THE FINANCIAL STATEMENTS

## 17. Deferred tax

The following are the major tax liabilities recognised by the Company, and the movements thereon.

	Capital allowances £	Total £
At 1 January 2015	19,492	19,492
Credit to profit or loss	(10,380)	(10,380)
At 31 December 2015	9,112	9,112
Credit to profit or loss	(9,112)	(9,112)
At 31 December 2016	-	-

## 18. Share capital

	2016 £	2015 £
Equity shares		
Authorised:		
1000 Ordinary Shares of £1	1,000	1,000
Allotted, called up and fully paid:		
1000 Ordinary Shares of £1	1,000	1,000

The Company has one class of Ordinary Shares which carry no right to fixed income.

## 19. Related parties

## UK Government

The UK Government through HM Treasury is the ultimate controlling party of The Royal Bank of Scotland Group plc. Its shareholding is managed by UK Financial Investments Limited, a company it wholly owns and as a result, the UK Government and UK Government controlled bodies are related parties of the Company.

The Company enters into transactions with these bodies on an arms' length basis. The transactions consisted solely of value added tax and corporation tax.

## Group undertakings

The Company's immediate parent company is Priority Sites Limited, a company incorporated in the UK and registered in England and Wales.

As at 31 December 2016 The Royal Bank of Scotland plc, a company incorporated in the UK, heads the smallest group in which the Company is consolidated. Copies of the consolidated financial statements may be obtained from Corporate Governance and Regulatory Affairs, The Royal Bank of Scotland Group plc, Gogarburn, PO Box 1000, Edinburgh EH12 1HQ.

The Company's ultimate holding company is The Royal Bank of Scotland Group plc, a company incorporated in the UK. As at 31 December 2016, The Royal Bank of Scotland Group plc heads the largest group in which the Company is consolidated. Copies of the consolidated financial statements may be obtained from Corporate Governance and Regulatory Affairs, The Royal Bank of Scotland Group plc, Gogarburn, PO Box 1000, Edinburgh, EH12 1HQ.

## NOTES TO THE FINANCIAL STATEMENTS

## 20. Restatement

The Company's financial statements for the year ended 31 December 2015 have been restated to reflect the correction of overstated administrative expenses and accruals. The restatement has had an impact on the financial performance & position of the Company. The effects of the restatement have been shown below:

**PROFIT AND LOSS ACCOUNT**  
for the year ended 31 December 2015

	Previously Reported 2015 £	Adjustment £	Restated 2015 £
Continuing operations			
Turnover	43,276	-	43,276
Administrative expenses	(317,541)	87,961	(229,580)
Other income	66,521	-	66,521
Operating loss	(207,744)	87,961	(119,783)
Interest payable	(22,678)	-	(22,678)
Loss on ordinary activities before tax	(230,422)	87,961	(142,461)
Tax credit	48,689	(17,809)	30,880
Loss and total comprehensive loss for the year	(181,733)	70,152	(111,581)

## NOTES TO THE FINANCIAL STATEMENTS

## 20. Restatement (continued)

## BALANCE SHEET

as at 31 December 2015

	Previously Reported 2015 £	Adjustment £	Restated 2015 £
<b>Fixed assets</b>			
Investment properties	990,000	-	990,000
	<u>990,000</u>	<u>-</u>	<u>990,000</u>
<b>Current assets</b>			
Trade and other receivables	111,992	-	111,992
Prepayments, accrued income and other assets	623,106	-	623,106
Group relief receivable	54,199	(17,809)	36,390
Cash at bank	1,000	-	1,000
	<u>790,297</u>	<u>(17,809)</u>	<u>772,488</u>
<b>Total assets</b>	<u>1,780,297</u>	<u>(17,809)</u>	<u>1,762,488</u>
<b>Creditors: amounts falling due within one year</b>			
Trade and other payables	49,540	-	49,540
Accruals, deferred income and other liabilities	482,508	(87,961)	394,547
	<u>532,048</u>	<u>(87,961)</u>	<u>444,087</u>
<b>Total assets less current liabilities</b>	<u>1,248,249</u>	<u>70,152</u>	<u>1,318,401</u>
<b>Creditors: amounts falling due after more than one year</b>			
Amounts due to group undertakings	111,379	-	111,379
Deferred tax liability	9,112	-	9,112
	<u>120,491</u>	<u>-</u>	<u>120,491</u>
<b>Total liabilities</b>	<u>652,539</u>	<u>(87,961)</u>	<u>564,578</u>
<b>Equity: capital and reserves</b>			
Called up share capital	1,000	-	1,000
Profit and loss account	1,126,758	70,152	1,196,910
<b>Total shareholders' funds</b>	<u>1,127,758</u>	<u>70,152</u>	<u>1,197,910</u>
<b>Total liabilities and shareholders' funds</b>	<u>1,780,297</u>	<u>(17,809)</u>	<u>1,762,488</u>