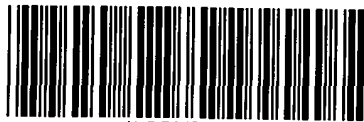


**Company Registered No: 03331068**

**PRIORITY SITES LIMITED**  
**ANNUAL REPORT AND FINANCIAL STATEMENTS**  
**For the year ended 31 December 2015**

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**OFFICERS AND PROFESSIONAL ADVISERS**

**DIRECTORS:**

J M Rowney  
S K A Michell  
F K Cummins

**COMPANY SECRETARY:**

RBS Secretarial Services Limited

**REGISTERED OFFICE:**

135 Bishopsgate  
London  
England  
EC2M 3UR

**INDEPENDENT AUDITOR:**

Deloitte LLP  
Chartered Accountants and Statutory Auditor  
Hill House  
1 Little New Street  
London  
EC4A 3TR

**Registered in England and Wales**

**DIRECTORS' REPORT**

The directors of Priority Sites Limited ("the Company") present their annual report together with the audited financial statements for the year ended 31 December 2015.

**ACTIVITIES AND BUSINESS REVIEW**

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

**Principal activity**

The principal activity of the Company continues to be the trading and management of development property throughout England.

The Company is a subsidiary of The Royal Bank of Scotland Group plc (RBS) which provides the Company with direction and access to all central resources it needs and determines policies in all key areas such as finance, risk, human resources or environment. For this reason, the directors believe that performance indicators specific to the Company are not necessary or appropriate for an understanding of the development, performance or position of the business. The annual reports of The Royal Bank of Scotland Group plc review these matters on a group basis. Copies can be obtained from Corporate Governance and Secretariat, RBS Gogarburn, Edinburgh, EH12 1HQ, the Registrar of Companies or at [www.rbs.com](http://www.rbs.com).

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

The directors are satisfied with the Company's performance in the year. The Company will be guided by its shareholders in seeking further opportunities for growth. Post balance sheet events are described in note 22.

**FINANCIAL PERFORMANCE**

The Company's financial performance is presented on pages 7 to 9. The loss before taxation for the year was £483,785 (2014: profit of £2,812,167). The retained loss for the year was £482,085 (2014: profit of £2,743,352).

At the end of the year total assets were £9,835,344 (2014: £10,055,427).

**Dividends**

The directors do not recommend the payment of a dividend (2014: £nil).

**PRINCIPAL RISKS AND UNCERTAINTIES**

The Company seeks to minimise its exposure to financial risks.

Management focuses on both the overall balance sheet structure and the control, within prudent limits, of risk arising from mismatches, including currency, maturity, interest rate and liquidity. 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 liquidity and interest rate 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.

The Company is funded by facilities from The Royal Bank of Scotland plc. These are denominated in the functional currency and carry no significant financial risk. The Company's assets mainly comprise development property and trade receivables which would expose it to market and credit risk except where the counterparties are group companies.

**Market risk**

**DIRECTORS' REPORT**

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.

**DIRECTORS' REPORT****PRINCIPAL RISKS AND UNCERTAINTIES (continued)****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 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; and
- 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 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 COMPANY SECRETARY**

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

From 1 January 2015 to date the following changes have taken place:

	<b>Appointed</b>	<b>Resigned</b>
<b>Directors</b>		
S K A Michell	23 October 2015	-
F K Cummins	08 January 2016	-
B I M Turnbull	-	23 October 2015
H D Lincoln	23 October 2015	08 January 2016
<b>Company secretary</b>		
M Gow	-	26 March 2015
RBS Secretarial Services Limited	26 March 2015	-

**DIRECTORS' REPORT****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 strategic report, 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.

**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' INDEMNITIES**

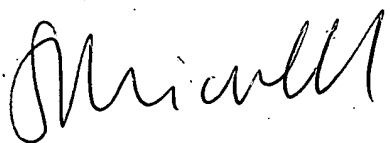
None of the directors are indemnified under the qualifying third party terms.

**INDEPENDENT AUDITOR**

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

A resolution to appoint Ernst & Young LLP as the Company's auditor will be proposed at the forthcoming AGM.

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



S K A Michell  
Director

Date: 29 September 2016

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

We have audited the financial statements of Priority Sites Limited ("the Company") for the year ended 31 December 2015 which comprise the Profit and Loss Account, the Balance Sheet, the Statement of Changes in Equity and the related notes 1 to 22. The financial reporting framework that has been applied in their preparation is applicable law and Financial Reporting Standard 101 Reduced Disclosure Framework.

This report is made solely to the Company's members, as a body, in accordance with Chapter 3 of Part 16 of the Companies Act 2006. Our audit work has been undertaken so that we might state to the Company's members those matters we are required to state to them in an auditor's report and for no other purpose. To the fullest extent permitted by law, we do not accept or assume responsibility to anyone other than the Company and the Company's members as a body, for our audit work, for this report, or for the opinions we have formed.

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

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

### **Scope of the audit of the financial statements**

An audit involves obtaining evidence about the amounts and disclosures in the financial statements sufficient to give reasonable assurance that the financial statements are free from material misstatement, whether caused by fraud or error. This includes an assessment of: whether the accounting policies are appropriate to the Company's circumstances and have been consistently applied and adequately disclosed; the reasonableness of significant accounting estimates made by the directors; and the overall presentation of the financial statements. In addition, we read all the financial and non-financial information in the annual report to identify material inconsistencies with the audited financial statements 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 2015 and of its loss for the year then ended;
- have been properly prepared in accordance with 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.



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

### 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 from preparing a Strategic Report or in preparing the Directors' Report.



**Christopher Mather, FCA** (Senior Statutory Auditor)  
for and on behalf of Deloitte LLP  
Chartered Accountants and Statutory Auditor  
London, United Kingdom

29 September 2016

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

		2015 £	2014 £
<b>Continuing operations</b>	<b>Notes</b>		
Turnover	3	1,994,675	9,405,528
Cost of sales		(963,300)	(6,456,595)
<b>Gross profit</b>		<b>1,031,375</b>	<b>2,948,933</b>
Administrative expenses	4	(1,510,527)	(392,970)
Change in value of development property	11	(101,000)	-
Other operating income		56,549	204,054
<b>Operating (loss)/profit</b>		<b>(523,603)</b>	<b>2,760,017</b>
Interest receivable	6	39,818	133,970
Interest payable	7	-	(81,820)
<b>(Loss)/profit on ordinary activities before tax</b>		<b>(483,785)</b>	<b>2,812,167</b>
Tax credit/(charge)	8	1,700	(68,815)
<b>(Loss)/profit and total comprehensive (loss)/income for the year</b>		<b>(482,085)</b>	<b>2,743,352</b>

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

The Company had no recognised income or expenses in the financial year or preceding financial year other than those dealt with in the Profit and Loss Account.

**BALANCE SHEET**  
 as at 31 December 2015

	Notes	2015 £	2014 £
<b>Fixed assets</b>			
Investment in group undertakings	10	1,000	1,000
Amounts due from group undertaking	13	111,377	430,100
		<u>112,377</u>	<u>431,100</u>
<b>Current assets</b>			
Deferred tax asset	19	8,489	10,352
Development property	11	4,083,905	5,148,205
Trade and other receivables	12	345,937	835,620
Prepayments, accrued income and other assets	14	454,274	1,133,534
Current tax asset		55,341	-
Cash at bank	15	4,775,021	2,496,616
		<u>9,722,967</u>	<u>9,624,327</u>
<b>Total assets</b>		<u>9,835,344</u>	<u>10,055,427</u>
<b>Creditors: amounts falling due within one year</b>			
Trade and other payables	16	115,534	279,917
Amounts due to group undertakings	17	-	28,128
Current tax liabilities		-	114,769
Accruals, deferred income and other liabilities	18	1,274,775	705,493
		<u>1,390,309</u>	<u>1,128,307</u>
Total assets less current liabilities		<u>8,445,035</u>	<u>8,927,120</u>
<b>Total liabilities</b>		<u>1,390,309</u>	<u>1,128,307</u>
<b>Equity: Capital and reserves</b>			
Called-up share capital	20	5,812,000	5,812,000
Profit and loss account		2,633,035	3,115,120
<b>Total shareholders' funds</b>		<u>8,445,035</u>	<u>8,927,120</u>
<b>Total liabilities and shareholders' funds</b>		<u>9,835,344</u>	<u>10,055,427</u>

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

The financial statements of the Company were approved by the Board of Directors and authorised for issue on 29 September 2016 signed on its behalf by:

  
 S K A Michell  
 Director

**STATEMENT OF CHANGES IN EQUITY**  
for the year ended 31 December 2015

	Share capital £	Profit and loss account £	Total £
<b>At 1 January 2014</b>	5,812,000	371,768	6,183,768
Profit for the year	-	2,743,352	2,743,352
<b>At 31 December 2014</b>	5,812,000	3,115,120	8,927,120
Loss for the year	-	(482,085)	(482,085)
<b>At 31 December 2015</b>	<b>5,812,000</b>	<b>2,633,035</b>	<b>8,445,035</b>

Total comprehensive loss for the year of £482,085 (2014: profit of £2,743,352) was wholly attributable to the equity holders 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 accounts**

These financial statements are prepared on a going concern basis and have been prepared 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 under Financial Reporting Standard (FRS) 101 Reduced Disclosure Framework. The Company meets the definition of a qualifying entity under FRS 100: Application of Financial Reporting Requirements issued by the Financial Reporting Council.

As permitted by FRS 101, the Company has taken advantage of the disclosure exemptions available under that standard in relation to share-based payment, non-current assets held for sale, financial instruments, capital management, presentation of comparative information in respect of certain assets, presentation of a cash-flow statement, standards not yet effective, impairment of assets and related party transactions. Where required, equivalent disclosures are given in the group accounts of The Royal Bank of Scotland plc, these accounts are available to the public and can be obtained as set out in note 21.

The accounts are prepared on the historical cost basis.

The Company's financial statements are presented in Sterling which is the functional currency of the Company.

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

There are a number of IFRS that were effective from 1 January 2015. They have had no material effect on the Company's financial statement for the year ended 31 December 2015.

**b) Consolidated financial statements**

The financial statements contain information about Priority Sites Limited as an individual company and do not contain consolidated financial information as the parent of a group. The Company is exempt under IFRS 10 Consolidated Financial Statements and section 400 of the Companies Act 2006 from the requirement to prepare consolidated financial statements as the Company and its subsidiaries are included by full consolidation in the IFRS consolidated financial statements of its parent, The Royal Bank of Scotland Group plc, a public company registered in Scotland whose registered address is 36 St Andrew square, Edinburgh, EH2 2YB.

**c) Revenue recognition**

Revenue consists of total value of developments sold during the year and rental income from operating leases.

Development properties are held on the balance sheet at the lower of cost or net realisable value.

Rental income is recognised in the Profit and Loss Account on a straight line basis over the lease term unless another systematic basis better represents the time pattern of the assets' use.

**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) Interest receivable**

Interest income is accrued on a time basis, by reference to the principal outstanding and at the effective interest rate applicable, which is the rate that exactly discounts estimated future cash receipts through the expected life of the financial asset to that asset's net carrying amount. The effective interest method is a method of calculating the amortised cost of a financial asset or financial liability and of allocating the interest income or interest expense over the expected life of the asset or liability.

**f) Leases**

Rentals payable under operating leases are charged to income on a straight-line basis over the term of the relevant lease.

**g) Investments in group undertakings**

Investments in group undertakings are stated at cost less accumulated impairment.

**h) Development assets**

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.

**i) 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.

**j) Financial assets**

The Company's financial assets are classified into 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.

**k) 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 (see note 1(e)).

**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)****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 of the development.

As set out in note 1(h), development properties are held on the balance sheet at the lower of cost or net realisable value. This value is determined through internal opinion of values carried out by qualified professionals. These valuations are regularly reviewed by management and are updated in the event that there are indicators of impairment. The Royal Bank of Scotland plc through its specialist real estate team 'Real Estate Asset Management' conducted a detailed review of the estate as at the year end. Priority Sites Limited owns assets in economically challenging areas.

**3. Turnover**

	2015 £	2014 £
Sale of development property	1,705,789	8,684,377
Rental income	116,084	721,151
Other income	172,802	-
	<u>1,994,675</u>	<u>9,405,528</u>

**4. Administrative expenses**

	2015 £	2014 £
Legal and professional fees	97,998	332,849
Management charge	88,335	(8,744)
Bad debts provision	436,198	-
Other charges	887,996	68,865
	<u>1,510,527</u>	<u>392,970</u>

Other charges relate to miscellaneous property management services provided by third party vendors.

**Management charge**

Management charge relates 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**

No director received remuneration from the Company during the year (2014: nil). The average number of employees (excluding directors) was nil (2014: nil).

**5. Operating profit****Operating profit before tax is stated after charging:**

	2015 £	2014 £
Auditor's remuneration - fees payable to the Company's auditor for the audit of the Company's annual accounts	<u>7,000</u>	<u>7,091</u>

Audit remuneration payable in regards to non-audit services during the year was nil (2014: nil).

**6. Interest receivable**

	2015 £	2014 £
Interest receivable from group undertaking	<u>39,818</u>	<u>133,970</u>

## NOTES TO THE FINANCIAL STATEMENTS

7. Interest payable	2015 £	2014 £
Interest payable to group undertaking	-	81,820

## 8. Tax

	2015 £	2014 £
<b>Current tax:</b>		
UK corporation tax (credit)/charge for the year	(98,943)	173,564
Under/(over) provision in respect of prior years	95,380	(102,886)
	(3,563)	70,678
<b>Deferred tax:</b>		
Charge for the year	1,863	(1,863)
Tax (credit)/charge for the year	(1,700)	68,815

The actual tax (credit)/charge differs from the expected tax (credit)/charge computed by applying the blended rate of UK corporation tax of 20.25% (2014: 21.5%) as follows:

	2015 £	2014 £
Expected tax (credit)/charge	(97,950)	604,424
Non-deductible items	893	12,554
Reduction in deferred tax following change in rate of UK corporation tax	(23)	-
Trading losses brought forward and utilised in year	-	(443,414)
Adjustments in respect of prior years	95,380	(104,749)
Actual tax (credit)/charge for the year	(1,700)	68,815

In recent years the UK Government has steadily reduced the rate of UK corporation tax, with the latest rates enacted on 26 October 2015 now standing at 20% with effect from 1 April 2015, 19% from 1 April 2017 and 18% 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 reduced rates.

Since the balance sheet date, the UK Government's Budget on 16 March 2016 proposed, amongst other things, that the 18% tax rate reduction from 1 April 2020 be reduced to 17%. This rate was substantively enacted in the Finance Bill 2016 on 6 September 2016 and existing temporary differences on which deferred tax has been provided may therefore unwind in periods subject to this reduced rate. The impact of the post balance sheet date change in tax rate is not expected to be material.

## 9. Operating lease arrangements

Minimum lease payments under operating leases recognised as an expense in the year:

	2015 £	2014 £
Rent paid	-	47,585

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

	Within 1 year £	Between 1 and 5 years £	After 5 years £	Total £
2015	123,815	94,293	-	218,108
2014	394,030	365,913	-	759,943



## NOTES TO THE FINANCIAL STATEMENTS

## 9. Operating lease arrangements (continued)

	2015 £	2014 £
<b>Nature of operating lease assets in the balance sheet:</b>		
Property	<u>218,108</u>	<u>759,943</u>

## 10. Investments in group undertakings

Investments in group undertakings are carried at cost less impairment. There were no movements during the year.

	2015 £	2014 £
At 1 January and 31 December	<u>1,000</u>	<u>1,000</u>

The Company investment in Priority Sites Investments Limited was not impaired during the year.

The subsidiary undertaking of the Company is shown below:

Name of subsidiary	Country of incorporation and operation	Proportion of ownership interest %	Proportion of voting power held %	Principal activity
Priority Sites Investments Limited (Subsidiary)	England and Wales	100	100	Property investment company

The Subsidiary is registered in England and Wales and the registered address is 135 Bishopsgate, London, EC2M 3UR.

## 11. Development property

	2015 £	2014 £
At 1 January	5,148,205	11,604,800
Disposals	(963,300)	(6,456,595)
Change in value	(101,000)	-
At 31 December	<u>4,083,905</u>	<u>5,148,205</u>

## 12. Trade and other receivables

	2015 £	2014 £
At 1 January	835,620	1,208,871
Movement in trade receivables	<u>(53,485)</u>	<u>(373,251)</u>
	782,135	835,620
Impairment provision	<u>(436,198)</u>	-
At 31 December	<u>345,937</u>	<u>835,620</u>

The directors consider that the carrying amount of trade and other receivables approximates to their fair value.

The impairment provision raised in the year was against the doubtful debtors balances and is expected to be utilised in 2016.

A balance of £269,606 within 2014 has been reclassified from trade and other receivables to prepayments and other assets as this relates to other property related assets.

## NOTES TO THE FINANCIAL STATEMENTS

## 13. Amounts due from group undertakings

	2015 £	2014 £
At 1 January	430,100	14,172,994
Movement in the year	(318,723)	(13,742,894)
At 31 December	<u>111,377</u>	<u>430,100</u>

The above loan has been given to the Company's 100% subsidiary Priority Sites Investments Limited. The rate of interest charged for year ended 31 December 2015 was 1.5% (2014: 1.5%). The amounts due from the subsidiary undertaking are repayable only at such time that this is considered affordable by the directors of Priority Sites Investments Limited. The Company has confirmed that it will not seek repayment of the loan within 12 months of the balance sheet date.

The directors consider that the carrying amount of amounts due from group undertakings approximates their fair value.

## 14. Prepayments, accrued income and other assets

	2015 £	2014 £
Prepayments and other assets	<u>454,274</u>	<u>1,133,534</u>

A balance of £269,606 within 2014 has been reclassified from trade and other receivables to prepayments and other assets as this relates to other property related assets.

## 15. Cash at bank

	2015 £	2014 £
Cash at bank	<u>4,775,021</u>	<u>2,496,616</u>

Cash at bank comprises cash and short term bank deposits with an original maturity of three months or less. The directors consider that carrying value of these assets approximates to their fair value.

## 16. Trade and other payables

	2015 £	2014 £
Trade payables	98,657	87,980
Value added tax	16,877	191,937
	<u>115,534</u>	<u>279,917</u>

The directors consider that the carrying value of trade and other payables approximates to their fair value.

## NOTES TO THE FINANCIAL STATEMENTS

## 17. Amounts due to group undertakings

	2015 £	2014 £
KUC Properties Limited	-	28,128

## 18. Accruals, deferred income and other liabilities

	2015 £	2014 £
Accruals	504,505	104,416
Deferred income	113,652	203,713
Other liabilities	656,618	397,364
	<u>1,274,775</u>	<u>705,493</u>

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

## 19. Deferred tax

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

	Capital allowances £	Total £
<b>At 1 January 2014</b>	8,489	8,489
Credit to profit or loss	1,863	1,863
<b>At 31 December 2014</b>	<u>10,352</u>	<u>10,352</u>
Charge to profit or loss	(1,863)	(1,863)
<b>At 31 December 2015</b>	<u>8,489</u>	<u>8,489</u>

At the balance sheet date, the Company has unutilised trading losses of £1,152,233 (2014: £1,107,884) available for offset against future profits. A deferred tax asset has been recognised in respect of £nil (2014: £nil) of such losses as it is not considered probable that there will be taxable trading profits arising in the foreseeable future against which these losses can be offset.

## 20. Share capital

	2015 £	2014 £
<b>Allotted, called-up and fully paid:</b>		
5,812,000 ordinary shares of £1	<u>5,812,000</u>	<u>5,812,000</u>

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

**NOTES TO THE FINANCIAL STATEMENTS****21. Related parties****UK Government**

The UK Government through HM Treasury is the ultimate controlling party of The Royal Bank of Scotland 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; they include the payment of taxes including UK corporation tax and value added tax.

**Group undertakings**

The Company's immediate parent company is The Royal Bank of Scotland plc, a company incorporated in the UK and registered in Scotland. As at 31 December 2015 The Royal Bank of Scotland plc heads the smallest group in which the Company is consolidated. Copies of the consolidated financial statements may be obtained from Corporate Governance and Secretariat, RBS Gogarburn, PO Box 1000, Edinburgh EH12 1HQ.

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

**22. Post balance sheet events**

Post the year end the Company sold off Development property which resulted in a gross profit of £1,724,776 on a book value of £3,489,905.