

**Company Registered No: 03331068**

**PRIORITY SITES LIMITED**  
**ANNUAL REPORT AND FINANCIAL STATEMENTS**  
**For the year ended 31 December 2018**



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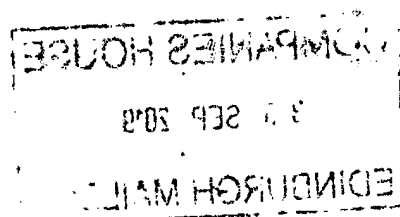
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**PRIORITY SITES LIMITED**

**03331068**

**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  
Atria One  
144 Morrison Street  
Edinburgh  
EH3 8EX

**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 2018.

**ACTIVITIES AND BUSINESS REVIEW**

The Directors' Report has been prepared in accordance with the provisions applicable to companies entitled to the small companies' exemption and therefore does not include a Strategic report.

**Activity**

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

**Review of the year*****Business review***

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 pages 8 to 10. The profit before taxation for the year was £354,091 (2017: loss before taxation £99,446). The comprehensive profit for the year was £281,075 (2017: loss of £82,869).

At the end of the year total assets were £11,447,226 (2017: £11,288,974).

The directors do not recommend the payment of a dividend (2017: 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 currency, maturity, interest rate and liquidity. It is undertaken within limits and other policy parameters set by the Group Asset and Liability Management Committee (Group ALCO).

The Company is funded by facilities from NatWest Markets Plc (formerly The Royal Bank of Scotland Plc). These are denominated in sterling which is the functional currency and carry no significant financial risk.

The Company's assets previously mainly comprised development property and trade receivables which exposed it to market and credit risk except that the counterparties were group companies and credit risk was not considered significant.

**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.

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

Credit risk management seeks to match the risk of credit failure to price of credit on granting a facility 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.
- 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 NatWest Markets plc.

**DIRECTORS AND SECRETARY**

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

From 1 January 2018 to date, no changes have taken place.

**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. 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. For the reasons stated in the Directors' Report and Note 1(a), the financial statements have been prepared on a basis other than 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.

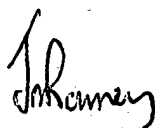
**DIRECTORS' INDEMNITIES**

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

**AUDITOR**

Ernst & Young LLP has expressed its willingness to continue in office as auditor.

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



J M Rowney  
Director

Date: 30 September 2019

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

### **Opinion**

We have audited the financial statements of Priority Sites Limited ("the Company") for the year ended 31 December 2018 which comprise the Statement of Comprehensive Income, the Balance Sheet, the Statement of Changes in Equity and the related notes 1 to 18, including a summary of significant accounting policies. The financial reporting framework that has been applied in their preparation is applicable law and United Kingdom Accounting Standards including FRS 101 "Reduced Disclosure Framework (United Kingdom Generally Accepted Accounting Practice).

In our opinion, the financial statements:

- give a true and fair view of the company's affairs as at 31 December 2018 and of its profit for the year then ended;
- have been properly prepared in accordance with United Kingdom Generally Accepted Accounting Practice; and
- have been prepared in accordance with the requirements of the Companies Act 2006.

### **Basis for opinion**

We conducted our audit in accordance with International Standards on Auditing (UK) (ISAs (UK)) and applicable law. Our responsibilities under those standards are further described in the Auditor's responsibilities for the audit of the financial statements section of our report below. We are independent of the company in accordance with the ethical requirements that are relevant to our audit of the financial statements in the UK, including the FRC's Ethical Standard and we have fulfilled our other ethical responsibilities in accordance with these requirements.

We believe that the audit evidence we have obtained is sufficient and appropriate to provide a basis for our opinion.

### **Emphasis of Matter – financial statements prepared on a basis other than going concern**

We draw attention to Note 1 a) to the financial statements which explain that the Directors intend to liquidate the Company and therefore do not consider it to be appropriate to adopt the going concern basis of accounting in preparing the financial statements. Accordingly, the financial statements have been prepared on a basis other than going concern as described in note 1 a). Our opinion is not modified in respect of this matter.

### **Other information**

The other information comprises the information included in the annual report, other than the financial statements and our auditor's report thereon. The directors are responsible for the other information. Our opinion on the financial statements does not cover the other information and, except to the extent otherwise explicitly stated in this report, we do not express any form of assurance conclusion thereon. In connection with our audit of the financial statements, our responsibility is to read the other information and, in doing so, consider whether the other information is materially inconsistent with the financial statements or our knowledge obtained in the audit or otherwise appears to be materially misstated. If we identify such material inconsistencies or apparent material misstatements, we are required to determine whether there is a material misstatement in the financial statements or a material misstatement of the other information. If, based on the work we have performed, we conclude that there is a material misstatement of the other information, we are required to report that fact.

We have nothing to report in this regard.

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

### **Opinions on other matters prescribed by the Companies Act 2006**

In our opinion, based on the work undertaken in the course of the audit:

- the information given in the directors' report for the financial year for which the financial statements are prepared is consistent with the financial statements; and
- the directors' report has been prepared in accordance with applicable legal requirements.

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

In the light of the knowledge and understanding of the company and its environment obtained in the course of the audit, we have not identified material misstatements in the directors' report.

We have nothing to report in respect of the following matters in relation to which 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
- the directors were not entitled to take advantage of the small companies' exemption in preparing the directors' report and from the requirement to prepare a strategic report.

### **Responsibilities of directors**

As explained more fully in the directors' responsibilities statement set out 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, and for such internal control as the directors determine is necessary to enable the preparation of financial statements that are free from material misstatement, whether due to fraud or error.

In preparing the financial statements, the directors are responsible for assessing the company's ability to continue as a going concern, disclosing, as applicable, matters related to going concern and using the going concern basis of accounting unless the directors either intend to liquidate the company or to cease operations, or have no realistic alternative but to do so.

### **Auditor's responsibilities for the audit of the financial statements**

Our objectives are to obtain reasonable assurance about whether the financial statements as a whole are free from material misstatement, whether due to fraud or error, and to issue an auditor's report that includes our opinion. Reasonable assurance is a high level of assurance, but is not a guarantee that an audit conducted in accordance with ISAs (UK) will always detect a material misstatement when it exists. Misstatements can arise from fraud or error and are considered material if, individually or in the aggregate, they could reasonably be expected to influence the economic decisions of users taken on the basis of these financial statements.

A further description of our responsibilities for the audit of the financial statements is located on the Financial Reporting Council's website at <https://www.frc.org.uk/auditorsresponsibilities>. This description forms part of our auditor's report.



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

### **Use of our report**

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.

Ernst & Young LLP

**Nathan Pietsch (Senior Statutory Auditor)**  
for and on behalf of Ernst & Young LLP, Statutory Auditor  
Edinburgh  
30/9/2019

**STATEMENT OF COMPREHENSIVE INCOME**  
**for the year ended 31 December 2018**

		2018 £	2017 £
<b>Discontinuing operations</b>	<b>Notes</b>		
Turnover	3	1,118,693	77,760
Cost of sales		<u>(690,250)</u>	<u>-</u>
<b>Gross profit</b>		<b>428,443</b>	<b>77,760</b>
Other income		75,866	15,317
Administrative expenses	4	<u>(175,402)</u>	<u>(209,402)</u>
<b>Operating profit/(loss)</b>		<b>328,907</b>	<b>(116,325)</b>
Interest receivable	6	<u>25,184</u>	<u>16,879</u>
<b>Profit/(loss) on before tax</b>		<b>354,091</b>	<b>(99,446)</b>
Tax (charge)/credit	7	<u>(73,016)</u>	<u>16,577</u>
<b>Profit/(loss) and total comprehensive income/(loss) for the year</b>		<b><u>281,075</u></b>	<b><u>(82,869)</u></b>

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

**BALANCE SHEET**  
**as at 31 December 2018**

	Notes	2018 £	2017 £
<b>Non-current assets</b>			
Investment in group companies	8	1,000	1,000
<b>Current assets</b>			
Deferred tax asset	7	4,446	5,424
Development property	9	-	409,000
Trade and other receivables	10	18,035	25,759
Amounts due from group companies	11	3,500,000	-
Prepayments, accrued income and other assets	12	299,260	351,867
Current tax asset		-	18,275
Cash at bank	13	7,624,485	10,477,649
		<u>11,447,226</u>	<u>11,288,974</u>
<b>Total assets</b>		<u>11,447,226</u>	<u>11,288,974</u>
<b>Current liabilities</b>			
Trade and other payables	14	141,096	168,411
Amounts due to group companies	15	712,183	783,263
Current tax liabilities		87,350	-
Accruals, deferred income and other liabilities	16	143,721	255,499
		<u>1,084,350</u>	<u>1,207,173</u>
Total assets less current liabilities		<u>10,362,876</u>	<u>10,081,801</u>
<b>Total liabilities</b>		<u>1,084,350</u>	<u>1,207,173</u>
<b>Equity</b>			
Called up share capital	17	5,812,000	5,812,000
Profit and loss account		4,550,876	4,269,801
<b>Total equity</b>		<u>10,362,876</u>	<u>10,081,801</u>
<b>Total liabilities and equity</b>		<u>11,447,226</u>	<u>11,288,974</u>

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 30 September 2019 and signed on its behalf by:



J M Rowney  
Director

**STATEMENT OF CHANGES IN EQUITY**  
for the year ended 31 December 2018

	Share capital	Profit and loss account	Total
	£	£	£
<b>At 1 January 2017</b>	5,812,000	4,352,670	10,164,670
Loss for the year	-	(82,869)	(82,869)
<b>At 31 December 2017</b>	5,812,000	4,269,801	10,081,801
Profit for the year	-	<b>281,075</b>	<b>281,075</b>
<b>At 31 December 2018</b>	<b>5,812,000</b>	<b>4,550,876</b>	<b>10,362,876</b>

Total comprehensive income for the year of £281,075 (2017: loss of £82,869) 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 accounts**

These financial statements are prepared:

- on a basis other than that of going concern.
- 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.

The Company has early adopted all of the amendments to FRS 101 as a result of the Triennial review 2017 amendments with effect from 1 January 2018.

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; and
- with the benefit of the disclosure exemptions permitted by FRS 101 with regards to:
  - cash-flow statement;
  - standards not yet effective;
  - related party transactions; and
  - disclosure requirements of IFRS 7 "Financial Instruments: Disclosure" and IFRS 13 "Fair value Measurement".

Where required, equivalent disclosures are given in the group accounts of The Royal Bank of Scotland Group plc, these accounts are available to the public and can be obtained as set out in note 18.

The intention of the Board of Directors is to liquidate the Company within the next 12 months. International Accounting Standards (IAS) 1 paragraph 25 "Presentation of Financial Statements" describes the preparation of financial statements in such circumstances as being other than on a going concern basis. The directors do not consider that this has affected the recognition and measurement of the assets or liabilities of the Company as described in the accounting policies below, and no material adjustments have arisen as a result of ceasing to apply the going concern basis. Any cost of the liquidation will be borne by NatWest Markets plc.

The changes to IFRS that were effective from 1 January 2018 have had no material effect on the Company's financial statement for the year ended 31 December 2018.

**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.

**NOTES TO THE FINANCIAL STATEMENTS****d) Taxation**

Income tax expense or income, comprising current tax and deferred tax, is recorded in the Statement of Comprehensive Income 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. 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) Investments in group undertakings**

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

**g) 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 being developed for the purpose of sale in future.

**h) 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.

**i) Financial instruments**

On initial recognition, financial instruments are measured at fair value. Subsequently they are measured as follows: designated at fair value through profit or loss; amortised cost, the default class for liabilities; fair value through profit or loss, the default class for assets; or financial assets may be designated as at fair value through other comprehensive income. Regular way purchases of financial assets classified as amortised cost are recognised on the settlement date; all other regular way transactions in financial assets are recognised on the trade date.

Amortised cost assets – have to meet both the following criteria:

- the asset is held within a business model whose objective is solely to hold assets to collect contractual cash flows; and
- the contractual terms of the financial asset are solely payments of principal and interest on the outstanding balance.

Amortised cost liabilities – all liabilities that are not subsequently measured at fair value are measured at cost.

## NOTES TO THE FINANCIAL STATEMENTS

## 1. Accounting policies (continued)

## j) Derecognition

A financial asset is derecognised when the contractual right to receive cash flows from the asset has expired or when it has been transferred and the transfer qualifies for derecognition in accordance with IFRS 9 "Financial Instruments".

A financial liability is removed from the balance sheet when the obligation is discharged, or cancelled, or expires.

## 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. In accordance with their responsibilities for these financial statements, the estimates the directors consider most important to the portrayal of the Company's performance and financial condition are discussed below.

## 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. As set out in note 1(g), 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. NatWest Markets 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

	2018 £	2017 £
Sale of development property	1,107,500	40,000
Rental income	-	31,690
Other income	11,193	6,070
	<u>1,118,693</u>	<u>77,760</u>

## 4. Administrative expenses

	2018 £	2017 £
Legal and professional fees	55,173	33,080
Management fees	51,356	104,885
Bad debts provision	-	34,115
Other charges	68,873	37,322
	<u>175,402</u>	<u>209,402</u>

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

## Management fees

Management fees include the costs of staff and directors borne by the other members of the group, none of which can be apportioned meaningfully in respect of services to the Company. These are re-charged on an annual basis by KUC Properties Limited, a fellow group undertaking.

## 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. There are no other staff.

## NOTES TO THE FINANCIAL STATEMENTS

## 5. Operating profit

Operating profit/(loss) before tax is stated after charging:

	2018 £	2017 £
Auditor's remuneration - audit services	<u>15,000</u>	<u>2,909</u>

The actual audit fees for the year being the sum of £10,000 (2017: £10,000). Audit remuneration payable in regards to non-audit services during the year was nil (2017: nil).

## 6. Interest receivable

	2018 £	2017 £
Interest receivable from group undertaking	<u>25,184</u>	<u>16,879</u>

## 7. Tax

	2018 £	2017 £
<b>Current tax:</b>		
UK corporation tax charge/(credit) for the year	71,953	(17,853)
Under provision in respect of prior years	<u>85</u>	<u>-</u>
	<u>72,038</u>	<u>(17,853)</u>
<b>Deferred tax:</b>		
Charge for the year	978	1,190
Under provision in respect of prior years	<u>-</u>	<u>86</u>
Tax charge/(credit) for the year	<u>73,016</u>	<u>(16,577)</u>

The actual tax charge/(credit) differs from the expected tax charge/(credit) computed by applying the standard rate of UK corporation tax of 19% (2017: blended tax rate 19.25%) as follows:

	2018 £	2017 £
Expected tax charge/(credit)	67,278	(19,140)
Non-deductible items	5,653	4,455
Non-taxable items	-	(1,962)
Reduction in deferred tax following change in rate of UK corporation tax	-	(16)
Adjustments in respect of prior years	<u>85</u>	<u>86</u>
Actual tax charge/(credit) for the year	<u>73,016</u>	<u>(16,577)</u>

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 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

## 7. Tax (continued)

## Deferred tax

Net deferred tax asset comprises:

	Capital allowances £	Total £
At 1 January 2017	6,700	6,700
Charge to profit or loss	(1,276)	(1,276)
At 31 December 2017	5,424	5,424
Charge to profit or loss	(978)	(978)
At 31 December 2018	4,446	4,446

## 8. Investments in group companies

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

	2018 £	2017 £
At 1 January and 31 December	1,000	1,000

The Company's investment in Priority Sites Investments Limited was not impaired during the year. The investment in subsidiary undertakings held as a non current asset represents the investment in PSIL. The subsidiary is expected to be wound up within the next 12 months. It is expected that any residual cash remaining in PSIL after all receivables and payables are settled will be passed up to PSL.

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) <sup>(1)</sup>	England and Wales	100	100	Property investment company

<sup>(1)</sup> The registered office is 250 Bishopsgate, London, EC2M 4AA.

## 9. Development property

	2018 £	2017 £
At 1 January	409,000	409,000
Disposals	(409,000)	-
At 31 December	-	409,000

On 23 February 2018, all development properties were sold for £1,107,500. The Company however continues to dispose of and manage legacy trading assets such as freehold and ground rent interests.

## NOTES TO THE FINANCIAL STATEMENTS

## 10. Trade and other receivables

	2018 £	2017 £
Trade receivables	-	15,224
Value added tax	18,035	10,535
	<u>18,035</u>	<u>25,759</u>
	2018 £	2017 £
At 1 January	15,224	14,293
Movement in trade receivables	(15,224)	35,046
	-	49,339
Impairment provision	-	(34,115)
At 31 December	<u>-</u>	<u>15,224</u>

The fair value of all receivables approximates to their carrying amount in the balance sheet.

## 11. Amounts due from group companies

	2018 £	2017 £
Natwest markets plc	<u>3,500,000</u>	-

## 12. Prepayments, accrued income and other assets

	2018 £	2017 £
Prepayments and other assets	<u>299,260</u>	<u>351,867</u>

Prepayments and other assets comprise of cash held with CBRE to support ongoing management activity.

## 13. Cash at bank

	2018 £	2017 £
Cash at bank	<u>7,624,485</u>	<u>10,477,649</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.

## 14. Trade and other payables

	2018 £	2017 £
Trade payables	<u>141,096</u>	<u>168,411</u>

The fair value of all payables approximates to their carrying value in the balance sheet.

## NOTES TO THE FINANCIAL STATEMENTS

## 15. Amounts due to group companies

	2018 £	2017 £
Priority Sites Investments Limited	629,174	679,988
KUC Properties Limited	63,009	103,275
NatWest Markets plc	20,000	-
	<u>712,183</u>	<u>783,263</u>
	2,018 £	2,017 £
Amounts falling due within one year	<u>712,183</u>	<u>783,263</u>

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

The net group payable position with Priority Sites Investments Limited of £629,174 (2017: £679,988) includes an Intercompany loan receivable of £642,083 (2017: £679,988) and rolled up interest accrued on the group loan of £291,158 (2017: £283,739) due from Priority Sites Investments Limited. The interest receivable recognised of £7,419 (2017: £6,920) is in relation to this loan. In addition, Priority Sites Limited has a £1,562,415 group payable due to Priority Sites Investments Limited that does not accrue interest.

## 16. Accruals, deferred income and other liabilities

	2018 £	2017 £
Accruals	143,721	74,238
Other liabilities	-	181,261
	<u>143,721</u>	<u>255,499</u>

## 17. Share capital

	2018 £	2017 £
Allotted, called-up and fully paid:		
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.

## 18. 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 Government 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.

## NOTES TO THE FINANCIAL STATEMENTS

## 18. Related parties (continued)

## Group companies

At 31 December 2018

The Company's immediate parent was:	NatWest Markets plc
The smallest consolidated accounts including the Company were prepared by:	
The ultimate parent company was:	The Royal Bank of Scotland Group plc

All parent companies are incorporated in the UK. Copies of their accounts may be obtained from Corporate Governance and Regulatory Affairs, The Royal Bank of Scotland, Gogarburn, PO Box 1000, Edinburgh EH12 1HQ.