

Company Registered No: 04216794

RBS SPECIALISED PROPERTY INVESTMENTS LIMITED

ANNUAL REPORT AND FINANCIAL STATEMENTS

For the year ended 31 December 2015

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OFFICERS AND PROFESSIONAL ADVISERS

DIRECTORS:

R D Hook
A D Potter
G S Young

SECRETARY:

RBS Secretarial Services Limited

REGISTERED OFFICE:

135 Bishopsgate
London
England
EC2M 3UR

INDEPENDENT AUDITOR:

Deloitte LLP
Chartered Accountants and Statutory Auditor
2 New Street Square
London
United Kingdom
EC4A 3BZ

Registered in England and Wales

DIRECTORS' REPORT

The directors of RBS Specialised Property Investments 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 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 continues to be investment in property owning companies.

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

Business review

On 22 September 2015, the Company received a capital contribution of £16,329,298 from RBS plc. During the year, the entire investment in MRM Dynamique was sold.

FINANCIAL PERFORMANCE

The Company's financial performance is presented in the Profit and Loss Account on page 8.

The profit before taxation for the year was £55,985 (2014: loss of £384,346). The retained profit for the year was £56,488 (2014: loss of £298,286).

At the end of the year total assets were £813,168 (2014: £1,879,269).

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 other than equity and 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 RBS Asset and Liability Management Committee (RBS ALCO).

The principal risks associated with the Company are as follows:

Operational risk

Operational risks are inherent in the Company's business. Operational risk losses occur as the result of fraud, human error, missing or inadequately designed processes, failed systems, damage to physical assets, improper behaviour or from external events. The key mitigating processes and controls include risk and control assessment, scenario analysis, loss data collection, new product approval process, key risk indicators, notifiable events process and the self certification process. The implementation of these processes and controls is facilitated and overseen by operational risk teams, with internal audit providing independent evaluation of the control framework.

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

The Company is exposed to currency risk as its investments in available-for-sale investments and amounts due to Group undertakings are denominated in Euros.

The Company's policy is normally to match foreign currency investments with borrowings in the same currency. Any open position would be as a result of fair value adjustments to the financial assets. This exposure would not be hedged as it is not structural in nature.

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.

The Company has no material market risk.

Interest rate risk

Interest rate risk arises where assets and liabilities have different repricing maturities.

The Company manages interest rate risk by monitoring the consistency in the interest rate profile of its assets and liabilities, and limiting any re-pricing mismatches.

GOING CONCERN

The directors, having made such enquiries as they considered appropriate, have prepared the financial statements on a going concern basis. They considered the financial statements of The Royal Bank of Scotland plc for the year ended 31 December 2015, approved on 25 February 2016, which were prepared on a going concern basis.

DIRECTORS' REPORT**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 2015 to date the following changes have taken place:

	Appointed	Resigned
Directors		
A Pinfield	-	21 January 2016
M P Wood		25 January 2016
A D Potter	21 January 2016	
G S Young	21 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 101 Reduced Disclosure Framework (FRS 101) 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 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' REPORT

INDEPENDENT AUDITOR

The Royal Bank of Scotland Group plc has appointed Ernst & Young LLP as 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 meeting of the Board of Directors.

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



A D Potter

Director

Date: ~~7 September~~ 2016

INDEPENDENT AUDITOR'S REPORT TO THE MEMBERS OF RBS SPECIALISED PROPERTY INVESTMENTS LIMITED

We have audited the financial statements of RBS Specialised Property Investments Limited ("the Company") for the year ended 31 December 2015 which comprise the Profit and Loss Account, the Statement of Comprehensive Income, the Balance Sheet, the Statement of Changes in Equity and the related notes 1 to 13. 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 profit 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 RBS SPECIALISED PROPERTY INVESTMENTS 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 the Strategic Report or in preparing the Directors' Report.



David Roberts (Senior Statutory Auditor)
for and on behalf of Deloitte LLP
Chartered Accountants and Statutory Auditor,
London, United Kingdom

8 September 2016

PROFIT AND LOSS ACCOUNT
for the year ended 31 December 2015

		2015	2014
Continuing operations	Notes	£	£
Investment income		58,472	61,711
Profit on sale of investments	7	91,282	-
Administrative expenses	3	6,925	(55,046)
Operating profit before tax		156,679	6,665
Loss on foreign exchange		(11,187)	(264,703)
Interest payable	4	(89,507)	(126,308)
Profit/(loss) on ordinary activities before tax		55,985	(384,346)
Tax credit	5	503	86,060
Profit/(Loss) for the financial year		56,488	(298,286)

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

STATEMENT OF COMPREHENSIVE INCOME
for the year ended 31 December 2015

	2015 £	2014 £
Profit/(loss) for the financial year	56,488	(298,286)
Items that will be reclassified subsequently to profit or loss:		
Release from AFS	674,717	-
Fair value adjustment for available-for-sale investments	(58,847)	(270,029)
Foreign exchange on available-for-sale investments	(59,191)	(78,484)
Other comprehensive gain/(loss) before tax	556,679	(348,513)
Tax credit	-	-
Other comprehensive gain/(loss) after tax	556,679	(348,513)
Total comprehensive gain/(loss) for the year	613,167	(646,799)

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

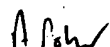
BALANCE SHEET

as at 31 December 2015.

	Notes	2015 £	2014 £
Fixed assets			
Investments in Group undertakings	6	1	1
Investments – available for sale	7	-	852,090
		<u>1</u>	<u>852,091</u>
Current assets			
Current tax asset		504	95,872
Amounts due from Group undertakings	8	791,917	-
Cash at bank		20,746	931,306
		<u>813,167</u>	<u>1,027,178</u>
Total assets		<u>813,168</u>	<u>1,879,269</u>
Creditors: amounts falling due within one year			
Amounts due to Group undertakings	9	<u>200,001</u>	<u>18,196,567</u>
Creditors: amounts falling due after more than one year			
Accruals, deferred income and other liabilities	10	-	12,000
Total liabilities		<u>200,001</u>	<u>18,208,567</u>
Equity: capital and reserves			
Called up share capital	12	7,199,641	7,199,641
Revaluation reserve		-	(556,679)
Profit and loss account		(6,586,474)	(22,972,260)
Total shareholders' funds/(deficit)		<u>613,167</u>	<u>(16,329,298)</u>
Total liabilities and shareholders' funds/(deficit)		<u>813,168</u>	<u>1,879,269</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 on 8 September 2016 and signed on its behalf by:



A D Potter
Director

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

	Called up Share capital £	Revaluation reserve £	Profit and loss account £	Total £
At 1 January 2014	7,199,641	(208,166)	(22,673,974)	(15,682,499)
Loss for the year	-	-	(298,286)	(298,286)
Decrease in fair value of AFS investments	-	(270,029)	-	(270,029)
Foreign exchange on AFS investments	-	(78,484)	-	(78,484)
At 31 December 2014	7,199,641	(556,679)	(22,972,260)	(16,329,298)
Capital contribution by parent	-	-	16,329,298	16,329,298
Release from AFS	-	674,717	-	674,717
Profit for the year	-	-	56,488	56,488
Decrease in fair value of AFS investments	-	(58,847)	-	(58,847)
Foreign exchange on AFS investments	-	(59,191)	-	(59,191)
At 31 December 2015	7,199,641	-	(6,586,474)	613,167

Total comprehensive profit for the year of £613,167 (2014: loss of £646,799) 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 financial statements**

The 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 European Union (together IFRS) and under 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 presentation of a Cash-Flow Statement, standards not yet effective and related party transactions. Where required, equivalent disclosures are given in the group financial statements of The Royal Bank of Scotland Group plc, these financial statements are available to the public and can be obtained as set out in note 12.

The financial statements are prepared on the historical cost basis except for available-for-sale financial assets that are stated at their fair value.

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 financial statements are presented in accordance with the Companies Act 2006.

The few changes to IFRS that were effective from 1 January 2015 have had no material effect on the Company's financial statements for the year ended 31 December 2015.

b) Consolidated financial statements

The financial statements contain information about RBS Specialised Property Investments 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.

c) Foreign currencies

Transactions in foreign currencies are translated into Sterling at the foreign exchange rate ruling at the date of the transaction. Monetary assets and liabilities denominated in foreign currencies are translated into Sterling at the rates of exchange ruling at the balance sheet date. Foreign exchange differences arising on translation are reported in the Profit and Loss Account.

The fair value of available-for-sale assets denominated in a foreign currency is determined in that foreign currency and translated at the spot rate at the balance sheet date. Other foreign exchange gains and losses are recognised in other comprehensive income.

NOTES TO THE FINANCIAL STATEMENTS**1. Accounting policies (continued)****d) Revenue recognition**

Interest incomes on financial assets that are classified as loans and receivables or available-for-sale are determined 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. The effective interest rate is the rate that exactly discounts estimated future cash flows to the instrument's initial carrying amount. Calculation of the effective interest rate takes into account fees payable or receivable, that are an integral part of the instrument's yield, premiums or discounts on acquisition or issue, early redemption fees and transaction costs. All contractual terms of a financial instrument are considered when estimating future cash flows.

Dividend income is recognised when the paying company is obliged to make the payment.

e) 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. 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.

f) Investment in Group undertakings

Investments in Group undertakings are stated at cost less any accumulated impairment losses.

g) Financial assets

On initial recognition, financial assets are classified into loans and receivables or available-for-sale financial assets.

Loans and receivables

Non-derivative financial assets with fixed or determinable repayments that are not quoted in an active market are classified as loans and receivables, except those that are classified as available-for-sale or as held-for-trading, or designated as at fair value through profit or loss. 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 (see accounting policy (d)) less any impairment losses.

NOTES TO THE FINANCIAL STATEMENTS**1. Accounting policies (continued)****g) Financial assets (continued)****Available-for-sale**

Financial assets that are not classified as held-to-maturity; held-for-trading; designated as at fair value through profit or loss; or loans and receivables, are classified as available-for-sale. Financial assets can be designated as available-for-sale on initial recognition. Available-for-sale financial assets are initially recognised at fair value plus directly related transaction costs. They are subsequently measured at fair value.

Unquoted equity investments whose fair value cannot be measured reliably are carried at cost and classified as available-for-sale financial assets.

Impairment losses and exchange differences resulting from retranslating the amortised cost of foreign currency monetary available-for-sale financial assets are recognised in profit or loss together with interest calculated using the effective interest method (see accounting policy 1(d)). Other changes in the fair value of available-for-sale financial assets and related tax are reported in other comprehensive income until disposal, when the cumulative gain or loss is reclassified from equity to profit or loss.

h) Impairment of financial assets

The Company assesses at each balance sheet date whether there is any objective evidence that a financial asset or group of financial assets classified as held-to-maturity, available-for-sale or loans and receivables is impaired. A financial asset or portfolio of financial assets is impaired and an impairment loss incurred if there is objective evidence that an event or events since initial recognition of the asset have adversely affected the amount or timing of future cash flows from the asset.

i) Financial liabilities

On initial recognition financial liabilities are classified into amortised cost.

Amortised cost

All financial liabilities are measured at amortised cost using the effective interest method (see accounting policy 1(d)).

j) Cash at bank

Cash at bank comprises non-interest bearing deposits held with banks.

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.

Fair value - financial instruments

Financial instruments classified as available-for-sale are recognised in the financial statements at fair value. Unrealised gains and losses on available-for sale financial assets are recognised directly in equity unless an impairment loss is recognised.

Investments in Group undertakings

The Company has reviewed the carrying value of investments in subsidiaries and has impaired its investments based on the discounted future cash flows of those subsidiaries.

NOTES TO THE FINANCIAL STATEMENTS

3. Administrative expenses

	2015 £	2014 £
Bank charges	55	47
Management fees	(6,980)	54,999
	<u>(6,925)</u>	<u>55,046</u>

Staff costs, number of employees and directors' emoluments

All staff and directors were employed by group companies and the financial statements of The Royal Bank of Scotland Group plc which contain full disclosure of employee benefit expenses incurred in the period including share based payments and pensions. The Company has no employees and pays a management fee for services provided by other group companies. The directors of the Company do not receive remuneration for specific services provided to the Company.

The auditor's remuneration for statutory audit work of £12,156 was borne by The Royal Bank of Scotland Group plc (2014: £12,000 was borne by the Company). Remuneration paid to the auditor for non-audit work for the Company was £nil (2014: £nil).

4. Interest payable

	2015 £	2014 £
Interest on loan from parent company	<u>89,507</u>	<u>126,308</u>

5. Taxation

	2015 £	2014 £
Current tax:		
UK corporation tax credit for the year	(504)	(95,872)
Overseas withholding tax suffered	-	9,812
Over provision in respect of prior year	1	-
Tax credit for the year	<u>(503)</u>	<u>(86,060)</u>

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

	2015 £	2014 £
Profit/(loss) on ordinary activities before tax	55,985	(384,346)
Expected tax charge/(credit)	11,335	(82,608)
Non taxable income	(11,839)	(13,264)
Adjustments in respect of prior periods	1	-
Overseas withholding tax suffered	-	9,812
Actual tax credit for the year	<u>(503)</u>	<u>(86,060)</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 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 the 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.

NOTES TO THE FINANCIAL STATEMENTS

6. Investments in Group undertakings

Investments in Group undertakings are carried at cost less accumulated impairment to date. Movements during the year were as follows:

	2015 £	2014 £
Investments in subsidiaries		
As at 1 January and 31 December	1	1

7. Investments - available for sale

	2015 £	2014 £
As at 1 January	852,090	1,200,603
Additions	-	-
Fair value adjustment	(58,847)	(270,029)
Foreign exchange adjustment	(59,191)	(78,484)
Disposal of investment	(734,052)	-
As at 31 December	-	852,090

The investments above are all denominated in Euros and have been translated at the ruling spot rate at the year end. The investments are all unlisted equity securities. The entire investment in MRM Dynamique was sold off during the year for a consideration of £708k generating a loss £701k. Deferred sale consideration of £791k was received during the year for the shares of Drago Real Estate Partners Limited making the overall profit on sale of investments of £91k.

The Company received a deferred consideration of £791,917 from sale of Drago Real Estate Partners Limited shares which is due from immediate parent company, RBS plc at year end.

8. Amounts due from Group undertakings

	2015 £	2014 £
Amount due from parent Company	791,917	-

9. Amounts due to Group undertakings

	2015 £	2014 £
Loan from ultimate parent Company	200,001	18,196,567

The Company received a capital contribution of £16,329,298 from immediate parent company, RBS plc which was utilised in the repayment of inter company balances. The Company stopped being charged interest on loan on 26 November 2015.

10. Accruals, deferred income and other liabilities

	2015 £	2014 £
Audit fees payable	-	12,000

NOTES TO THE FINANCIAL STATEMENTS

11. Financial instruments

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

2015	Available-for-sale £	Loans and receivables £	At amortised cost £	Non financial assets/ liabilities £	Total £
Assets					
Investment in Group undertakings	-	-	-	1	1
Current tax asset	-	-	-	504	504
Amounts due from Group undertakings	-	791,917	-	-	791,917
Cash at bank	-	20,746	-	-	20,746
	-	812,663	-	505	813,168
Liabilities					
Amounts due to Group undertakings	-	-	200,001	-	200,001
	-	-	200,001	-	200,001
Equity					613,167
					813,168

2014	Available-for-sale £	Loans and receivables £	At amortised cost £	Non financial assets/ liabilities £	Total £
Assets					
Investment in Group undertakings	-	-	-	1	1
Investments - available for sale	852,090	-	-	-	852,090
Current tax asset	-	-	-	95,872	95,872
Cash at bank	-	931,306	-	-	931,306
	852,090	931,306	-	95,873	1,879,269
Liabilities					
Amounts due to Group undertakings	-	-	18,196,567	-	18,196,567
Accruals, deferred income and other liabilities	-	-	-	12,000	12,000
	-	-	18,196,567	12,000	18,208,567
Equity					(16,329,298)
					1,879,269

The directors consider that the carrying amounts of financial assets and financial liabilities recorded at amortised cost in the financial statements approximate to their fair values.

Valuation hierarchy

Financial assets and liabilities have been classified above according to a valuation hierarchy that reflects the valuation techniques used to determine fair value.

Level 1: valued by reference to unadjusted quoted prices in active markets for identical assets and liabilities.

Level 2: valued by reference to observable market data, other than quoted market prices.

Level 3: valuation is based on inputs other than observable market data.

NOTES TO THE FINANCIAL STATEMENTS

11. Financial instruments (continued)

The following tables show the financial instruments carried at fair value by hierarchy – level 1, level 2 and level 3:

Available-for-sale assets

	Level 1 £	Level 2 £	Level 3 £	Total £
2015				
Quoted equities	-	-	-	-
	Level 1 £	Level 2 £	Level 3 £	Total £
2014				
Quoted equities	852,090	-	-	852,090

Financial Liabilities

The following table shows by contractual maturity the undiscounted cash flows payable from the balance sheet date including future interest payments.

	0-3 months £	3-12 months £	1-3 years £	3-5 years £	5-10 years £	10-20 years £
2015						
Amounts due to Group undertakings	200,001	-	-	-	-	-
	0-3 months £	3-12 months £	1-3 years £	3-5 years £	5-10 years £	10-20 years £
2014						
Amounts due to Group undertakings	-	18,196,567	-	-	-	-

The Company's intra-Group liabilities may in certain circumstances become repayable on demand pursuant to the terms of the capital support deed (see note 13).

12. Share capital

	2015 £	2014 £
Authorised:		
5,000,000 Preference Shares of €1 each	3,530,024	3,530,024
4,000,000 Ordinary Shares of £1 each	4,000,000	4,000,000
	7,530,024	7,530,024
Allotted, called up and fully paid:		
1,035,000 Preference Shares of €1 each	730,777	730,777
2,000,000 Preference Shares of €4.8814 each	6,468,863	6,468,863
1 Ordinary Share of £1 each	1	1
	7,199,641	7,199,641

NOTES TO THE FINANCIAL STATEMENTS**12. Share capital (continued)**

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

On 12 November 2003, the Company issued 1,035,000 zero-coupon redeemable preference shares of €1. These have been translated at 31 December 2003 at the year end exchange rate of 1.4163/£1. The nature of the consideration was cash.

On 31 July 2004, the Company issued 2,000,000 zero-coupon redeemable preference shares with a nominal value of €1, at a premium value of €4.8814. These have been translated at 31 July 2004 at the exchange rate of €1.5092/£1. The nature of the consideration was cash.

The 5,000,000 preference shares of €1 each entitle the holder to receive distributions on a pro-rata basis in respect of their shareholding percentage. There is no set redemption date on these preference shares. The preference shares also entitle the holder to one vote per share.

13. 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; they consisted solely of corporation tax which is separately disclosed in note 5.

Group undertakings

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

Capital Support Deed

The Company, together with other members of The Royal Bank of Scotland Group plc, is party to a capital support deed (CSD). Under the terms of the CSD, the Company may be required, if compatible with its legal obligations, to make distributions on, or repurchase or redeem, its ordinary shares. The amount of this obligation is limited to the Company's immediately accessible funds or assets, rights, facilities or other resources that, using best efforts, are reasonably capable of being converted to cleared, immediately available funds (the Company's available resources). The CSD also provides that, in certain circumstances, funding received by the Company from other parties to the CSD becomes immediately repayable, such repayment being limited to the Company's available resources.