

**Company Registered No: 04528941**

**PROPERTY VENTURES (B&M) LIMITED**

**DIRECTORS' REPORT AND FINANCIAL STATEMENTS**

**For the year ended 31 December 2013**



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

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**OFFICERS AND PROFESSIONAL ADVISERS**

**DIRECTORS:**

I F Nicol  
J M Rowney  
B I M Turnbull

**SECRETARY:**

RBS Secretarial Services Limited

**REGISTERED OFFICE:**

1 Princes Street  
London  
EC2R 8PB

**AUDITOR:**

Deloitte LLP  
London

**Registered in England and Wales**

**DIRECTORS' REPORT**

The directors of Property Ventures (B&M) Limited ("the Company") present their report and the audited financial statements for the year ended 31 December 2013.

**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.

**Activity**

The principal activity of the Company continues to be an investment holding company.

The Company is a subsidiary of The Royal Bank of Scotland Group plc (the "RBS Group") 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 RBS Group review these matters on a group basis. Copies can be obtained from RBS Secretariat, RBS Gogarburn, Edinburgh, EH12 1HQ, the Registrar of Companies or through the Group's website at [www.rbs.com](http://www.rbs.com).

**Financial performance**

The Company's financial performance is presented in the Profit and Loss account on page 7. The operating loss before taxation for the year was £6,060 (2012: £5,045). The retained loss for the year was £4,652 (2012: £3,646).

At the end of the year total assets were £184,481 (2012: £189,133).

**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 Group Asset and Liability Management Committee (GALCO).

**Going concern**

The directors, having a reasonable expectation that the Company has adequate resources to continue in operational existence for the foreseeable future, have prepared the financial statements on a going concern basis.

**DIRECTORS AND SECRETARY**

The present directors and secretary, who have served throughout the year except where noted below, are listed on page 2.

From 1 January 2013 to date, there have been no changes to the directors and secretary of the Company.

**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 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, 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 Financial Reporting Standard 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:

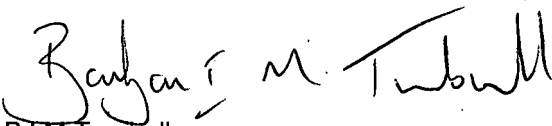
- so far as they are aware there is no relevant audit information of which the Company's auditor is unaware; and
- the director has taken all the steps that they ought to have taken to make themselves aware of any relevant audit information and to establish that the Company's auditor is aware of that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

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

**INDEPENDENT AUDITOR**

Deloitte LLP has expressed its willingness to continue in office as auditor.

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



BTM Turnbull

Director

Date: 27 June 2014

## **INDEPENDENT AUDITOR'S REPORT TO THE MEMBERS OF PROPERTY VENTURES (B&M) LIMITED**

We have audited the financial statements of Property Ventures (B&M) Limited ("the Company") for the year ended 31 December 2013 which comprise the Profit and Loss Account, the Balance Sheet, the Statement of Changes in Equity and the related notes 1 to 11. 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 2013 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**

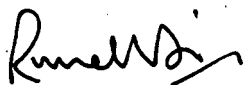
In our opinion the information given in the Directors' Report for the financial year for which the financial statements are prepared is consistent with the financial statements.

**INDEPENDENT AUDITOR'S REPORT TO THE MEMBERS OF PROPERTY VENTURES (B&M)  
LIMITED (continued)**

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

We have nothing to report in respect of the following matters where the Companies Act 2006 requires us to report to you if, in our opinion:

- adequate accounting records have not been kept, or returns adequate for our audit have not been received from branches not visited by us; or
- the financial statements are not in agreement with the accounting records and returns; or
- certain disclosures of directors' remuneration specified by law are not made; or
- we have not received all the information and explanations we require for our audit.
- the directors were not entitled to take advantage of the small companies exemption from preparing a Strategic Report or in preparing the directors Report



Russell Davis FCA (Senior Statutory Auditor)  
for and on behalf of Deloitte LLP  
Chartered Accountants and Statutory Auditor,  
London, United Kingdom  
Date: **27** June 2014

**PROFIT AND LOSS ACCOUNT**  
for the year ended 31 December 2013

		2013	2012
	Note	£	£
<b>Continuing operations</b>			
Operating expenses	3	(6,060)	(5,045)
<b>Loss on ordinary activities before tax</b>		<b>(6,060)</b>	<b>(5,045)</b>
Tax credit	4	1,408	1,399
<b>Loss and total comprehensive loss for the year</b>		<b>(4,652)</b>	<b>(3,646)</b>

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.

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

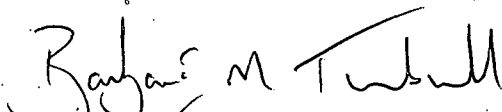


**BALANCE SHEET**  
 as at 31 December 2013

	Note	2013 £	2012 £
<b>Fixed assets</b>			
Investments in group undertakings	5	11	11
		<b>11</b>	<b>11</b>
<b>Current assets</b>			
Prepayments, accrued income and other assets	6	1,409	1,236
Cash at bank	7	183,061	187,886
<b>Total assets</b>		<b>184,481</b>	<b>189,133</b>
<b>Creditors: amounts falling due within one year</b>			
Amounts due to group undertakings	8	127,359	128,359
Accruals, deferred income and other liabilities	9	6,000	5,000
<b>Total liabilities</b>		<b>133,359</b>	<b>133,359</b>
<b>Equity: capital and reserves</b>			
Called up share capital	10	100	100
Profit and loss account		51,022	55,674
<b>Total shareholders' funds</b>		<b>51,122</b>	<b>55,774</b>
<b>Total liabilities and shareholders' funds</b>		<b>184,481</b>	<b>189,133</b>

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

The financial statements were approved by the Board of Directors on 27 June 2014 and signed on its behalf by:

  
 B. M. Turnbull  
 Director

**STATEMENT OF CHANGES IN EQUITY**  
for the year ended 31 December 2013

	Share capital £	Profit and loss account £	Total £
<b>At 1 January 2012</b>	100	59,320	59,420
Loss for the year	-	(3,646)	(3,646)
<b>At 31 December 2012</b>	<b>100</b>	<b>55,674</b>	<b>55,774</b>
Loss for the year	-	(4,652)	(4,652)
<b>At 31 December 2013</b>	<b>100</b>	<b>51,022</b>	<b>51,122</b>

Total comprehensive loss for the year of £4,652 (2012: £3,646) was wholly attributable to the owners of the Company.

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

**NOTES TO THE FINANCIAL STATEMENTS****1. Accounting policies****a) Preparation and presentation of financial**

These financial statements are prepared on a going concern basis and 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 101 Reduced Disclosure Framework (FRS 101). The Company meets the definition of a qualifying entity under Financial Reporting Standard 100 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 financial instruments, capital resources, 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 RBS Group, these financial statements are available to the public and can be obtained as set out in note 11.

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

There are a number of changes to IFRSs that were effective from 1 January 2013. They have had no material effect on the Company's financial statements for the year ended 31 December 2013.

**b) Taxation**

Income tax expense or income, comprising current tax and deferred tax, is recorded in the profit and loss account.

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.

**c) Investments in group undertakings**

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

**NOTES TO THE FINANCIAL STATEMENTS (continued)****1. Accounting policies (continued)****d) Financial assets**

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

**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. 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. 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.

**e) Impairment of financial assets**

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

**f) 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 d)

**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.

**Investment in group undertakings**

The recoverable amount of the investment in group undertakings is the higher of its fair value and value in use. Reviews of recoverable amounts indicated that an increase in discount rates would not cause any investments to be impaired.

## NOTES TO THE FINANCIAL STATEMENTS (continued)

## 3. Operating expenses

	2013 £	2012 £
Audit fees	6,000	5,000
Bank charges	60	45
	<b>6,060</b>	<b>5,045</b>

Other than the audit fees disclosed above, no additional remuneration was payable to the auditors for any other services (2012: £nil).

The directors of the Company do not receive remuneration for specific services provided to the Company (2012: £nil).

The average number of persons employed by the Company during the year was nil (2012: nil).

## 4. Tax

	2013 £	2012 £
<b>Current taxation:</b>		
UK corporation tax credit for the year	(1,409)	(1,236)
Under/(over) provision in respect of prior periods	1	(163)
Tax credit for the year	<b>(1,408)</b>	<b>(1,399)</b>

The actual tax credit differs from the expected tax credit computed by applying the blended UK corporation tax rate of 23.25% (2012: 24.5%) as follows:

	2013 £	2012 £
Expected tax credit	(1,409)	(1,236)
Non-deductible items	-	-
Transfer pricing adjustment	-	-
Adjustments in respect of prior periods	1	(163)
Actual tax credit for the year	<b>(1,408)</b>	<b>(1,399)</b>

The changes to tax rates and capital allowances proposed in recent years are not expected to have a material effect on the company.

## NOTES TO THE FINANCIAL STATEMENTS (continued)

## 5. Investments in group undertakings

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

	2013 £	2012 £
At 1 January and 31 December	11	11

The subsidiary undertakings of the Company are shown below. Their capital consists of ordinary shares.

Name of subsidiary	Country of incorporation and operation	Proportion of ownership interest %	Proportion of voting power held %	Principal activity
Gatehouse Way Developments Ltd	Great Britain	100	100	Property trading
Northants Developments Ltd	Great Britain	100	100	Property trading
Thrapston Triangle Ltd	Great Britain	100	100	Property trading
Walton Lake Developments Ltd	Great Britain	100	100	Property trading

## 6. Prepayments, accrued income and other assets

	2013 £	2012 £
Group relief receivable	1,409	1,236

## 7. Cash at bank

	2013 £	2012 £
Cash at bank	183,061	187,886

## 8. Amounts due to group undertakings

	2013 £	2012 £
KUC Properties Limited	127,359	128,359

## 9. Accruals, deferred income and other liabilities

	2013 £	2012 £
Accruals	6,000	5,000

## NOTES TO THE FINANCIAL STATEMENTS (continued)

## 10. Share capital

	2013 £	2012 £
Equity Shares		
Authorised:		
100 Ordinary Shares of £1	100	100
Allotted, called up and fully paid:		
100 Ordinary Shares of £1	100	100

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

## 11. Related parties

## UK Government

The UK Government through HM Treasury is the ultimate controlling party of the RBS 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 consist solely of UK corporation tax.

## Group undertakings

The Company's immediate parent company is KUC Properties Limited, a company incorporated in the UK and registered in Scotland. As at 31 December 2013 The Royal Bank of Scotland plc, a company incorporated in the UK and registered in Scotland, heads the smallest group in which the Company is consolidated. Copies of the consolidated accounts may be obtained from RBS Secretariat, The Royal Bank of Scotland Group plc, Gogarburn, PO Box 100, Edinburgh, EH12 1HQ.

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