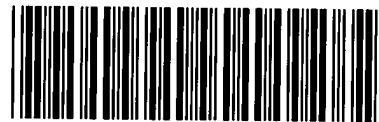


**Company Registered No: SC115060**

**RBS PROPERTY DEVELOPMENTS LIMITED**  
**ANNUAL REPORT AND FINANCIAL STATEMENTS**  
**For the year ended 31 December 2016**

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**RBS PROPERTY DEVELOPMENTS LIMITED**

**SC115060**

**OFFICERS AND PROFESSIONAL ADVISERS**

**DIRECTORS:**

A M Webb  
N T B Miller

**COMPANY SECRETARY:**

RBS Secretarial Services Limited

**REGISTERED OFFICE:**

36 St Andrew Square  
Edinburgh  
Scotland  
EH2 2YB

**INDEPENDENT AUDITOR:**

Ernst & Young LLP  
25 Churchill Place  
Canary Wharf  
London  
E14 5EY

**Registered in Scotland**

**DIRECTORS' REPORT**

The directors of RBS Property Developments Limited (the Company) present their annual report together with the audited financial statements for the year ended 31 December 2016.

**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.

**Principal activity**

The principal activity of the Company was that of a property development services company employed by The Royal Bank of Scotland plc (RBS plc) to undertake a number of branch and other property developments on its behalf.

**Business review**

There are no plans for the Company to begin any new property development projects in the foreseeable future and steps will now be taken to wind up the company in next 12 months.

**FINANCIAL PERFORMANCE**

The Company has not traded during the accounting period. It received no income and incurred no expenditure and consequently has made neither a profit nor a loss.

At the end of the year total assets were £3 (2015: £8).

**Dividends**

A dividend of £nil was paid during the year (2015: £ 22,891).

**PRINCIPAL RISKS AND UNCERTAINTIES**

The Company seeks to minimise its exposure to financial risks.

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

**Going Concern**

The directors, having taken into account their intention to liquidate the Company within the next 12 months, have prepared the financial statements on a basis other than that of going concern. The directors do not consider this basis of preparation has affected the recognition and measurement of the assets or liabilities of the Company.

**DIRECTORS AND COMPANY SECRETARY**

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

From 1 January 2016 to date, the following changes have taken place:

|                  | Appointed | Resigned      |
|------------------|-----------|---------------|
| <b>Directors</b> |           |               |
| R G Solomon      | -         | 21 March 2017 |

**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 (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 not been prepared on a going concern basis.

The directors are responsible for keeping adequate accounting records that are sufficient to show and explain the Company's transactions and disclose with reasonable accuracy at any time the financial position of the Company and to enable them to ensure that the Directors' Report and financial statements comply with the requirements of the Companies Act 2006. They are also responsible for safeguarding the assets of the Company and hence for taking reasonable steps for the prevention and detection of fraud and other irregularities.

**DISCLOSURE OF INFORMATION TO AUDITOR**

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

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

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

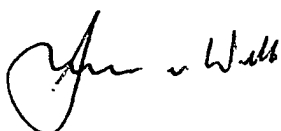
**DIRECTORS' INDEMNITIES**

The Royal Bank of Scotland Group plc has not indemnified any of the directors under the qualifying third party terms.

**INDEPENDENT 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:



**A M Webb**

Director

Date: 29 June 2017

## **INDEPENDENT AUDITOR'S REPORT TO THE MEMBERS OF RBS PROPERTY DEVELOPMENTS LIMITED**

We have audited the financial statements of RBS Property Developments Limited (the Company) for the year ended 31 December 2016 which comprise the Profit and Loss Account, the Balance Sheet, the Statement of Changes in Equity and the related notes 1 to 8. The financial reporting framework that has been applied in their preparation is applicable law and United Kingdom Accounting Standards (United Kingdom Generally Accepted Accounting Practice), including Financial Reporting Standard 101 'Reduced Disclosure Framework'. These financial statements have been prepared on a basis other than going concern as disclosed in Note 1 to the financial statements.

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

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

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

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

An audit involves obtaining evidence about the amounts and disclosures in the financial statements sufficient to give reasonable assurance that the financial statements are free from material misstatement, whether caused by fraud or error. This includes an assessment of: whether the accounting policies are appropriate to the Company's circumstances and have been consistently applied and adequately disclosed; the reasonableness of significant accounting estimates made by the directors; and the overall presentation of the financial statements. In addition, we read all the financial and non-financial information in the annual report to identify material inconsistencies with the audited financial statements and to identify any information that is apparently materially incorrect based on, or materially inconsistent with, the knowledge acquired by us in the course of performing the audit. If we become aware of any apparent material misstatements or inconsistencies we consider the implications for our report.

### **Opinion on financial statements**

In our opinion the financial statements:

- give a true and fair view of the state of the Company's affairs as at 31 December 2016 and of its result for the year then ended;
- have been properly prepared in accordance with United Kingdom Generally Accepted Accounting Practice, including Financial Reporting Standard 101 Reduced Disclosure Framework; and
- have been prepared in accordance with the requirements of the Companies Act 2006.

### **Opinion on other matter prescribed by the Companies Act 2006**

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

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

## **INDEPENDENT AUDITOR'S REPORT TO THE MEMBERS OF RBS PROPERTY DEVELOPMENTS LIMITED**

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

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

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

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

*Ernst & Young LLP*

Helen Joseph (Senior Statutory Auditor)  
for and on behalf of Ernst & Young LLP  
Statutory Auditor  
London, United Kingdom  
~~29 June 2017~~

*5 July 2017*

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

| <b>Discontinued operations</b>                            | <b>Note</b> | <b>2016<br/>£</b> | <b>2015<br/>£</b> |
|---|-------------|-------------------|-------------------|
| Operating expenses  | 3           | -                 | 27                |
| <b>Profit on ordinary activities before tax</b>           |             | -                 | 27                |
| Tax charge  | 4           | -                 | (6)               |
| <b>Profit and total comprehensive income for the year</b> |             | -                 | 21                |

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



**BALANCE SHEET**  
as at 31 December 2016

|   | Note | 2016<br>£ | 2015<br>£ |
|---|------|-----------|-----------|
| <b>Current assets</b>                                 |      |           |           |
| Amounts due from group undertakings                   | 5    | 3         | 3         |
| Cash at bank  |      | -         | 5         |
| <b>Total assets</b>                                   |      | <b>3</b>  | <b>8</b>  |
| <b>Creditors: amounts falling due within one year</b> |      |           |           |
| Current tax liabilities                               |      | -         | 6         |
| Amounts due to group undertakings                     | 6    | 1         | -         |
| <b>Total liabilities</b>                              |      | <b>1</b>  | <b>6</b>  |
| <b>Equity: capital and reserves</b>                   |      |           |           |
| Called-up share capital                               | 7    | 2         | 2         |
| <b>Total shareholders' funds</b>                      |      | <b>2</b>  | <b>2</b>  |
| <b>Total liabilities and shareholders' funds</b>      |      | <b>3</b>  | <b>8</b>  |

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

The financial statements of the Company were approved by the Board of Directors and authorised for issue on 29 June 2017 and signed on its behalf by:



A M Webb  
Director

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

|                                     | Share capital | Profit and loss<br>account | Total    |
|-------------------------------------|---------------|----------------------------|----------|
|                                     | £             | £                          | £        |
| <b>At 1 January 2015</b>            | 2             | 22,870                     | 22,872   |
| Profit for the year                 | -             | 21                         | 21       |
| Dividends paid                      | -             | (22,891)                   | (22,891) |
| <b>At 31 December 2015 and 2016</b> | <b>2</b>      | <b>-</b>                   | <b>2</b> |

Total comprehensive profit for the year of £nil (2015: £21) was wholly attributable to the owners of the Company.

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

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

These financial statements are prepared:

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

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

The Company is incorporated in the UK and registered in Scotland 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 regard to:
  - cash-flow statement;
  - standards not yet effective;
  - related party transactions.

Where required, equivalent disclosures are given in the group accounts 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 8.

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

**b) 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.

**c) Financial assets**

On initial recognition, financial assets are classified into 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, 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 less any impairment losses. 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.

## NOTES TO THE FINANCIAL STATEMENTS

**1. Accounting policies (continued)****d) 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.

**e) Financial liabilities**

On initial recognition financial liabilities are classified into held-for-trading; designated as at fair value through profit or loss; or amortised cost.

Other than derivatives, which are recognised and measured at fair value, all financial liabilities are measured at amortised cost using the effective interest method.

**f) 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.

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

**3. Operating expenses**

|              | 2016 | 2015 |
|--------------|------|------|
|              | £    | £    |
| Bank charges | -    | (27) |

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

All staff and directors were employed by The Royal Bank of Scotland Group plc, the financial statements for which contain full disclosure of employee benefit expenses incurred in the period including share based payments and pensions. The Company has no employees. The Company does not remunerate directors nor can remuneration from elsewhere in the group be apportioned meaningfully in respect of their services to the Company (2015: £nil).

The audit fee expense amounting to £3,039 for 2016 will be borne by RBS plc.

## NOTES TO THE FINANCIAL STATEMENTS

## 4. Tax

|  | 2016<br>£ | 2015<br>£ |
|--|-----------|-----------|
| <b>Current taxation:</b>               |           |           |
| UK corporation tax charge for the year | -         | 6         |

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

|                                | 2016<br>£ | 2015<br>£ |
|--------------------------------|-----------|-----------|
| Profit before tax for the year | -         | 27        |
| Expected tax charge            | -         | 6         |
| Actual tax charge for the year | -         | 6         |

## 5. Amounts due from group undertakings

|  | 2016<br>£ | 2015<br>£ |
|--|-----------|-----------|
| Parent: The Royal Bank of Scotland plc | 3         | 3         |

## 6. Amounts due to group undertakings

|  | 2016<br>£ | 2015<br>£ |
|--|-----------|-----------|
| Fellow subsidiary: National Westminster Properties No1 Limited | 1         | -         |

## 7. Share capital

|  | 2016<br>£  | 2015<br>£  |
|--|------------|------------|
| <b>Authorised:</b>                         |            |            |
| 25,000,000 Ordinary Shares of £1           | 25,000,000 | 25,000,000 |
| <b>Allotted, called up and fully paid:</b> |            |            |
| 2 Ordinary Shares of £1                    | 2          | 2          |

## NOTES TO THE FINANCIAL STATEMENTS

**8. 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 include the payment of: taxes including UK corporation tax and value added tax.

**Group undertakings**

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

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