

Company Registration No: 141822

WEST REGISTER (LAND) LIMITED

DIRECTORS' REPORT AND FINANCIAL STATEMENTS

31 December 2005



**Group Secretariat
The Royal Bank of Scotland Group plc
House F, Gogarburn, Edinburgh EH12 1HQ**

WEST REGISTER (LAND) LIMITED

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WEST REGISTER (LAND) LIMITED

OFFICERS AND PROFESSIONAL ADVISERS

DIRECTORS:

**Philip Andrew Carraro
David Edmund Cartledge
Andrew James Morris
Martin Spencer Nicholls
Derek Stephen Sach**

SECRETARY:

Mark Craig

REGISTERED OFFICE:

**24/25 St Andrew Square
Edinburgh EH2 1AF**

AUDITORS:

Deloitte & Touche LLP

Registered in Scotland

WEST REGISTER (LAND) LIMITED

DIRECTORS' REPORT

The directors present their annual report and the audited financial statements for the year ended 31 December 2005

REGISTERED OFFICE

On 11 November 2005, the registered office of the company changed from 42 St Andrew Square, Edinburgh EH2 2YE to 24/25 St Andrew Square, Edinburgh EH2 1AF

ACTIVITIES AND BUSINESS REVIEW

The company's principal activity is that of acquiring and developing property assets.

The loss for the period was £694,083 (2004 profit £2,269,316) and this was transferred to reserves. An interim dividend of £2,600,000 was paid during the year (2004 £nil)

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

DIRECTORS AND SECRETARY

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

From 1 January 2005 to date the following changes have taken place

	Appointed	Resigned
Directors		
Mark Andrew Lambert		10 March 2006
Andrew James Morris	7 September 2006	-
Martin Spencer Nicholls	13 December 2005	
Ernest Michael Sheavills		31 December 2005

DIRECTORS' RESPONSIBILITIES

The directors are required by the Companies Act 1985 to prepare accounts for each financial year and have elected to prepare them in accordance with International Financial Reporting Standards. They are responsible for preparing accounts that present fairly the financial position, financial performance, and cash flows of the company. In preparing these accounts, 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 applicable accounting standards have been followed, subject to any
material departures disclosed and explained in the accounts, and
prepare the financial statements on the going concern basis unless it is
inappropriate to presume that the company will continue in business

DIRECTORS' RESPONSIBILITIES (continued)

WEST REGISTER (LAND) LIMITED

DIRECTORS' RESPONSIBILITIES (continued)

The directors are responsible for keeping proper accounting records which 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 statement complies with the requirements of the Companies Act 1985. 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.

USE OF FINANCIAL INSTRUMENTS

The company's activities expose it to a variety of financial risks. The company's overall risk management programme focuses on the unpredictability of financial markets and seeks to minimise potential adverse effects on the company's financial performance.

Credit risk

The company is exposed to credit risk on its financial assets relating to amounts receivable from customers. The maximum exposure to credit risk on these assets is represented by the carrying amount of each financial asset and liability in the balance sheet.

The company does not use credit derivatives to hedge credit exposure. There has been no cumulative change in the fair value of loans and receivables attributable to changes in credit risk and there has been no change in the current period.

Liquidity risk

Liquidity management within the Group focuses on both overall balance sheet structure and control, within prudent limits, of risk arising from the mismatch of maturities across the balance sheet and from undrawn commitments and other contingent obligations.

Market risk

The company is not exposed to currency risk as all its assets and liabilities are UK based. It is exposed to fair value interest rate risk and price risk through assets and liabilities held, that could be affected by either risk.

The group manages the market risk through its market risk management framework, which is based on value at risk ("VaR") limits.

DIRECTORS' INDEMNITIES

In terms of Section 309c of The Companies Act 1985 (as amended), Philip Andrew Carraro and Derek Stephen Sach have been granted Qualifying Third Party Indemnity Provisions by The Royal Bank of Scotland Group plc.

WEST REGISTER (LAND) LIMITED

DIRECTORS' INTERESTS

No director had an interest in the shares of the company

The following directors were beneficially interested in the ordinary shares of The Royal Bank of Scotland Group plc

	As at 1 January 2005	As at 31 December 2005
P A Carraro	1,310	1,608
D E Cartledge	11,235	12,707
M A Lambert	676	872
M S Nicholls	13,357	13,357
D S Sach	90,924	93,147

Options to subscribe for ordinary shares of 25p each in The Royal Bank of Scotland Group plc granted to and exercised during the period by the following directors of the Company and connected persons are

	As at 1 January 2005	Granted during the period		Exercised during the period		As at 31 December 2005
		Options	Price	Options	Price	
P A Carraro	27,397					27,397
D E Cartledge	4,421	435	13 04	153	12 35	4,018
				685	9 85	6,682
M A Lambert	6,682					10,518
M S Nicholls	10,518					157,865
D S Sach	143,458	14,853	17 29	1,713	9 85	
		1,267	13 04			

No director had an interest in any of the preference shares of The Royal Bank of Scotland Group plc during the year to 31 December 2005

The following directors were beneficially interested in the Non Cumulative Dollar preference Shares, Series G of The Royal Bank of Scotland Group plc

	As at 1 January 2005	As at 31 December 2005
P A Carraro	300	300

Other than as disclosed, none of the directors in office at 31 December 2005 held any interest in the share or loan capital of the company or any other group company

* or date of appointment, if later

WEST REGISTER (LAND) LIMITED

POLICY AND PRACTICE ON PAYMENT OF CREDITORS

The company follows the policy and practice on payment of creditors determined by The Royal Bank of Scotland Group plc ('RBSG'), as outlined below

In the year ending 31 December 2006, RBSG will adhere to the following payment policy in respect of all suppliers RBSG is committed to maintaining a sound commercial relationship with its suppliers. Consequently, RBSG's policy to negotiate and agree terms and conditions with its suppliers, which includes the giving of an undertaking to pay suppliers within 30 days of receipt of a correctly prepared invoice submitted in accordance with the terms of the contract or such other payment period as may be agreed

ELECTIVE RESOLUTIONS

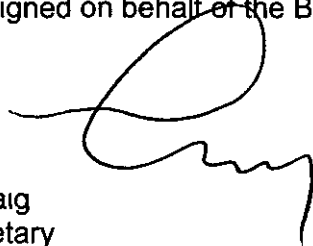
The company has elected to dispense with the requirement to hold annual general meetings, lay accounts before a general meeting and re appointment of auditors annually.

AUDITORS

Deloitte & Touche LLP have expressed their willingness to continue in office as auditors

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

M Craig
Secretary



Date 23 October 2006

¹ not required for small or medium sized companies unless the company is a subsidiary of a 'plc'

INDEPENDENT AUDITORS' REPORT TO THE MEMBERS OF WEST REGISTER (LAND) LIMITED

We have audited the financial statements of West Register (Land) Limited for the year ended 31 December 2005 which comprise the income statement, the balance sheet, the statement of changes in equity, the cash flow statement, the accounting policies and the related Notes 1 to 15. These financial statements have been prepared under the accounting policies set out therein.

This report is made solely to the Company's members, as a body, in accordance with section 235 of the Companies Act 1985. 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 auditors' 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 auditors

As described in the directors' report, the Company's directors are responsible for the preparation of the financial statements in accordance with applicable United Kingdom law and International Financial Reporting Standards ("IFRS") as adopted for use in the European Union. Our responsibility is to audit the financial statements in accordance with relevant United Kingdom legal and regulatory requirements and International Standards on Auditing (UK and Ireland).

We report to you our opinion as to whether the financial statements give a true and fair view in accordance with the relevant framework and whether the financial statements have been properly prepared in accordance with the Companies Act 1985. We also report to you if, in our opinion, the directors' report is not consistent with the financial statements, if the company has not kept proper accounting records, if we have not received all the information and explanations we require for our audit, or if information specified by law regarding directors' remuneration and transactions with the company and other members of the Group is not disclosed.

We read other information contained in the directors' report and the other information contained in the annual report and consider the implications for our report if we become aware of any apparent misstatements or material inconsistencies with the financial statements.

Basis of audit opinion

We conducted our audit in accordance with International Standards on Auditing (UK and Ireland) issued by the Auditing Practices Board. An audit includes examination, on a test basis, of evidence relevant to the amounts and disclosures in the financial statements. It also includes an assessment of the significant estimates and judgements made by the directors in the preparation of the financial statements, and of whether the accounting policies are appropriate to the circumstances of the company, consistently applied and adequately disclosed.

**INDEPENDENT AUDITORS' REPORT TO THE MEMBERS OF WEST REGISTER (LAND)
LIMITED (continued)**

We planned and performed our audit so as to obtain all the information and explanations which we considered necessary in order to provide us with sufficient evidence to give reasonable assurance that the financial statements are free from material misstatement, whether caused by fraud or other irregularity or error. In forming our opinion, we also evaluated the overall adequacy of the presentation of information in the financial statements.

Opinion

In our opinion the financial statements give a true and fair view of the state of the Company's affairs as at 31 December 2005 and of its loss for the year then ended in accordance with International Financial Reporting Standards as adopted for use in the European Union and have been properly prepared in accordance with the Companies Act 1985.

Deloitte + Touche LLP

Deloitte & Touche LLP
Chartered Accountants and Registered Auditors
London, England
Date *23 October 2006*

WEST REGISTER LAND LIMITED

INCOME STATEMENT

for the year ended 31 December 2005

	Notes	2005 £	2004 £
Continuing operations			
Revenue		694,554	6,793,674
Rental income		223,994	223,409
Cost of sales		(1,212,843)	(4,611,078)
OPERATING (LOSS)/PROFIT		<u>(294,295)</u>	<u>2,406,005</u>
Interest receivable	3	1,620	82,562
Interest payable	3	(153,373)	(300,806)
Administrative expenses		(211,782)	(148,127)
Unrealised gain	4	27,000	841,572
(LOSS)/PROFIT BEFORE TAX		<u>(630,830)</u>	<u>2,881,206</u>
Income tax expense	5	(63,253)	(611,890)
(LOSS)/PROFIT ATTRIBUTABLE TO ORDINARY SHAREHOLDERS		<u><u>(694,083)</u></u>	<u><u>2,269,316</u></u>

WEST REGISTER LAND LIMITED

BALANCE SHEET at 31 December 2005

	Notes	2005 £	2004 £
ASSETS			
Non-current Assets			
Investment properties	7	<u>3,382,000</u>	<u>3,355,000</u>
		<u>3,382,000</u>	<u>3,355,000</u>
Current Assets			
Development properties	8	167,776	425,223
Trade and other receivables	9	56,184	35,393
Deferred tax asset	10	90,329	78,842
Cash and cash equivalents		<u>1,257,380</u>	<u>5,230,220</u>
		<u>1,571,668</u>	<u>5,769,678</u>
TOTAL ASSETS		<u><u>4,953,668</u></u>	<u><u>9,124,678</u></u>
EQUITY AND LIABILITIES			
Current Liabilities			
Trade and other payables	11	36,968	244,935
Amounts owed to ultimate parent undertaking		3,982,876	4,307,715
Current tax liability		<u>74,740</u>	<u>418,860</u>
		<u>4,094,584</u>	<u>4,971,510</u>
TOTAL LIABILITIES		<u><u>4,094,584</u></u>	<u><u>4,971,510</u></u>
Equity			
Share capital	12	2	2
Retained earnings		<u>859,084</u>	<u>4,153,167</u>
TOTAL EQUITY		<u><u>859,086</u></u>	<u><u>4,153,169</u></u>
TOTAL EQUITY AND LIABILITIES		<u><u>4,953,668</u></u>	<u><u>9,124,679</u></u>

These financial statements were approved by the Board of Directors on 23 October 2006
Signed on behalf of the Board of Directors

Director



WEST REGISTER LAND LIMITED

STATEMENT OF CHANGES IN EQUITY
for the year ended 31 December 2005

	Share Capital £	Revaluation Reserve £	Retained Earnings £	Total £
Balance at 1 January 2004	2		1,883,850	1,883,852
Implementation of IFRS				
Opening total equity as restated	<u>2</u>	<u></u>	<u>1,883,850</u>	<u>1,883,852</u>
Revaluation of investment properties		841,572		841,572
Transfer to profit and loss account on implementation of IFRS		(841,572)		(841,572)
Profit for the year			2,269,316	2,269,316
Total recognised income and expense for the year	<u></u>	<u></u>	<u>2,269,316</u>	<u>2,269,316</u>
Balance at 1 January 2005	<u>2</u>	<u></u>	<u>4,153,167</u>	<u>4,153,169</u>
Loss for the year			(694,083)	(694,083)
Total recognised income and expense for the year	<u></u>	<u></u>	<u>(694,083)</u>	<u>(694,083)</u>
Dividends			(2,600,000)	(2,600,000)
Balance at 31 December 2005	<u>2</u>	<u></u>	<u>859,084</u>	<u>859,086</u>

WEST REGISTER LAND LIMITED

CASH FLOW STATEMENT for the year ended 31 December 2005

	2005 £	2004 £
Operating activities		
(Loss)/profit before tax	(630,830)	2,881,206
Adjustments for		
Increase in fair value of investment property	(27,000)	(841,572)
Interest payable	153,373	300,806
Interest receivable	(1,620)	(82,562)
Operating cash flows before movement in working capital	(506,077)	2,257,878
(Increase)/decrease in receivables	(20,791)	188,766
(Decrease) in payables	(217,015)	128,905
Cash (used in)/from operations	(743,883)	2,575,549
Taxes paid	(418,860)	(815,918)
Interest paid	(144,325)	(241,016)
Cash flows (used in)/ from operating activities	(1,307,068)	1,518,615
Investing activities		
Bank interest received	1,620	82,562
Acquisition of development properties	(474,215)	
Proceeds on disposals of development properties	731,662	1,137,239
Cash flows from investing activities	259,067	1,219,801
Financing activities		
Dividends paid	(2,600,000)	
Repayments of borrowings	(324,839)	(4,025,996)
Net cash used in financing activities	(2,924,839)	(4,025,996)
Net increase/ (decrease) in cash and cash equivalents	(3,972,841)	(1,287,580)
Cash and cash equivalents at the beginning of the year	5,230,221	6,517,800
Cash and cash equivalents at the end of the year	1,257,380	5,230,221

WEST REGISTER LAND LIMITED

NOTES TO THE ACCOUNTS

for the year ended 31 December 2005

1 GENERAL

West Register (Land) Limited is a company incorporated in the Great Britain under the Companies Act 1985. The address of the registered office is on page 1. The nature of the Company's operations and its principal activities are set out in the Directors' Report.

2 ACCOUNTING POLICIES

The financial statements have, for the first time, been prepared in accordance with International Financial Reporting Standards (IFRS) adopted by the International Accounting Standards Board (IASB), and interpretations issued by the International Financial Reporting Interpretations Committee of the IASB. The financial statements have been prepared in accordance with IFRSs adopted for use in the European Union and therefore comply with Article 4 of the EU IAS regulation. The date of transition to IFRS for the Group and the date of its opening IFRS balance sheet was 1 January 2004.

There were no differences in equity at 1 January 2004 or 31 December 2004, or in the income statement for the year ended 31 December 2004, between UK GAAP and IFRS. Consequently no reconciliations between UK GAAP and IFRS at these dates have been provided.

The particular accounting policies adopted are described below.

Accounting convention

The financial statements are prepared under the historical cost convention, in compliance with the Companies Act 1985.

Investment properties

Investment property, which is property held to earn rentals and/or for capital appreciation, is stated at its fair value at the balance sheet date. Gains or losses arising from changes in the fair value of investment property are included in the income statement for the period in which they arise.

Development properties

Development properties are stated at the lower of cost and net realisable value. Cost comprises the purchase cost of land and building development.

Profit on the sale of development properties is not taken until the substantial completion of each development phase. Profit is stated after the provision for known losses and contingencies.

Revenue

Revenue comprises amounts from the sale of properties exclusive of value added tax.

All revenue arises from operations situated in the United Kingdom.

Rental income is receivable on a straight line basis under operating leases, exclusive of value added tax.

WEST REGISTER LAND LIMITED

NOTES TO THE ACCOUNTS

for the year ended 31 December 2005

Taxation

Provision is made for taxation at current enacted rates on taxable profits, arising in income or in equity, taking into account relief for overseas taxation where appropriate. Deferred taxation is accounted for in full for all temporary differences between the carrying amount of an asset or liability for accounting purposes and its carrying amount for tax purposes, except in relation to overseas earnings where remittance is controlled by the Group, and goodwill.

Deferred tax assets are only recognised to the extent that it is probable that they will be recovered.

Accounting Developments

International Financial Reporting Standards

As at the date of authorisation of these financial statements, the following Standards which have not been applied in these financial statements were in issue but not yet effective:

- IFRS 7 Financial Instruments Disclosures, and
- the related amendment to IAS 1 on capital disclosures

The directors anticipate that the adoption of these Standards in future periods will have no material impact on the financial statements except for additional disclosures on capital and financial instruments when the relevant standards come into effect for periods commencing on or after 1 January 2007.

3. INTEREST RECEIVABLE AND INTEREST PAYABLE

Interest receivable relates to bank deposits with the ultimate parent entity.

Interest payable and similar charges relate to transactions with the ultimate parent entity.

4. OPERATING PROFIT

Profit before tax is stated after charging the following:

	2005 £	2004 £
Auditors' remuneration – audit services		4,000

The directors received no emoluments from the Company during the current and prior year.

The Company has no employees (2004: none).

WEST REGISTER LAND LIMITED

NOTES TO THE ACCOUNTS for the year ended 31 December 2005

5. INCOME TAX EXPENSE	2005 £	2004 £
Current tax		
Income tax charge/(credit) for the year	(172,084)	419,340
Under/(over) provision in respect of prior periods	246,824	(11,065)
Current tax charge for the period	<u>74,740</u>	<u>408,275</u>
Deferred tax:		
Credit/charge for the year	(17,165)	192,550
Under provision in respect of prior periods	5,678	11,065
	<u>(11,487)</u>	<u>203,615</u>
Income tax (expense)/credit	<u>63,253</u>	<u>611,890</u>

The actual tax charge differs from the expected tax charge computed by applying the standard UK corporation tax rate of 30% (2004 30%) as follows

	2005 £	2004 £
Expected tax charge	(189,249)	864,362
Non taxable items		(252,472)
Adjustments in respect of prior periods	252,502	
Actual tax charge	<u>63,253</u>	<u>611,890</u>

6. DIVIDEND PAID

On 21 December 2005, a dividend of 130,000,000 pence per share (total dividend £2,600,000) was paid. No dividends were paid in 2004.

7. INVESTMENT PROPERTIES	2005 £	2004 £
At 1 January	3,355,000	
Transfers from development assets		2,513,428
Increase in fair value	27,000	841,572
At 31 December	<u>3,382,000</u>	<u>3,355,000</u>

The investment properties have been valued as at 31 December 2005 by the Directors who confirm the value of the properties shown in the accounts approximates to the open market value of the properties.

WEST REGISTER LAND LIMITED

NOTES TO THE ACCOUNTS

for the year ended 31 December 2005

8. DEVELOPMENT PROPERTIES

	2005 £	2004 £
At 1 January	425,223	4,075,890
Acquisitions	474,215	
Disposals	(731,662)	(1,137,239)
Transfers to investment properties		(2,513,428)
	<u>167,776</u>	<u>425,223</u>

The cost of assets on the income statement are determined with inclusion of ancillary expenses relating to the sale transactions

9. TRADE AND OTHER RECEIVABLES

	2005 £	2004 £
Prepayments and other assets	24,581	5,067
VAT receivable	31,603	30,326
	<u>56,184</u>	<u>35,393</u>

10. DEFERRED TAX ASSET

Provision for deferred taxation has been made as follows

	Capital Allowances £	Total £
At 1 January 2004 under UK GAAP	282,457	282,457
Implementation of IFRS	<u>282,457</u>	<u>282,457</u>
At 1 January 2004 restated	(203,615)	(203,615)
Debit to income statement	78,842	78,842
At 1 January 2005	11,487	11,487
Credit to income statement	<u>90,329</u>	<u>90,329</u>
At 31 December 2005		

11. TRADE AND OTHER PAYABLES

	2005 £	2004 £
Payables	27,920	185,145
Accruals and deferred income	9,048	59,790
	<u>36,968</u>	<u>244,935</u>

WEST REGISTER LAND LIMITED

NOTES TO THE ACCOUNTS
for the year ended 31 December 2005

12. SHARE CAPITAL

	2005 £	2004 £
Authorised		
1,000 ordinary shares of £1 each	1,000	1,000
Called up, allotted and fully paid		
2 ordinary shares of £1 each		
At the beginning of the year	2	2
Issued in the year		
At the end of the year	2	2

13. RELATED PARTY TRANSACTIONS

Related parties comprise group companies, companies with common directorships and directors and directors of the company. Details of transactions with related parties during the year are as follows

2005	Opening Balance £	Receipts/ (Payments) £	Income/ (Expenses) £	Interest Received/ (Paid) £	Closing Balance £
Banking members of the group	5,230,221	(4,228,665)	885,035	1,620	1,888,210
Amounts due to ultimate parent company	(922,506)	2,918,247	252,298	(153,373)	2,094,666
Total	<u>4,307,715</u>	<u>(1,310,418)</u>	<u>1,137,333</u>	<u>(151,753)</u>	<u>3,982,876</u>
2004					
Accounts with					
Banking members of the group	6,517,800	(6,007,064)	4,636,922	82,562	5,230,221
Amounts due to ultimate parent company	1,208,911	(4,211,430)	2,380,819	(300,806)	(922,506)
Total	<u>7,726,711</u>	<u>(10,218,494)</u>	<u>7,017,741</u>	<u>(218,244)</u>	<u>4,307,715</u>

NOTES TO THE ACCOUNTS
for the year ended 31 December 2005

14 ULTIMATE PARENT COMPANY

The Company's ultimate holding company, ultimate controlling party and the parent of the largest group into which the company is consolidated is The Royal Bank of Scotland Group plc which is incorporated in Great Britain and registered in Scotland. Financial Statements for The Royal Bank of Scotland Group plc can be obtained from The Royal Bank of Scotland Group plc, Gogarburn, Edinburgh, EH12 1HQ

The smallest subgroup into which the Company is consolidated has as its parent company The Royal Bank of Scotland plc, a company incorporated in Great Britain and registered in Scotland. Copies of the consolidated financial statements for this subgroup can be obtained from The Royal Bank of Scotland Group plc, Gogarburn, Edinburgh, EH12 1HQ

15 EVENTS AFTER THE BALANCE SHEET DATE

There have been no significant events between the year end and the date of approval of the accounts which would require a change or additional disclosure in the accounts