REGISTERED NUMBER: SC192466 (Scotland)

Report of the Directors and

Financial Statements for the Year Ended 31 December 2010

for

Land Options (West) Limited

Land Options (West) Limited (Registered number: SC192466)

Contents of the Financial Statements
for the Year Ended 31 December 2010

Land Options (West) Limited

Company Information
for the Year Ended 31 December 2010

DIRECTORS:	B I M Turnbull I F Nicol J M Rowney D C Grant
SECRETARY:	A J Nicholson
REGISTERED OFFICE:	24/25 St. Andrew Square Edinburgh EH2 1AF
REGISTERED NUMBER:	SC192466 (Scotland)
AUDITOR:	Deloitte LLP Chartered Accountants and Statutory Auditor Glasgow, United Kingdom

Land Options (West) Limited (Registered number: SC192466)

Report of the Directors
for the Year Ended 31 December 2010

The directors present their report and the audited financial statements of the company for the year ended 31 December 2010.

The directors' report has been prepared in accordance with the provisions applicable to companies entitled to the small companies exemption.

PRINCIPAL ACTIVITY
The principal activity of the company is to buy and sell development land, properties and options over land.

REVIEW OF BUSINESS
The results for the year and financial position of the company are as shown in the annexed financial statements.

The company's financial performance is presented in the profit and loss account on page 6. The retained loss for the year was £43,925 (2009: retained loss £31,653). At the end of the year, the financial position showed total assets of £19,333,654 (2009: £19,064,578) and shareholders' deficit of £1,393,794 (2009: £1,349,869).

The directors are satisfied with the development of the company's activities during the year as the development and subsequent sale of the land remains a long term project and profits can only be achieved in the future once assets are sold.

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

On 29 June 2011 the company became a 100% subsidiary of The Royal Bank of Scotland plc via its subsidiaries. Further details are included in note 15 to the financial statements.

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 interim announcement of The Royal Bank of Scotland Group plc for six months ended 30 June 2011, approved on 5 August 2011, which was prepared on a going concern basis.

DIVIDENDS
No dividends will be distributed for the year ended 31 December 2010 (2009: £nil).

DIRECTORS
B I M Turnbull has held office during the whole of the period from 1 January 2010 to the date of this report.

Other changes in directors holding office are as follows:

R A Elliott - resigned 6/9/10
T Walker – resigned 29/6/11
L W B Samuel – resigned 29/6/11
J M Rowney – appointed 29/6/11
I F Nicol - appointed 6/9/10
D C Grant – appointed 29/6/11

FINANCIAL RISK MANAGEMENT

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 at the balance sheet date. There is no significant concentration of credit risk at the balance sheet date.

Liquidity risk

Liquidity management within the company 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.

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.

Market risk

The company is not exposed to currency risk as all its assets and liabilities are based in local currency. It is exposed to fair value interest rate risk on short term borrowing.

Related Parties

The directors have reviewed major transactions and also the existence of related parties during the year and note the related party transactions arising as per note 13 to the financial statements.

NON FINANCIAL RISK MANAGEMENT

The directors are aware of the increased business risk with respect to the properties under development and are taking appropriate steps to mitigate those risks.

DIRECTORS INDEMNITIES

In terms of section 236 of the Companies Act 2006, none of the directors has been granted Qualifying Third Party Indemnity Provisions by The Royal Bank of Scotland Group plc.

STATEMENT OF DIRECTORS' RESPONSIBILITIES
The directors are responsible for preparing the Report of the Directors and the financial statements in accordance with applicable law and regulations.

Company law requires the directors to prepare financial statements for each financial year. Under that law the directors have elected to prepare the financial statements in accordance with United Kingdom Generally Accepted Accounting Practice (United Kingdom Accounting Standards and applicable law). Under company law the directors must not approve the financial statements unless they are satisfied that they give a true and fair view of the state of affairs of the company and of 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 accounting estimates that are reasonable and prudent;
- prepare the financial statements on the going concern basis unless it is inappropriate to presume that the company will continue in business.

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 enable them to ensure that the financial statements comply with 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.

STATEMENT AS TO DISCLOSURE OF INFORMATION TO THE AUDITOR
Each of the directors at the date of approval of this report confirms that:

a) so far as he/she is aware there is no relevant audit information of which the company's auditor is unaware; and
b) the director has taken all the steps that he/she ought to have taken to make himself/herself 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.

AUDITOR
Deloitte LLP have expressed their willingness to continue in office as auditor.

This report has been prepared in accordance with the special provisions of section 417(1) of the Companies Act 2006 relating to small companies.

ON BEHALF OF THE BOARD:

Barbara M Turnbull
....
B I M Turnbull

Date: 6 December 2011

Report of the Independent Auditor to the Shareholders of
Land Options (West) Limited

We have audited the financial statements of Land Options (West) Limited for the year ended 31 December 2010 which comprise the Profit and Loss Account, the Balance Sheet and the related notes 1 to 15. 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).

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 a Report of the Auditor 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 Statement of Directors' Responsibilities, 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.

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 2010 and of its loss for the year then ended;
- have been properly prepared in accordance with United Kingdom Generally Accepted Accounting Practice; and
- have been prepared in accordance with the requirements of the Companies Act 2006.

Opinion on other matter prescribed by the Companies Act 2006
In our opinion the information given in the Report of the Directors for the financial year for which the financial statements are prepared is consistent with the financial statements.

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 prepare the financial statements in accordance with the small companies regime and take advantage of the small companies' exemption in preparing the Report of the Directors.

David Clark

David Claxton ACA (Senior Statutory Auditor)
for and on behalf of Deloitte LLP
Chartered Accountants and Statutory Auditor
Glasgow, United Kingdom

Date: 9 December 2011

Land Options (West) Limited (Registered number: SC192466)

Profit and Loss Account
for the Year Ended 31 December 2010

	Notes	31.12.10 £	31.12.09 £
Administrative expenses		(43,925)	(31,653)
OPERATING LOSS ON ORDINARY ACTIVITIES BEFORE TAXATION	3	(43,925)	(31,653)
Tax on loss on ordinary activities	4	-	-
LOSS FOR THE FINANCIAL YEAR		(43,925)	(31,653)

CONTINUING OPERATIONS
All items on the profit and loss account relate to continuing operations.

TOTAL RECOGNISED GAINS AND LOSSES
The company has no recognised gains or losses other than the losses for the current year or previous year.

The notes form part of these financial statements

Land Options (West) Limited (Registered number: SC192466)

Balance Sheet
31 December 2010

	Notes	31.12.10 £	31.12.09 £
CURRENT ASSETS			
Development assets	5	19,328,827	19,009,986
Debtors	6	4,827	54,592
		19,333,654	19,064,578
CREDITORS			
Amounts falling due within one year	7	(15,828,448)	(15,515,447)
NET CURRENT ASSETS		3,505,206	3,549,131
TOTAL ASSETS LESS CURRENT LIABILITIES		3,505,206	3,549,131
CREDITORS			
Amounts falling due after more than one year	8	(4,899,000)	(4,899,000)
NET LIABILITIES		(1,393,794)	(1,349,869)
CAPITAL AND RESERVES			
Called up share capital	10	1,000	1,000
Profit and loss account	11	(1,394,794)	(1,350,869)
SHAREHOLDERS' DEFICIT	12	(1,393,794)	(1,349,869)

The financial statements have been prepared in accordance with the special provisions of Part 15 of the Companies Act 2006 relating to small companies.

The financial statements of Land Options (West) Limited, registered number SC192466 were approved by the Board of Directors on 6 December 2011 and were signed on its behalf by:

Rodger M Turnbull

~~B I M Turnbull~~

The notes form part of these financial statements

1. ACCOUNTING POLICIES

Basis of preparing the financial statements
Land Options (West) Limited is a company incorporated in the United Kingdom under Companies Act 2006. The address of the registered office is detailed on page 1. The nature of the company's operations and its principal activities are set out in the directors' report. The financial statements have been prepared in accordance with applicable United Kingdom law and accounting standards. A summary of the more important accounting policies adopted by the company and applied consistently in the current and prior year is set out below.

GOING CONCERN
The accounts have been prepared on the going concern basis which assumes that the business will continue in operation for the foreseeable future. The company meets its day to day working capital requirements through loan facilities that are repayable on demand. The directors, having made such enquiries as they considered appropriate, have prepared the financial statements on a going concern basis. They considered the interim announcement of The Royal Bank of Scotland Group plc for the six months ended 30 June 2011, approved on 5 August 2011, which was prepared on a going concern basis.

Accounting convention
The accounts are prepared under the historical cost convention and in compliance with the Companies Act 2006 and applicable United Kingdom Accounting Standards.

Development assets
Development assets are stated at the lower of cost and net realisable value. Cost includes the cost of purchasing the land, property or options over land and capitalised expenditure associated with obtaining planning permission. Cost includes interest on monies borrowed directly to finance the acquisition of assets/costs included within development assets.

Taxation
Current tax, including UK corporation tax and foreign tax, is provided at amounts expected to be paid (or recovered) using the tax rates and laws that have been enacted or substantively enacted by the balance sheet date.

Deferred tax is recognised in respect of all timing differences that have originated but not reversed at the balance sheet date where transactions or events that result in an obligation to pay more tax in the future or a right to pay less tax in the future have occurred at the balance sheet date. Timing differences are differences between the company's taxable profits and its results as stated in the financial statements that arise from the inclusion of gains and losses in tax assessments in periods different from those in which they are recognised in the financial statements.

Cashflow statement
The company meets the requirement of a small company as defined in the Companies Act 2006. Consequently, the company is exempt under the terms of the Financial Reporting Standard No.1 from publishing a cashflow statement.

Turnover
Turnover represents the proceeds from the sale of development assets, exclusive of value added tax, and is derived from activities in the United Kingdom.

Finance costs
Finance costs of debt are recognised in the profit and loss account over the term of such instruments at a constant rate on the carrying amount. Finance costs which are directly attributable to the construction of development assets are capitalised as part of the cost of those assets. The commencement of capitalisation begins when both finance costs and expenditures for the asset are being incurred and activities that are necessary to get the assets ready for use are in progress. Capitalisation ceases when substantially all the activities that are necessary to get the asset ready for use are complete.

2. STAFF COSTS

There were no staff costs for the year ended 31 December 2010 nor for the year ended 31 December 2009.

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3. OPERATING LOSS

The operating loss is stated after charging:

	31.12.10	31.12.09
	£	£
Auditors' remuneration	8,000	2,000

Auditors' remuneration is solely for audit services (2009: same).

The directors received no emoluments for services to the company during the current and prior periods.

The company had no employees during the current and prior periods.

4. TAXATION

Analysis of the tax charge
No liability to UK corporation tax arose on ordinary activities for the year ended 31 December 2010 nor for the year ended 31 December 2009.

Factors affecting the tax charge
The tax assessed for the year is higher than the standard rate of corporation tax in the UK. The difference is explained below:

	31.12.10	31.12.09
	£	£
Loss on ordinary activities before tax	(43,925)	(31,653)
Loss on ordinary activities multiplied by the standard rate of corporation tax in the UK of 28%	(12,299)	(8,863)
Effects of:		
Tax losses not utilised	12,299	8,863
Current tax charge	-	-

Deferred tax asset in respect of losses carried forward has not been recognised in the financial statements. Had it been recognised, the deferred tax asset would have amounted to £389,423 (2009: £377,124).

5. DEVELOPMENT ASSETS

	31.12.10	31.12.09
	£	£
Development assets	19,328,827	19,009,986

Cost includes capitalised interest of £1,139,852 (2009: £867,919).

6. DEBTORS: AMOUNTS FALLING DUE WITHIN ONE YEAR

	31.12.10	31.12.09
	£	£
VAT	4,827	54,592

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7. CREDITORS: AMOUNTS FALLING DUE WITHIN ONE YEAR

	31.12.10	31.12.09
	£	£
Bank loans and overdrafts (see note 9)	1,992,069	1,980,920
Trade creditors	12,678	-
Other loans	12,658,949	12,646,158
Accrued expenses	1,164,752	888,369
	15,828,448	15,515,447

The overdraft facility is secured by a Bond and Floating charge over the company's assets and property as a whole. No interest is charged on these overdraft facilities.

Other loans represents a loan from a third party which is secured by standard securities over certain of the company's assets. Interest has been charged at prevailing commercial rates.

8. CREDITORS: AMOUNTS FALLING DUE AFTER MORE THAN ONE YEAR

	31.12.10	31.12.09
	£	£
Subordinated debt	4,899,000	4,899,000

The subordinated debt is interest free and repayable on winding up of the company.

9. LOANS

An analysis of the maturity of loans is given below:

	31.12.10	31.12.09
	£	£
Amounts falling due within one year or on demand:		
Bank overdrafts	1,992,069	1,980,920
Other loans	12,658,949	12,646,158

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10. CALLED UP SHARE CAPITAL

Allotted, issued and fully paid:

Number:	Class:	Nominal value:	31.12.10 £	31.12.09 £
250	'A' Ordinary Shares	£1	250	250
500	'B' Ordinary Shares	£1	500	500
250	'C' Ordinary Shares	£1	250	250
			1,000	1,000

The A, B and C ordinary shares constitute different classes of shares and confer upon the holders the same rights and rank pari passu in all respects, with the following exceptions.

On a poll, the holders of the A shares as a class shall be entitled to cast five hundred votes, and the holders of the B as a class shall be entitled to cast five hundred votes.

The C shareholders are entitled to direct how the A shareholders vote 250 votes at any General Meeting.

The A and B shareholders may each appoint two directors and may not remove directors appointed by each other.

11. RESERVES

	Profit and loss account £
At 1 January 2010	(1,350,869)
Loss for the financial year	(43,925)
At 31 December 2010	(1,394,794)

12. RECONCILIATION OF MOVEMENTS IN SHAREHOLDERS' DEFICIT

	31.12.10 £	31.12.09 £
Loss for the financial year	(43,925)	(31,653)
Net increase of shareholders' deficit	(43,925)	(31,653)
Opening shareholders' deficit	(1,349,869)	(1,318,216)
Closing shareholders' deficit	(1,393,794)	(1,349,869)

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13. RELATED PARTY DISCLOSURES

The directors have reviewed major transactions and also the existence of related parties during the year and note the related party transactions arising.

During the year the company utilised an overdraft facility provided by The Royal Bank of Scotland plc, the ultimate parent company of KUC Properties Limited. As at 31 December 2010 the bank overdraft was £1,992,069 (2009: £1,980,920). No interest was charged on this facility by The Royal Bank of Scotland plc. There were no transactions with KUC Properties Limited or Dundas Development Company Limited in the current or prior year. As at 31 December 2010, the company owed £4,899,000 (2009: £4,899,000) to the shareholders in the form of subordinated loans. These loans are currently shown within Subordinated debt in note 8 of the financial statements.

On 1 December 2008, the UK Government through HM Treasury became the ultimate controlling party of The Royal Bank of Scotland Group plc. The UK Government's shareholding is managed by UK Financial Investments Limited, a company wholly owned by the UK Government. As a result, the UK Government and UK Government controlled bodies became related parties of the company.

Transactions between the company, and the UK Government and UK Government controlled bodies, consisted solely of value added tax recoverable totalling £48,948 (2009: £235,687). At the year end the company was owed £4,827 (2009: £54,592) from the UK Government in respect of repayable value added tax, which is separately disclosed in Note 6.

14. IMMEDIATE AND ULTIMATE PARENT COMPANIES

At 31 December 2010 the company was a joint venture and was jointly controlled by KUC Properties Limited and Dundas Development Company Limited, both of which are incorporated in Great Britain and registered in Scotland.

The ultimate holding company, ultimate controlling party and the parent of the largest group into which KUC Properties Limited is consolidated, is The Royal Bank of Scotland Group plc, which is incorporated in Great Britain and registered in Scotland.Copies of the 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 KUC Properties Limited 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.

The ultimate controlling party and the parent of the largest and smallest group into which Dundas Development Company Limited is consolidated, is Kelvin Holdings Limited which is incorporated in Great Britain and registered in Scotland. Copies of the financial statements for Kelvin Holdings Limited can be obtained from Kelvin Holdings Limited, Unit 17F, Burnhouse Industrial Estate, Whitburn, West Lothian, EH47 0LL.

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15. EVENTS AFTER THE BALANCE SHEET DATE

Parent company
On 29 June 2011 the company became a 100% subsidiary of The Royal Bank of Scotland plc via its subsidiaries. Immediately prior to this, a sum of £1.4m was written off the third party loan account balance (note 7) which resulted in net liabilities at 29 June 2011 being reduced to £13,683 (unaudited). Also on 29 June 2011 the third party loan noted above and at note 7 became a related party loan as the third party came under the control of The Royal Bank of Scotland plc.

UK corporation tax rate changes
The Finance Bill 2010 was published on 1 July 2010 and included a reduction in the main rate of corporation tax for the financial year beginning 1 April 2011 from 28% to 26%. The Finance Bill 2011 was published on 31 March 2011 and included a further reduction in the main rate of corporation tax for the financial year beginning 1 April 2012 from 26% to 25%. These tax law changes have been substantively enacted. There is currently no impact of this change on tax recognised in the company's financial statements.

The Government has also indicated that it intends to enact future statements in the main tax rate of 1% each year down to 23% by 1 April 2014. The impact on the financial statements will be dependent on the deferred tax position at that time and will be recognised when the relevant legislation is substantively enacted.