Company Registered No: SC192466

LAND OPTIONS (WEST) LIMITED

ANNUAL REPORT AND FINANCIAL STATEMENTS

For the year ended 31 December 2016

Template Guidance Notes

Mandatory iXBRL tags. This table must not be deleted		
1	Company name	Tagged on cover page
2	Company registered number	Tagged on cover page
3	Period start date	1 January 2016
4	Period end date	31 December 2016
5	Balance Sheet date	31 December 2016
6	Dormant/non-dormant indicator	false
7	Trading/non-trading indicator	true
8	Profit or loss for the period	Tagged in main document
9	Name of director signing Directors' report	Tagged in main document
10	Date of signing Directors' report	Tagged in main document
11	Name of director signing Balance Sheet	Tagged in main document
12	Balance Sheet date of approval	DD MM 2016
13	Description of body authorising accounts	Board of Directors
14	Accounts status, audited or unaudited	See Dimension
15	Accounts type, full or abbreviated	See Dimension
16	Legal form of entity	See Dimension
17	Accounting standards applied	See Dimension

CONTENTS

OFFICERS AND PROFESSIONAL ADVISERS

DIRECTORS:	J M Rowney D C Grant
COMPANY SECRETARY:	A Nicholson
REGISTERED OFFICE:	24/25 St Andrew Square Edinburgh EH2 1AF
INDEPENDENT AUDITOR:	Ernst & Young LLP Chartered Accountants and Statutory Auditor 25 Churchill Place Canary Wharf London E14 5EY

Registered in Scotland

DIRECTORS' REPORT

ACTIVITIES AND BUSINESS REVIEW

This 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.

Activity

The principal activity of the Company continues to be the developing and selling of development land, properties and options over land.

Review of the year

Business review
The directors are satisfied with the Company's performance in the year. The Company will be guided by its shareholders.

Financial performance
The Company's financial performance is presented in the profit and loss account on page 9.

Income grew by £6,900k (2015: £950k decrease) and administrative expenses decreased by £457k (2015: £99k increase). After impairment provisions of £nil (2015: £1,759k), the profit for the year was £1,565k (2015: £2,241k loss).

The directors do not recommend payment of a dividend for the year (2015: £nil)

At the end of the year, the balance sheet showed total assets of £1,064k (2015: £9,260k), including development property of £487k (2015: £6,448k) representing an decrease of 92%, together representing an decrease of 88%. Total shareholders' funds were a deficit of £9,055k (2015: a deficit of £10,620k).

Principal risks and uncertainties
The Company seeks to minimise its exposure to financial risks other than credit risk.

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

The Company is funded by facilities from The Royal Bank of Scotland plc. These are denominated in sterling which is the functional currency and carry no significant financial risk.

The Company's assets mainly comprise development properties which would expose it to market risk and credit except that the counterparties are group companies and credit risk is not considered significant.

DIRECTORS' REPORT

Interest rate risk

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

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

Credit risk

The objective of credit risk management is to enable the Company to achieve appropriate risk versus reward performance whilst maintaining credit risk exposure in line with approved appetite for the risk that customers will be unable to meet their obligations to the Company.

The key principles of the group's Credit Risk Management Framework are set out below

- Approval of all credit exposure is granted prior to any advance or extension of credit.
- An appropriate credit risk assessment of the customer and credit facilities is undertaken prior to approval of credit exposure. This includes a review of, amongst other things, the purpose of credit and sources of repayment, compliance with affordability tests, repayment history, capacity to repay, sensitivity to economic and market developments and risk-adjusted return.
- Credit risk authority is delegated by the Board and specifically granted in writing to all individuals involved in the granting of credit approval. In exercising credit authority, the individuals act independently of any related business revenue origination.
- All credit exposures, once approved, are effectively monitored and managed and reviewed periodically against approved limits. Lower quality exposures are subject to a greater frequency of analysis and assessment.

Liquidity risk

Liquidity risk arises where assets and liabilities have different contractual maturities. Management focuses on risk arising from the mismatch of maturities across the balance sheet and from undrawn commitments and other contingent obligations.

Market risk

Market risk is the potential for loss as a result of adverse changes in risk factors including interest rates and equity prices together with related parameters such as market volatilities.

The principal market risk to which the Company is exposed is interest rate, and is mitigated by monitoring consistency in the interest rate profile of its assets and liabilities.

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 accounts of The Royal Bank of Scotland Group plc for the year ended 31 December 2016, approved on 23 February 2017 which were prepared on a going concern basis.

DIRECTORS AND SECRETARY

The present directors and secretary, who have served throughout the year are listed on page 3.

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.

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
- directors have taken all the steps that they ought to have taken to make themselves aware of any relevant audit information, and to establish that the Company's auditor is aware of that information.

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

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

J M Rowney
Director
Date: 8TH AUGUST 2017

INDEPENDENT AUDITOR'S REPORT TO THE MEMBERS OF LAND OPTIONS (WEST) LIMITED

We have audited the financial statements of Land Options (West) Limited 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 18. 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'.

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 profit 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.

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 regimes and take the advantage of the small companies' exemptions in not preparing the Strategic Report.

Ernst & Young LLP

Michael-John Albert (Senior Statutory Auditor)
for and on behalf of Ernst & Young LLP, Statutory Auditor
London, United Kingdom

Date: 14 August 2016

PROFIT AND LOSS ACCOUNT
for the year ended 31 December 2016

	Notes	2016	2015
Income from discontinuing operations		**£'000**	£'000
Turnover	3	8,510	1,610
Cost of sales		(6,443)	(1,528)
Gross profit/(loss)		2,067	82
Other operating income	4	169	-
Administrative expenses	5	(249)	(706)
Impairment of development property	6	-	(1,759)
Operating profit/(loss)		1,987	(2,383)
Interest payable	8	(205)	(417)
Profit/(loss) on ordinary activities before tax	7	1,782	(2,800)
Tax (charge)/credit	9	(217)	559
Profit/(loss) and total comprehensive income (loss) for the year		1,565	(2,241)

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

BALANCE SHEET
as at 31 December 2016

	Notes	2016 £'000	2015 £'000
Current assets			
Deferred tax asset	16	3	4
Development property	10	487	6,448
Trade and other receivables	11	574	2,248
Prepayments, accrued income and other assets	12	-	560
		1,064	9,260
Total assets		1,064	9,260
Creditors: amounts falling due within one year			
Trade and other payables	13	48	320
Amounts due to group companies	14	4,271	13,654
Accruals, deferred income and other liabilities	15	226	455
Total assets less current liabilities		(3,481)	(5,169)
Creditors: amounts falling due after more than one year			
Accruals, deferred income and other liabilities	15	5,574	5,451
		5,574	5,451
Total liabilities		10,119	19,880
Equity: capital and reserves			
Called up share capital	17	1	1
Profit and loss account		(9,056)	(10,621)
Total shareholders' deficit		(9,055)	(10,620)
Total liabilities and shareholders' deficit		1,064	9,260

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

The financial statements were approved by the Board of Directors on ~~July~~ 8TH AUGUST 2017 and signed on its behalf by:

J M Rowney
Director

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

	Share capital £'000	Profit and loss account £'000	Total £'000
At 1 January 2015	1	(8,380)	(8,379)
Loss for the year	-	(2,800)	(2,800)
Tax credit	-	559	559
At 31 December 2015	1	(10,621)	(10,620)
Profit for the year	-	1,782	1,782
Tax charge	-	(217)	(217)
At 31 December 2016	1	(9,056)	(9,055)

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

NOTES TO THE FINANCIAL STATEMENTS

1. Accounting policies

a) Preparation and presentation of accounts

These financial statements are prepared:

- on a going concern basis;
- 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 EU (together IFRS); and
- on the historical cost basis except for development assets which are carried at the lower of cost and net realisable value.

The Company meets the definition of a qualifying entity 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 accounts are available to the public and can be obtained as set out in note 18.

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) Revenue recognition

Turnover represents the total value of development properties sold during the year. Development properties, classified as current assets, represents construction and development work stated at the lower of cost or net realisable value. Cost represents direct materials, labour and production. Profit on each development is taken to the profit and loss account on completion and sale of that development, and the transfer of all related risks and rewards of ownership.

c) 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, other comprehensive income or in equity. Provision is made for current tax at rates enacted or substantively enacted at the balance sheet date.

NOTES TO THE FINANCIAL STATEMENTS (continued)

c) Taxation (continued)
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.

d) Development property
Development properties are stated at the lower of cost and net realisable value. Cost comprises direct cost of land and buildings, material and where applicable, direct labour cost and those overheads that have been incurred in bringing the development properties to their present location and condition. Cost is calculated at the actual amount paid or accrued. Net realisable value represents the estimated selling price less all estimated costs of completion and costs to be incurred in marketing and selling. The properties are being developed for the purpose of sale in future.

e) Provisions
The Company recognises a provision for a present obligation resulting from a past event when it is more likely than not that it will be required to transfer economic benefits to settle the obligation and the amount of the obligation can be estimated reliably.

f) Financial assets
On initial recognition, financial assets are classified into held-for-trading; designated as at fair value through profit or loss; loans and receivables; or available-for-sale financial assets.

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.

All financial assets are classified as loans and receivables unless otherwise indicated.

Other financial assets
Other financial assets are initially recognised and subsequently measured at fair value. Changes in fair value are recognised in the statement of comprehensive income.

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

h) 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.

NOTES TO THE FINANCIAL STATEMENTS (continued)

i) 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 in accordance with IAS 39 "Financial Instruments : Recognition and Measurement".

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

Development property

The recoverable amount of development property, which is not yet subject to a customer contract, depends on the assessment of the market value on completion of the development.

3. Turnover

	2016	2015
	£'000	£'000
Sale of development property	8,510	1,610
	8,510	1,610

4. Other operating income

	2016	2015
	£'000	£'000
Other	169	-
	169	-

NOTES TO THE FINANCIAL STATEMENTS (continued)

5. Administrative expenses

	2016 £'000	2015 £'000
Legal and professional fees	191	197
Management fees	(94)	197
Other charges	152	312
	249	706

Staff costs, number of employees and directors' emoluments

All staff and directors were employed by group companies and the accounts of The Royal Bank of Scotland Group plc contain full disclosure of employee benefit expenses incurred in the period including share based payments and pensions. The Company has no employees and pays a management fee for services provided by other group companies. The Company does not remunerate directors nor can remuneration from elsewhere in the group be apportioned meaningfully in respect of their services to the Company.

6. Impairment losses

The following impairment losses were recognised during the year:

	2016 £'000	2015 £'000
Development property	-	1,759

7. Profit/(loss) before tax

Profit/(loss) before tax is stated after charging:

	2016 £'000	2015 £'000
Auditor's remuneration – audit services	12	12

8. Interest payable

	2016 £'000	2015 £'000
Interest payable to group companies	82	205
Subordinated loan note interest	123	122
Other interest payable	-	90
	205	417

9. Tax

	2016 £'000	2015 £'000
Current taxation:		
UK corporation tax charge/(credit) for the year	224	(560)
Under/(over) provision in respect of prior periods	(8)	-
	216	(560)
Deferred taxation:		
Charge for the year	1	1
Tax charge/(credit) for the year	217	(559)

NOTES TO THE FINANCIAL STATEMENTS (continued)

9. Tax (continued)

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

	2016 £'000	2015 £'000
Expected tax charge/(credit)	356	(567)
Unrecognised losses brought forward and utilised in year	(173)	-
Other tax adjustments	41	8
Adjustments in respect of prior periods	(7)	-
Actual tax charge/(credit) for the year	217	(559)

In recent years the UK Government has steadily reduced the rate of UK corporation tax, with the latest rates substantively enacted at the balance sheet date standing at 20% with effect from 1 April 2015, 19% from 1 April 2017 and 17% from 1 April 2020. The closing deferred tax assets and liabilities have been calculated taking into account that existing temporary differences may unwind in periods subject to the reduced rates.

10. Development property

	2016 £'000	2015 £'000
At 1 January	6,448	6,150
Additions	282	3,547
Disposals	(6,243)	(1,490)
Impairments	-	(1,759)
At 31 December	487	6,448
Expected to be sold within one year	487	6,243
Expected to be sold after one year	-	205
	487	6,448

11. Trade and other receivables

	Due within one year 2016 £'000	2015 £'000
Trade receivables	354	1,672
Value added tax	10	-
Other receivables	210	576
	574	2,248

The fair value of all receivables approximates to their carrying amount in the balance sheet. Included within Other receivables is a balance of £152k due from fellow subsidiaries (2015: £166k)

NOTES TO THE FINANCIAL STATEMENTS (continued)

12. Prepayments, accrued income and other assets

	2016	2015
	£'000	£'000
Group relief receivable	-	560

13. Trade and other payables

	Due within one year	
	2016	2015
	£'000	£'0000
Trade payables	48	146
Value added tax	-	174
	48	320

14. Amounts due to group companies

	2016	2015
	£'000	£'000
The Royal Bank of Scotland plc	4,271	13,654
	4,271	13,654

The fair value of amounts due to group companies approximates to their carrying value in the balance sheet.

The overdraft facility is secured by a bond and floating charge over the company's assets and property as a whole.

Amounts owed to group undertakings are secured by standard securities over certain of the company's assets.

15. Accruals, deferred income and other liabilities

	2016	2015
	£'000	£'000
Accruals	735	824
Other liabilities	5,065	5,082
	5,800	5,906
Amounts falling due within one year	226	455
Amounts falling due after more than one year	5,574	5,451
	5,800	5,906

Subordinated debt of £4,899K (2015: £4,899K) accrues interest at 2.5% non-compounding and is repayable when certain conditions are met. There was no repayment made during the year and last year as the repayment conditions were not met. 50% of the subordinated debt is due to group companies.

NOTES TO THE FINANCIAL STATEMENTS (continued)

16. Deferred tax

Net deferred tax liability/ asset comprised:

	Capital allowances £'000	Total £'000
At 1 January 2015	(5)	(5)
Charge to profit and loss	1	1
At 31 December 2015	(4)	(4)
Charge to profit and loss	1	1
At 31 December 2016	(3)	(3)

	2016 £'000	2015 £'000
Deferred tax assets	(3)	(4)
Deferred tax liabilities	-	-
Total deferred tax asset	(3)	(4)

17. Share capital

	2016 £'000	2015 £'000
Authorised:		
1,000 ordinary shares of £1 each	1	1
Allotted, called up and fully paid:		
Equity shares		
1,000 ordinary shares of £1 each	1	1

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

18. 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 UK Corporation Tax and value added tax; together with banking transactions such as loans and deposits undertaken in the normal course of banker-customer relationships.

NOTES TO THE FINANCIAL STATEMENTS (continued)

18. Related parties (continued)

Group Companies
The Company's immediate parent company is West Register (Realisations) Limited, 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 accounts 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. 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 accounts may be obtained from Corporate Governance and Regulatory Affairs, The Royal Bank of Scotland Group plc, Gogarburn, PO Box 1000, Edinburgh, EH12 1HQ.