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Company Registration No: 03315488

PRIORITY SITES INVESTMENTS LIMITED

DIRECTORS' REPORT AND FINANCIAL STATEMENTS

31 December 2005

Group Secretariat
The Royal Bank of Scotland Group plc
3 Princess Way
Redhill
Surrey
RH1 1NP

CONTENTS

OFFICERS AND PROFESSIONAL ADVISERS

DIRECTORS:	R H Beattie D E Cartledge K M Howell P A Lane M Rogers D S Sach B I M Turnbull J R Walker
SECRETARY:	R E Fletcher
REGISTERED OFFICE:	Waterhouse Square 138-142 Holborn London EC1N 2TH
AUDITORS:	Deloitte & Touche LLP London

Registered in England and Wales.

DIRECTORS' REPORT

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

ACTIVITIES AND BUSINESS REVIEW

The principal activity of the Company, which is a wholly-owned subsidiary of Priority Sites Limited, is that of a property investment Company.

The profit for the year was £1,291,234 (2004: £483,405) prior to payment of an interim dividend. An interim divided of £1,000,000 was paid on 6 April 2006 (2004: £1,000,000). The directors do not recommend a final dividend (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 except where noted below, are listed on page 1.

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

	Appointed	Resigned
Directors		
J L Tuckey	20 January 2005	15 December 2005
P A Lane	22 December 2005	
Secretary		
A M Cunningham		15 December 2005
R E Fletcher	15 December 2005	

Mr E J A Hall resigned from the Company on 27 April 2004. Mr M Rogers was appointed as a director on 27 April 2004. These changes were not disclosed in the Company's accounts for the year ended 31 December 2004.

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 those 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)

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 Annual report and accounts complies with 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 U.K. 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), Mr D S Sach has been granted Qualifying Third Party Indemnity Provisions by The Royal Bank of Scotland Group plc.

DIRECTORS' INTERESTS

No director had an interest in the shares of the Company.

The interests of Mr R H Beattie, Mr D E Cartledge, Mr D S Sach and Mrs B I M Turnbull in the share capital of The Royal Bank of Scotland Group plc are disclosed in the financial statements of Priority Sites Limited.

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.

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

R. Fletcher.

R E Fletcher
Secretary

Date: 25 August 2006

INDEPENDENT AUDITORS' REPORT TO THE MEMBERS OF PRIORITY SITES INVESTMENTS LIMITED

We have audited the financial statements of Priority Sites Investments Limited for the year ended 31 December 2005 which comprise the income statement, the balance sheet, the cash flow statement, the statement of recognised income and expense, the accounting policies and the related Notes 1 to 17. 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 the directors' report for the above year 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.

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 profit 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

Date: 30 August 2006

INCOME STATEMENT
For the year ended 31 December 2005

	Notes	2005	2004
CONTINUING OPERATIONS		£	£
REVENUE	4	1,638,622	1,460,786
Administrative expenses		(63,555)	(55,644)
Change to fair value of investment assets		977,000	-
OPERATING PROFIT		2,552,067	1,405,142
Gain on sale of properties		-	107,250
PROFIT ON ORDINARY ACTIVITIES BEFORE INTEREST		2,552,067	1,512,392
Interest receivable and similar income		375	332
Finance costs	15	(856,982)	(826,091)
Net finance costs		(856,607)	(825,759)
PROFIT BEFORE TAXATION		1,695,460	686,633
Income tax expense	7	(404,226)	(203,228)
PROFIT FOR THE YEAR	5	1,291,234	483,405
Profit attributable to ordinary shareholders		1,291,234	483,405

BALANCE SHEET
As at 31 December 2005

	Notes	2005 £	2004 £
NON-CURRENT ASSETS			
Investment properties	10	17,264,741	16,287,741
		17,264,741	16,287,741
CURRENT ASSETS			
Trade and other receivables		29,853	27,743
		29,853	27,743
TOTAL ASSETS		17,294,594	16,315,484
CURRENT LIABILITIES			
Trade and other payables	11	(486,582)	(736,769)
Due to parent undertaking	12	(12,387,832)	(11,807,860)
Bank overdraft		(74,118)	(215)
		(12,948,532)	(12,544,844)
NET CURRENT LIABILITIES		(12,918,679)	(12,517,101)
NON-CURRENT LIABILITIES			
Deferred tax liabilities	9	(1,204,670)	(920,482)
		(1,204,670)	(920,482)
NET ASSETS		3,141,392	2,850,158
EQUITY			
Share capital	13	1,000	1,000
Retained earnings		3,140,392	2,849,158
TOTAL EQUITY		3,141,392	2,850,158
Equity attributable to equity holders of the parent		3,141,392	2,850,158

The financial statements on pages 7 to 19 were approved by the Board of Directors and authorised for issue on ~~XXXXXXX~~ 25 August 2006
They were signed on its behalf by:

Director Barbara S M Turnbull

Date: 25 August 2006

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

	Note	Share capital	Revaluation reserves	Retained earnings	Total
		£	£	£	£
Balance at 1 January 2004		1,000	2,436,649	1,281,450	3,719,099
Implementation of IAS 40 Investment Property		-	(2,436,649)	2,436,649	-
Opening total equity as restated		1,000	-	3,718,099	3,719,099
Implementation of IAS 12 Income Taxes		-	-	(352,346)	(352,346)
Profit for the year		-	-	483,405	483,405
Dividend		-	-	(1,000,000)	(1,000,000)
Balance at 1 January 2005		1,000	-	2,849,158	2,850,158
Profit for the period		-	-	1,291,234	1,291,234
Total recognised income and expense for the period		1,000	-	4,140,392	4,141,392
Dividends	8	-	-	(1,000,000)	(1,000,000)
Total recognised gains relating to the period		1,000	-	3,140,392	3,141,392

CASH FLOW STATEMENT
For the year ended 31 December 2005

	Note	2005 £	2004 £
NET CASH FROM OPERATING ACTIVITIES	14	1,202,453	1,331,692
INVESTING ACTIVITIES			
Interest received		375	332
Interest paid		(856,703)	(818,760)
Purchase of investment property		-	(2,250,000)
Proceeds on disposal of investment property		-	985,050
Capital expenditure		-	(37,765)
NET CASH USED IN INVESTING ACTIVITIES		(856,328)	(2,121,143)
FINANCING ACTIVITIES			
Dividends paid		(1,000,000)	-
Increase in loan from parent		579,972	793,486
NET CASH (USED IN)/FROM FINANCING ACTIVITIES		(420,028)	793,486
NET (DECREASE)/INCREASE IN CASH AND CASH EQUIVALENTS		(73,903)	4,035
CASH AND CASH EQUIVALENTS AT BEGINNING OF YEAR		(215)	(4,250)
CASH AND CASH EQUIVALENTS AT END OF YEAR		(74,118)	(215)

NOTES TO THE FINANCIAL STATEMENTS
For the year ended 31 December 2005

1. GENERAL INFORMATION

Priority Sites Investments Limited is a Company incorporated in the United Kingdom under the Companies Act 1985. The address of the registered office is given on page 1. The nature of the Company's operations and its principal activities are set out in the Directors' Report on page 2.

These financial statements are presented in pounds sterling as the Company only operates in England.

The Company has adopted IAS 40 Investment Property and IAS 12 Income Taxes.

The directors anticipate that the adoption of IAS 40 Investment Property and IAS 12 Income Taxes and Interpretations in future periods will have no material impact on the financial statements of the Group 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.

2. SIGNIFICANT ACCOUNTING POLICIES

Basis of accounting

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 date of transition to IFRS for the Group and the date of its opening IFRS balance sheet was 1 January 2004.

On initial adoption of IFRS, the following standards had an impact on the Company:

- IAS 40 Investment Property. As a result of the implementation of IAS 40, all changes in the fair value of investment property are recognised in profit or loss for the period in which they arise.
- IAS 12 Income Taxes. As a result of the implementation of IAS 12, a deferred tax asset or liability will arise on fair value changes in investment property.

A reconciliation of the differences arising between UK GAAP and IFRS has been provided for equity as at 1 January 2004 and 31 December 2004 (see Note 3 below). There has been no impact on the income statement for the period ending 31 December 2004.

The financial statements have been prepared on the historical cost basis, except for the revaluation of certain properties and financial instruments. The principal accounting policies adopted are set out below.

Revenue recognition

Revenue is measured at the fair value of the consideration received or receivable and represents amounts receivable for goods and services provided in the normal course of business, net of discounts, VAT and other sales-related taxes.

NOTES TO THE FINANCIAL STATEMENTS
For the year ended 31 December 2005

SIGNIFICANT ACCOUNTING POLICIES (CONTINUED)

Leasing

Rental income from operating leases is recognised on a straight-line basis over the term of the relevant lease. Initial direct costs incurred in negotiating and arranging an operating lease are added to the carrying amount of the leased asset and recognised on a straight-line basis over the lease term.

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.

Investment property

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 profit or loss for the period in which they arise.

Financial instruments

Financial assets and liabilities are initially measured at cost, which is the fair value of the consideration given and received respectively. These financial assets and liabilities are subsequently remeasured at fair value, amortised cost or cost as the case may be. Any resulting gain/loss, if any, is reported in the profit and loss account for the period in which it arises.

Financial assets are derecognised when the Company losses control of the contractual rights that comprise the financial asset. Financial liabilities are removed from the balance sheet when the obligation is extinguished, discharged, cancelled or expired.

Trade and other receivables

Trade receivables are measured at initial recognition at fair value, and are subsequently measured at amortised cost using the effective interest rate method. Appropriate allowances for estimated irrecoverable amounts are recognised in profit or loss when there is objective evidence that the asset is impaired. The allowance recognised is measured as the difference between the asset's carrying amount and the present value of estimated future cash flows discounted at the effective interest rate computed at initial recognition.

NOTES TO THE FINANCIAL STATEMENTS
For the year ended 31 December 2005

SIGNIFICANT ACCOUNTING POLICIES (CONTINUED)

Cash and cash equivalents
Cash and cash equivalents comprise cash on hand and demand deposits and other short-term highly-liquid investments that are readily convertible to a known amount of cash and are subject to an insignificant risk of changes in value.

Trade and other payables

Trade payables are initially measured at fair value, and are subsequently measured at amortised cost, using the effective interest rate method.

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. EXPLANATION OF TRANSITION TO IFRS

Reconciliation of Equity as at 1 January 2004 (date of transition to IFRS)

	UK GAAP 1 Jan 2004	Effect of transition to IFRS	IFRS 1 Jan 2004
Assets	£	£	£
Investment Properties	14,879,976	-	14,879,976
Trade and other receivables	22,720	-	22,720
Total assets	14,902,696	-	14,902,696
Liabilities			
Trade and other payables	10,498,820	-	10,498,820
Current tax liability	142,522	-	142,522
Deferred tax liability	542,255	-	542,255
Total liabilities	11,183,597	-	11,183,597
Equity			
Share capital	1,000	-	1,000
Revaluation reserve	2,436,649	(2,436,649)	-
Retained earnings	1,281,450	2,436,649	3,718,099
Total Equity	3,719,099	-	3,719,099
Total Equity and Liabilities	14,902,696	-	14,902,696

NOTES TO THE FINANCIAL STATEMENTS
For the year ended 31 December 2005

EXPLANATION OF TRANSITION TO IFRS (CONTINUED)

Under UK GAAP, the increase in fair value of investment property of £2,436,649 was recognised in equity. Under IAS 40: Investment Property, changes in the fair value of investment property are recognised in the income statement in the period in which they arise. Accordingly, this balance was transferred to retained earnings upon transition to IFRS and adoption of IAS 40: Investment Property.

Reconciliation of Equity as at 31 December 2004

	UK GAAP 31 Dec 2004	Effect of transition to IFRS	IFRS 31 Jan 2004
Assets	£	£	£
Investment Properties	16,287,741	-	16,287,741
Trade and other receivables	27,743	-	27,743
Total assets	16,315,484	-	16,315,484
Liabilities			
Trade and other payables	12,479,634	-	12,479,634
Current tax liability	65,210	-	65,210
Deferred tax liability	568,136	352,346	920,482
Total liabilities	13,112,980	352,346	13,465,326
Equity			
Share capital	1,000	-	1,000
Revaluation reserve	2,436,649	(2,436,649)	-
Retained earnings	1,281,450	2,084,303	2,849,158
Total Equity	3,719,099	(352,346)	2,850,158
Total Equity and Liabilities	16,315,484	-	16,315,484

At 31 December 2004, the Company had revalued its investment properties by £2,436,649. Upon transition to IFRS at 31 December 2004, this gave rise to a deferred tax liability of £352,346 (see Note 9) and deferred tax expense of the same amount which has been transferred to retained earnings. Under UK GAAP, revaluations of investment property generally do not give rise to a deferred tax asset or liability.

Under UK GAAP, the increase in fair value of investment property of £2,436,649 was recognised in equity. Under IFRS, changes in the fair value of investment property are recognised in the income statement in the period in which they arise. Accordingly, this balance was transferred to retained earnings upon transition to IFRS.

4. REVENUE

	2005	2004
	£	£
Property rental income	1,638,622	1,460,786
	1,638,622	1,460,786

NOTES TO THE FINANCIAL STATEMENTS
For the year ended 31 December 2005

5. PROFIT FOR THE YEAR

Profit for the year has been arrived at after charging:

	2005	2004
	£	£
Auditors' Remuneration - Audit fee	5,000	4,000
	5,000	4,000

No director received emoluments from the Company during the period (2004: £Nil). The Company has no employees. Mr K M Howell received remuneration of £40,000 (2004: £37,500) from Priority Sites Limited in respect of his services to both that Company and this one. The other directors are employees of shareholder organisations. It is impractical to determine the amount of that remuneration which relates to services to this Company.

6. OPERATING LEASES

At the balance sheet date, the Company had contracted with tenants for the following future minimum lease payments:

	2005	2004
	£	£
Not later than one year	1,710,758	1,637,245
Later than one year and not later than five years	5,495,175	5,632,799
Later than five years	2,117,324	3,216,819
	9,323,257	10,486,863

Leases are granted on the basis of the tenants having responsibility for full repair and insurance obligation. Under the terms of the leases, payments are made quarterly and in advance.

7. TAXATION

Analysis of charge in the year	2005	2004
	£	£
Current taxation:		
Income tax charge for the year	122,875	173,483
(Over)/under provision in respect of prior periods	(2,837)	3,864
Current tax charge for the period	120,038	177,347
Deferred tax:		
Charge for the year	281,351	29,746
Under/(over) provision in respect of prior periods	2,837	(3,865)
	284,188	25,881
	404,226	203,228

NOTES TO THE FINANCIAL STATEMENTS
For the year ended 31 December 2005

TAXATION (CONTINUED)

The actual tax charge differs from the expected tax charge computed by applying the standard UK corporation tax rate of 30% (2003 – 30%) as follows:

	2005	2004
	£	£
Expected tax charge	508,638	205,990
Non-taxable items	(104,412)	(3,287)
Non-deductible items	-	526
Adjustments in respect of prior periods	-	(1)
Actual tax charge	404,226	203,228

8. DIVIDENDS

	2005	2004
	£	£
Ordinary – interim proposed and paid on 5 April 2006 of £1000 (2005: £1000) per share	1,000,000	1,000,000
Total dividends on equity shares	1,000,000	1,000,000

9. DEFERRED TAXATION

	Capital allowances	Deferred gains	Total
	£	£	£
At 1 January 2004 under UK GAAP	568,136	-	568,136
Implementation of IFRS (excl 32 and 39)	-	-	-
At 1 January 2004 restated	568,136	-	568,136
Charge to equity direct	-	352,346	352,346
At 1 January 2005	568,136	352,346	920,482
Implementation of IAS 32 and 39	-	-	-
At 1 January 2005 restated	568,136	352,346	920,482
Charge to income statement	95,488	188,700	284,188
At 31 December 2005	663,624	541,046	1,204,670

At the balance sheet date the Company had not entered into any binding agreement to sell any of the re-valued assets.

10. INVESTMENT PROPERTIES

Fair value of investment property	£
As at 31 December 2004	16,287,741
Increase in fair value during the year	977,000
As at 31 December 2005	17,264,741

NOTES TO THE FINANCIAL STATEMENTS
For the year ended 31 December 2005

INVESTMENT PROPERTIES (CONTINUED)

The fair value of the Company's investment property at 31 December 2005 has been arrived at on the basis of a valuation carried out externally by CB Richard Ellis on two of the properties, the remainder being completed by in-house surveyors who at that date were holding a recognised professional qualification and having post-qualification experience in the location and category of the properties concerned. The valuation, which conforms to International Valuation Standards, was arrived at by reference to market evidence of transaction prices for similar properties.

The Company has pledged all of its investment property to secure general banking facilities granted to the Group. At the balance sheet date there was no contractual obligation to sell any of the properties.

The property rental income earned by the Company from its investment property, all of which is leased out under operating leases, amounted to £1,638,622 (2004: £1,460,786). Direct operating expenses arising on the investment property in the period amounted to £63,555 (2004: £55,644).

11.TRADE AND OTHER PAYABLES

	2005	2004
	£	£
Trade creditors	-	75,665
Taxation	63,015	65,210
VAT	69,700	69,451
Accruals and deferred income	353,867	526,443
	486,582	736,769

Trade creditors and accruals principally comprise amounts outstanding for trade purchases and ongoing costs. The average credit period taken for trade purchases is 15 days.

The directors consider that the carrying amount of trade payables approximates to their fair value.

12. DUE TO PARENT UNDERTAKING

Intra-Group loan	2005	2004
	£	£
At 1 January	11,807,860	10,014,374
(Decrease)/increase in loan in the period	(420,028)	793,486
Loan at 31 December	11,387,832	10,807,860
Proposed dividend	1,000,000	1,000,000
At 31 December	12,387,832	11,807,860

The Company pays interest on an unsecured loan from its immediate parent Priority Sites Limited. The rate of interest was fixed at rates between 5.80% and 8.25% for the period.

NOTES TO THE FINANCIAL STATEMENTS
For the year ended 31 December 2005

13. CALLED UP SHARE CAPITAL

Authorised, issued and fully paid	2005 £	2004 £
1000 Ordinary shares of £1 each	1,000	1,000
	1,000	1,000

14. NOTES TO THE CASH FLOW STATEMENT

	2005 £	2004 £
Reconciliation of operating profit to net cash inflow from operating activities		
Operating profit	2,552,067	1,405,142
Increase in fair value of investment property	(977,000)	-
(Decrease)/increase in creditors	(248,282)	1,186,233
Increase in debtors	(2,110)	(5,023)
Increase in dividend creditor	-	(1,000,000)
Taxation paid	(122,222)	(254,660)
Net cash from operating activities	1,202,453	1,331,692

15. RELATED PARTY TRANSACTIONS

Intra-Group funding

The Company repaid loans of £420,028 to Priority Sites Limited during the period (2004: received £793,486). The Company paid interest to its parent of £856,982 in the year ended 31 December 2005 (2004: £826,091).

16. ULTIMATE HOLDING COMPANY

The immediate parent Company is Priority Sites Limited.

The 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.

NOTES TO THE FINANCIAL STATEMENTS
For the year ended 31 December 2005

ULTIMATE HOLDING COMPANY (CONTINUED)

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.

17. EVENTS AFTER THE BALANCE SHEET DATE

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