

**Company Registered No: 03315488**

**PRIORITY SITES INVESTMENTS LIMITED**  
**ANNUAL REPORT AND FINANCIAL STATEMENTS**  
**For the year ended 31 December 2015**

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**OFFICERS AND PROFESSIONAL ADVISERS**

**DIRECTORS:**

S K A Michell  
J M Rowney  
F K Cummins

**COMPANY SECRETARY:**

RBS Secretarial Services Limited

**REGISTERED OFFICE:**

135 Bishopsgate  
London  
England  
EC2M 3UR

**INDEPENDENT AUDITOR:**

Deloitte LLP  
Chartered Accountants and Statutory Auditor  
Hill House  
1 Little New Street  
London  
EC4A 3TR  
United Kingdom

**Registered in England and Wales**

**DIRECTORS' REPORT**

The directors of Priority Sites Investments Limited ("the Company") present their annual report together with the audited financial statements for the year ended 31 December 2015.

**ACTIVITIES AND BUSINESS REVIEW**

This Directors' Report has been prepared in accordance with the special provisions available to companies entitled to the small companies' exemption.

**Principal activity**

The principal activity of the Company continues to be property investment.

The Company is a subsidiary of The Royal Bank of Scotland Group plc ("RBS") which provides the Company with direction and access to all central resources it needs and determines policies in all key areas such as finance, risk, human resources or environment. For this reason, the directors believe that performance indicators specific to the Company are not necessary or appropriate for an understanding of the development, performance or position of the business. The annual reports of The Royal Bank of Scotland Group plc review these matters on a group basis. Copies can be obtained from Corporate Governance and Secretariat, RBS Gogarburn, Edinburgh, EH12 1HQ, the Registrar of Companies or at [www.rbs.com](http://www.rbs.com).

**REVIEW OF THE YEAR****Business review**

The company has made a property disposal from investment portfolio of £210k during the year. The directors are satisfied with the Company's performance in the year. Post balance sheet events are described in note 19.

**FINANCIAL PERFORMANCE**

The Company's financial performance is presented on page 7 to 9. The loss before taxation for the year was £230,422 (2014: profit of £3,978,438). The retained loss for the year was £181,733 (Profit 2014: profit of £4,163,240).

At the end of the year total assets were £1,780,297 (2014: £2,120,931).

**Dividends**

The directors do not recommend the payment of a dividend (2014: £nil).

**PRINCIPAL RISKS AND UNCERTAINTIES**

The Company seeks to minimise its exposure to financial risks.

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

The major risks associated with the Company's business are liquidity, credit and interest rate risks. The Company has no material liquidity risk as it has access to group funding. The Company's exposure to interest rate risk is not considered to be significant as interest arises on amounts due to group undertakings.

**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.

**DIRECTORS' REPORT****PRINCIPAL RISKS AND UNCERTAINTIES (continued)****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; and
- 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.

The Company's exposure to credit risk is not considered to be significant as all/a significant portion of the credit exposures are with Group companies (see note 21).

**GOING CONCERN**

The directors, having a reasonable expectation that the Company has adequate resources to continue in operational existence for the foreseeable future, have prepared the financial statements on a going concern basis.

**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 2015 to date the following changes have taken place:

	<b>Appointed</b>	<b>Resigned</b>
<b>Directors</b>		
B I M Turnbull	-	23 October 2015
S K A Michell	23 October 2015	-
H D Lincoln	23 October 2015	08 January 2016
F K Cummins	08 January 2016	-
<b>Secretary</b>		
M Gow	-	26 March 2015
RBS Secretarial Services Limited	26 March 2015	-

**DIRECTORS' REPORT****DIRECTORS' RESPONSIBILITIES STATEMENT**

The directors are responsible for preparing the annual report and the financial statements in accordance with applicable laws 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
- the 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.

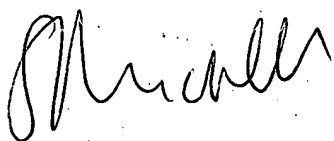
**DIRECTORS' INDEMNITIES**

None of the directors have been indemnified under the qualifying third party terms.

**INDEPENDENT AUDITOR**

The Royal Bank of Scotland Group plc has appointed Ernst & Young LLP as auditor for the year ending 31 December 2016. A resolution to appoint Ernst & Young LLP as the Company's auditor will be proposed at the forthcoming meeting of the Board of Directors.

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



S K A Michell

Director

Date: 29 September 2016

## **INDEPENDENT AUDITOR'S REPORT TO THE MEMBERS OF PRIORITY SITES INVESTMENTS LIMITED**

We have audited the financial statements of Priority Sites Investments Limited ("the Company") for the year ended 31 December 2015 which comprise the Profit and Loss Account, the Balance Sheet, the Statement of Changes in Equity and the related notes 1 to 19. The financial reporting framework that has been applied in their preparation is applicable law and 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 2015 and of its loss for the year then ended;
- have been properly prepared in accordance with 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.

## INDEPENDENT AUDITOR'S REPORT TO THE MEMBERS OF PRIORITY SITES INVESTMENTS LIMITED

### 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 take advantage of the small companies' exemption from preparing a Strategic Report or in preparing the Directors' Report.



**Christopher Mather, FCA (Senior Statutory Auditor)**

for and on behalf of Deloitte LLP

Chartered Accountants and Statutory Auditor,  
London, United Kingdom

29 September 2016



**PROFIT AND LOSS ACCOUNT**  
for the year ended 31 December 2015

	Notes	2015 £	2014 £
<b>Continuing operations</b>			
Turnover	3	43,276	616,137
Increase in fair value of investment property	10	-	575,000
Administrative expenses	4	(317,541)	(598,831)
Other income	6	66,521	3,520,102
<b>Operating (Loss)/profit</b>		<b>(207,744)</b>	<b>4,112,408</b>
Interest payable	7	(22,678)	(133,970)
<b>(Loss)/profit on ordinary activities before tax</b>		<b>(230,422)</b>	<b>3,978,438</b>
Tax credit	8	48,689	184,802
<b>(Loss)/profit and total comprehensive (loss)/income for the financial year</b>		<b>(181,733)</b>	<b>4,163,240</b>

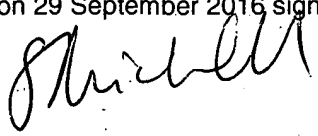
The accompanying notes form an integral part of these financial statements.

**BALANCE SHEET**  
**as at 31 December 2015**

	Notes	2015 £	2014 £
<b>Fixed assets</b>			
Investment properties	10	990,000	1,200,000
<b>Current assets</b>			
Trade and other receivables	11	111,992	161,108
Prepayments, accrued income and other assets	12	623,106	738,242
Group relief receivable		54,199	20,581
Cash at bank		1,000	1,000
		<u>790,297</u>	<u>920,931</u>
<b>Total assets</b>		<u>1,780,297</u>	<u>2,120,931</u>
<b>Creditors: amounts falling due within one year</b>			
Trade and other payables	13	49,540	91,279
Accruals, deferred income and other liabilities	14	482,508	242,440
		<u>532,048</u>	<u>333,719</u>
Total assets less current liabilities		<u>1,248,249</u>	<u>1,787,212</u>
<b>Creditors: amounts falling due after more than one year</b>			
Amounts due to group undertakings	15	111,379	458,229
Deferred tax liability	16	9,112	19,492
		<u>120,491</u>	<u>477,721</u>
<b>Total liabilities</b>		<u>652,539</u>	<u>811,440</u>
<b>Equity: capital and reserves</b>			
Called up share capital	17	1,000	1,000
Profit and loss account		1,126,758	1,308,491
<b>Total shareholders' funds</b>		<u>1,127,758</u>	<u>1,309,491</u>
<b>Total liabilities and shareholders' funds</b>		<u>1,780,297</u>	<u>2,120,931</u>

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

The financial statements of the Company were approved and authorised for issue by the Board of Directors on 29 September 2016 signed on its behalf by:



S K A Michell  
Director

**STATEMENT OF CHANGES IN EQUITY**  
**for the year ended 31 December 2015**

	Share capital £	Profit and loss account £	Total £
<b>At 1 January 2014</b>	1,000	(2,854,749)	(2,853,749)
Profit for the year	-	4,163,240	4,163,240
<b>At 31 December 2014</b>	1,000	1,308,491	1,309,491
Loss for the year	-	(181,733)	(181,733)
<b>At 31 December 2015</b>	<b>1,000</b>	<b>1,126,758</b>	<b>1,127,758</b>

Total comprehensive loss for the year of £181,733 (2014: income of £4,163,240) was wholly attributable to the owners of the Company.

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

## NOTES TO THE FINANCIAL STATEMENTS

**1. Accounting policies****a) Preparation and presentation of financial statements**

These financial statements are prepared on a going concern basis and have been prepared in accordance with the recognition and measurement principles of International Financial Reporting Standards issued by the International Accounting Standards Board (IASB) and interpretations issued by the International Financial Reporting Interpretations Committee of the IASB as adopted by the European Union (EU) (together IFRS) and under FRS 101 Reduced Disclosure Framework. The Company meets the definition of a qualifying entity under FRS 100 Application of Financial Reporting Requirements issued by the Financial Reporting Council.

As permitted by FRS 101, the Company has taken advantage of the disclosure exemptions available under that standard in relation to financial instruments, capital management, presentation of comparative information in respect of certain assets, presentation of a cash-flow statement, standards not yet effective, impairment of assets and 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 financial statements are prepared on the historical cost basis with the exception of investment property, which is stated at fair value.

The Company's financial statements are presented in Sterling which is the functional currency of the Company.

The Company is incorporated in the UK and registered in England and Wales. The Company's financial statements are presented in accordance with the Companies Act 2006.

There are a number of changes to IFRSs that were effective from 1 January 2015. They have had no material effect on the Company's financial statement for the year ended 31 December 2015.

**b) Revenue recognition**

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.

Gains and losses on realisation of investments are recognised in profit or loss on the date of disposal.

**c) Leases**

Contracts to lease assets are classified as finance leases if they transfer substantially all the risks and rewards of ownership of the asset to the customer. Other contracts to lease assets are classified as operating leases.

Operating lease assets are included within Investment property (see note 9).

## NOTES TO THE FINANCIAL STATEMENTS

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

Income tax expense or income, comprising current tax and deferred tax, is recorded in the Profit and Loss Account except income tax on items recognised outside profit or loss which is credited or charged to other comprehensive income or to equity as appropriate.

Current tax is income tax payable or recoverable in respect of the taxable profit or loss for the year arising in income or in equity. Provision is made for current tax at rates enacted or substantively enacted at the balance sheet date.

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.

**e) Investment properties**

Investment property comprises freehold and leasehold properties that are held to earn rentals or for capital appreciation or both. Investment property is not depreciated but is stated at fair value based on valuations by qualified professionals. Fair value is based on current prices for similar properties in the same location and condition.

**f) 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.

**g) Cash at bank**

Cash at bank comprises interest bearing deposits held with banks.

**h) Financial assets**

On initial recognition, financial assets are classified as loans and receivables.

**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.

**i) Impairment of financial assets**

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

## NOTES TO THE FINANCIAL STATEMENTS

## 1. Accounting policies (continued)

## j) Financial liabilities

On initial recognition financial liabilities are classified at amortised cost.

All financial liabilities are measured at amortised cost using the effective interest method.

The effective interest method is a method of calculating the amortised cost of a financial asset or financial liability (or group of financial assets or liabilities) and of allocating the interest income or interest expense over the expected life of the asset or liability.

## 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.

## Fair value - Investment properties

Investment property is stated at fair value on the balance sheet based on valuations by independent registered values. Any gain or loss arising from a change in fair value is recognised in profit or loss.

## 3. Turnover

	2015	2014
	£	£
Rental income	43,276	616,137

All turnover arose in the UK in both the current year and prior year.

## 4. Administrative Expense

	2015	2014
	£	£
Rent and Insurance	66,144	249,420
Management charge	37,692	64,027
Legal and professional fees	126,792	252,150
Bad debts provision	69,377	-
Other expenses	17,536	33,234
	317,541	598,831

## NOTES TO THE FINANCIAL STATEMENTS

## 4. Administrative Expense (continued)

**Management charge**

Management charges relate to the Company's share of group resources such as the use of IT platforms, staff and a share of central resources. These are re-charged on an annual basis by KUC Properties Limited, a fellow group undertaking.

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

No director received remuneration from the Company during the year (2014: nil). The Company has no employees (2014: nil).

## 5. Operating Profit

Operating profit before tax is stated after charging:

	2015 £	2014 £
Auditor's remuneration- fees payable to the Company's auditor for the audit of the Company's annual accounts	7,000	7,091
Increase in fair value of investment properties	-	575,000
	<u>7,000</u>	<u>582,091</u>

Audit remuneration payable in regards to non-audit services during the year was nil (2014: nil).

## 6. Other income

	2015 £	2014 £
Profit on disposal of investment properties	9,215	3,519,687
Other income	57,306	415
	<u>66,521</u>	<u>3,520,102</u>

Other income comprises property related receipts other than rental income.

## 7. Interest payable

	2015 £	2014 £
Interest on loan from parent undertaking	<u>22,678</u>	<u>133,970</u>

## 8. Tax

	2015 £	2014 £
<b>Current tax:</b>		
UK corporation tax (credit)/charge for the year	(52,563)	8,753
Under provision in respect of prior periods	14,254	-
	<u>(38,309)</u>	<u>8,753</u>
<b>Deferred tax:</b>		
Credit for the year	(10,508)	(208,005)
Under provision in respect of prior periods	128	14,450
	<u>(10,380)</u>	<u>(193,555)</u>
Tax credit for the year	<u>(48,689)</u>	<u>(184,802)</u>

## NOTES TO THE FINANCIAL STATEMENTS

## 8. Tax (continued)

The actual tax charge/(credit) differs from the expected tax charge/(credit) computed by applying the blended rate of UK corporation tax of 20.25% (2014: 21.5%) as follows:

	2015 £	2014 £
(Loss)/profit before tax for the year	(230,422)	3,978,438
Expected tax (credit)/charge	(46,652)	855,092
Non deductible items	4,849	44,508
Non-taxable items	(21,268)	(1,098,852)
Adjustments in respect of prior periods	14,382	14,450
Tax credit for the year	(48,689)	(184,802)

In recent years the UK Government has steadily reduced the rate of UK corporation tax, with latest rates substantively enacted on 26 October 2015 now standing at 20% with effect from 1 April 2015, 19% from 1 April 2017 and 18% 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.

Since the balance sheet date, the UK Government's Budget on 16 March 2016 proposed, amongst other things, that the 18% tax rate reduction from 1 April 2020 be reduced to 17%. This rate was substantively enacted in the Finance Bill 2016 on 6 September 2016 and existing temporary differences on which deferred tax has been provided may therefore unwind in periods subject to this reduced rate. The impact of the post balance sheet date change in tax rate is not expected to be material.

## 9. Operating lease arrangements

At the balance sheet date, the Company had contracted with customers for the following future minimum lease rentals payable under non-cancellable operating leases. The operating leases, in relation to the investment properties disposed during the year, were transferred as part of the sale agreements.

	Within 1 year £	Between 1 and 5 years £	After 5 years £	Total £
2015	34,272	78,638	-	112,910
2014	35,897	112,910	-	148,807

	2015 £	2014 £
<b>Nature of operating lease assets in the balance sheet:</b>		
Property	112,910	148,807

## 10. Investment properties

	2015 £	2014 £
At 1 January	1,200,000	11,860,000
Change in fair value	-	575,000
Disposals	(210,000)	(11,235,000)
At 31 December	990,000	1,200,000



## NOTES TO THE FINANCIAL STATEMENTS

**10. Investment properties (continued)**

The fair value of the Company's investment properties at 31 December 2015 has been arrived at on the basis of valuations prepared 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 properties to secure general banking facilities granted to the immediate parent. 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 properties, which is leased out under operating leases, amounted to £43,276 (2014: £616,137). Direct operating expenses arising on the investment property during the year amounted to £214,882 (2014: £598,831).

**11. Trade and other receivables**

	2015 £	2014 £
At 1 January	161,108	1,180,473
Movement in trade receivables	20,261	(1,019,365)
	181,369	161,108
Impairment provision	(69,377)	-
At 31 December	111,992	161,108

The fair value of all receivables approximates to their carrying amount in the Balance Sheet.

The impairment provision raised in the year was against the doubtful debtors balances and is expected to be utilised in 2016.

A balance of £486,525 within 2014 has been reclassified from trade and other receivables to prepayments and other assets as this relates to other property related assets.

**12. Prepayments, accrued income and other assets**

	2015 £	2014 £
Prepayments and other assets	623,106	738,242

Other assets comprise items which are recoverable from third party customers.

A balance of £486,525 within 2014 has been reclassified from trade and other receivables to prepayments and other assets as this relates to other property related assets.

**13. Trade and other payables**

	2015 £	2014 £
Value added tax	17,368	91,279
Trade payables	32,172	-
	49,540	91,279

## NOTES TO THE FINANCIAL STATEMENTS

## 14. Accruals, deferred income and other liabilities

	2015 £	2014 £
Accruals and other liabilities	168,119	7,100
Deferred income	11,168	10,192
Other Liabilities	303,221	225,148
	<u>482,508</u>	<u>242,440</u>

Other liabilities comprise items which are payable to third party vendors.

## 15. Amounts due to group undertakings

	2015 £	2014 £
Priority Sites Limited	111,379	430,101
KUC Properties Limited	-	28,128
	<u>111,379</u>	<u>458,229</u>

## 16. Deferred tax

The following are the major tax liabilities recognised by the Company, and the movements thereon.

	Capital allowances £	Total £
At 1 January 2014	213,047	213,047
Credit to profit or loss	(193,555)	(193,555)
At 31 December 2014	19,492	19,492
Credit to profit or loss	(10,380)	(10,380)
At 31 December 2015	<u>9,112</u>	<u>9,112</u>

## 17. Share capital

	2015 £	2014 £
Equity shares		
<b>Authorised:</b>		
1000 Ordinary Shares of £1	<u>1,000</u>	<u>1,000</u>
<b>Allotted, called up and fully paid:</b>		
1000 Ordinary Shares of £1	<u>1,000</u>	<u>1,000</u>

The Company has one class of Ordinary Shares which carry no right to fixed income.

## NOTES TO THE FINANCIAL STATEMENTS

**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. The transactions consisted solely of value added tax and corporation tax.

**Group undertakings**

The Company's immediate parent company is Priority Sites Limited, a company incorporated in the UK and registered in England and Wales.

As at 31 December 2015 The Royal Bank of Scotland plc, a company incorporated in the UK and registered in Scotland, heads the smallest group in which the Company is consolidated. Copies of the consolidated financial statements may be obtained from Corporate Governance and Secretariat, The Royal Bank of Scotland Group plc, Gogarburn, PO Box 1000, Edinburgh EH12 1HQ.

The Company's ultimate holding company is The Royal Bank of Scotland Group plc, a company incorporated in the UK and registered in Scotland. As at 31 December 2015, The Royal Bank of Scotland Group plc heads the largest group in which the Company is consolidated. Copies of the consolidated financial statements may be obtained from Corporate Governance and Secretariat, The Royal Bank of Scotland Group plc, Gogarburn, PO Box 1000, Edinburgh, EH12 1HQ.

**19. Post balance sheet events**

Post the year end the Company sold off Investment property which resulted in a gross loss of £187,000 on a book value of £990,000.