Company Registered No: 03672825

DIXON MOTORS DEVELOPMENTS LIMITED

DIRECTORS' REPORT AND FINANCIAL STATEMENTS

For the year ended 31 December 2011

Group Secretariat
The Royal Bank of Scotland Group plc
PO Box 1000
Gogarburn
Edinburgh
EH12 1HQ

DIXON MOTORS DEVELOPMENTS LIMITED 03672825

DIRECTORS' REPORT AND FINANCIAL STATEMENTS 2011

CONTENTS

OFFICERS AND PROFESSIONAL ADVISERS

DIRECTORS:	J N Brushfield J M Rowney
SECRETARY:	C J Down
REGISTERED OFFICE:	1 Princes Street London EC2R 8PB
AUDITOR:	Deloitte LLP London

Registered in England and Wales

DIXON MOTORS DEVELOPMENTS LIMITED **03672825**

DIRECTORS' REPORT

The directors present their report and the audited financial statements for the year ended 31 December 2011

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

Activity
The principal activity of the company is the development of properties

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

The company is a subsidiary of The Royal Bank of Scotland Group plc 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 Group Secretariat, RBS Gogarburn, Edinburgh, EH12 1HQ, the Registrar of Companies or through the group's website at rbs com

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 ultimate parent company in seeking further opportunities for growth

Financial performance
The company's financial performance is presented in the statement of comprehensive income on page 8

At the end of the year, the balance sheet showed total assets of £15,324,819 (2010 £15,978,848) and negative equity of £221,551 (£2010 £89,839)

The directors do not recommend payment of a dividend for the year (2010 £nil)

Principal risks and uncertainties
The company is funded by facilities from The Royal Bank of Scotland plc

The company seeks to minimise its exposure to external financial risks other than equity and credit risk, further information on financial risk management policies and exposures is disclosed in note 14

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 announcement of results by The Royal Bank of Scotland Group plc for the year ended 31 December 2011, approved on 22 February 2012

DIRECTORS' REPORT (continued)

DIRECTORS AND SECRETARY
The present directors and secretary, who have served throughout the year except where noted below, are listed on page 2

From 1 January 2011 to date the following changes have taken place

	Appointed	Resigned
Directors		
A D Barnard	-	6 June 2011
N T J Clibbens	-	6 June 2011
T P Kennedy	-	19 March 2012

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 and the directors have elected to prepare them in accordance with International Financial Reporting Standards ("IFRSs") as adopted by the European Union 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 at the end of the year and the profit or loss for the financial year of the company In preparing these financial statements, under International Accounting Standard 1, the directors are required to

- select suitable accounting policies and then apply them consistently,
- present information, including accounting policies, in a manner that provides relevant, reliable, comparable and understandable information,
- provide additional disclosures when compliance with the specific requirements in IFRSs are insufficient to enable users to understand the impact of particular transactions, other events and conditions of the entity's financial position and performance, 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 director has 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

POLICY AND PRACTICE ON PAYMENT OF CREDITORS

The company follows the policy and practice on payment of trade creditors determined by The Royal Bank of Scotland Group plc, which is committed to maintaining a sound commercial relationship with its suppliers Consequently, the policy is to negotiate and agree terms and conditions with its suppliers, which include the giving of an undertaking to pay them within 30 days of receipt of a correctly prepared invoice submitted in accordance with the terms of the contract or such other payment period as may be agreed

AUDITOR

Deloitte LLP has expressed its willingness to continue in office as auditor

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

J M Rowney
Director
Date 19 July 2012

INDEPENDENT AUDITOR'S REPORT. TO THE MEMBERS OF DIXON MOTORS DEVELOPMENTS LIMITED

We have audited the financial statements of Dixon Motors Developments Limited ('the company') for the year ended 31 December 2011 which comprise the statement of comprehensive income, the balance sheet, the statement of changes in equity, the cash flow statement and the related notes The financial reporting framework that has been applied in their preparation is applicable law and International Financial Reporting Standards ("IFRSs") as adopted by the European Union

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 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 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 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 2011 and of its result for the year then ended,
- have been properly prepared in accordance with IFRSs as adopted by the European Union, 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 DIXON MOTORS DEVELOPMENTS LIMITED (continued)

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 in preparing the directors' report

Mark Rhys (Senior Statutory Auditor)
for and on behalf of Deloitte LLP
Chartered Accountants and Statutory Auditor
London, United Kingdom
25th July 2012

DIXON MOTORS DEVELOPMENTS LIMITED 03672825

STATEMENT OF COMPREHENSIVE INCOME
for the year ended 31 December 2011

	Notes	2011 £	2010 £
Revenue	3	241,752	224,683
Gross profit		241,752	224,683
Administrative expenses	5	(466,085)	(172,624)
Loss on disposal of assets	4	(26,935)	(831,994)
Loss before tax		(251,268)	(779,935)
Tax credit	7	119,556	53,013
Total comprehensive loss for the year		(131,712)	(726,922)

The accompanying notes form an integral part of these financial statements

DIXON MOTORS DEVELOPMENTS LIMITED 03672825

BALANCE SHEET
as at 31 December 2011

	Notes	2011	2010
		£	£
Non-current assets			
Investments in subsidiaries and joint ventures	8	505	505
		505	505
Current assets			
Development property	9	9,777,197	9,651,472
Trade and other receivables	10	61,510	361,011
Cash and cash equivalents	11	5,460,657	5,898,208
Current tax asset	7	24,950	67,652
		15,324,314	15,978,343
Total assets		15,324,819	15,978,848
Current liabilities			
Trade and other payables	12	324,299	753,404
Amounts due to group undertakings	13	13,682,016	13,682,016
Overdrafts		393,638	392,190
		14,399,953	14,827,610
Non-current liabilities			
Deferred tax liabilities		1,146,417	1,241,077
		1,146,417	1,241,077
Total liabilities		15,546,370	16,068,687
Equity			
Share capital	15	2	2
Retained losses		(221,553)	(89,841)
Total equity/(deficit)		(221,551)	(89,839)
Total liabilities and equity		15,324,819	15,978,848

The accompanying notes form an integral part of these financial statements

The financial statements were approved by the Board of Directors on 9 July 2012 and signed on its behalf by

J M Rowney
Director
Date 19 July 2012

STATEMENT OF CHANGES IN EQUITY
for the year ended 31 December 2011

	Share capital £	Retained losses £	Total £
At 1 January 2010	2	637,081	637,083
Loss for the year	-	(726,922)	(726,922)
At 31 December 2010	2	(89,841)	(89,839)
Loss for the year		(131,712)	(131,712)
At 31 December 2011	2	(221,553)	(221,551)

The accompanying notes form an integral part of these financial statements

DIXON MOTORS DEVELOPMENTS LIMITED 03672825

CASH FLOW STATEMENT
for the year ended 31 December 2011

	Notes	2011	2010
		£	£
Operating activities			
Loss before taxation		(251,268)	(779,935)
Operating cash flows before movements in working capital		(251,268)	(779,935)
Net movement in development property	9	(125,725)	(125,712)
Net movement in trade and other receivables		299,501	286,406
Net movement in trade and other payables		(429,105)	512,335
Net cash used in operating activities before tax		(506,597)	(106,500)
Tax paid/(received)		67,597	(512,741)
Net cash used in operating activities		(439,000)	(618,835)
Cash flows from financing activities			
Repayment of loans		1,449	-
Net cash flows from financing activities		1,449	-
Net decrease in cash and cash equivalents		(437,551)	(618,835)
Cash and cash equivalents at beginning of year	11	5,898,208	6,517,043
Cash and cash equivalents at end of year	11	5,460,657	5,898,208

The accompanying notes form an integral part of these financial statements

NOTES TO THE FINANCIAL STATEMENTS

1. Accounting policies

a) Presentation of accounts
The accounts are prepared on a going concern basis and in accordance with 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")

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 accounts are presented in accordance with the Companies Act 2006

The company is exempt from the requirement to prepare consolidated accounts in accordance with s400 of the Companies Act 2006 as the company is a wholly owned subsidiary of Lombard North Central PLC and the company's results are consolidated within the financial statements of The Royal Bank of Scotland plc which is incorporated in Great Britain and registered in Scotland These accounts therefore present information about the company as an individual entity and not about the group

Adoption of new and revised standards
There are a number of changes to IFRS that were effective from 1 January 2011 They have had no material effect on the company's financial statements for the year ended 31 December 2011

b) Revenue recognition
Revenue represents the total value of construction works on developments sold during the year Construction work in progress, classified as current assets, represents construction and development work stated at the lower of cost or net realisable value Cost represents direct materials, labour, production and capitalised interest incurred during the period of development Interest payable directly attributable to the construction or production of a qualifying asset is capitalised as part of the cost of the asset The capitalised interest is calculated using the weighted average method Profit on each development is taken to the statement of comprehensive income on completion and sale of that development to the parent or other group company, and the transfer of all related risks and rewards of ownership

Rental income from operating leases is recognised in the statement of comprehensive income on a straight line basis over the lease term unless another systematic basis better represents the time pattern of the asset's use

NOTES TO THE FINANCIAL STATEMENTS (continued)

1. Accounting policies (continued)

c) Taxation
Income tax expense or income, comprising current tax and deferred tax, is recorded in the income statement 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 a 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) 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

e) Financial assets
On initial recognition, financial assets are designated as at fair value through profit or loss, loans and receivables, or available-for-sale financial assets

Loans and receivables
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

f) 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

g) 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
Amounts owed to group undertakings represent the bank overdraft facility provided by the ultimate holding company, The Royal Bank of Scotland plc (see Note 13)

NOTES TO THE FINANCIAL STATEMENTS (continued)

1. Accounting policies (continued)

h) Operating leases
Rentals payable under operating leases are charged to the income statement on a straight-line basis over the term of the lease Benefits receivable and received as an incentive to enter into an operating lease are also spread on a straight-line basis over the lease term

i) Development property
Development Properties are stated at the lower of cost and net realisable value Cost comprises direct cost of land and buildings, materials, and where applicable, direct labour costs 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 the future

j) Investment in subsidiaries
The company's interests in subsidiary undertakings are stated at cost less provision for any impairment

k) Investment in joint venture
A joint venture is a contractual arrangement whereby the company and other parties undertake an economic activity that is subject to joint control, that is when the strategic financial and operating policy decisions relating to the activities require the unanimous consent of the parties sharing control Joint venture arrangements that involve the establishment of a separate entity in which each venturer has an interest are referred to as jointly controlled entities

The company reports its interests in jointly controlled entities at cost less any impairment loss recognised to reflect irrecoverable amounts

l) Accounting developments
The IASB issued IFRS 9 'Financial Instruments' in November 2009 simplifying the classification and measurement requirements in IAS 39 'Financial Instruments Recognition and Measurement' in respect of financial assets The standard reduces the measurement categories for financial assets to two fair value and amortised cost A financial asset is classified on the basis of the entity's business model for managing the financial asset and the contractual cash flow characteristics of the financial asset Only assets with contractual terms that give rise to cash flows on specified dates that are solely payments of principal and interest on the principal amount outstanding and which are held within a business model whose objective is to hold assets in order to collect contractual cash flows are classified as amortised cost All other financial assets are measured at fair value Changes in the value of financial assets measured at fair value are generally taken to profit or loss

In October 2010, IFRS 9 was updated to include the classification and measurement of liabilities It is not markedly different from IAS 39 except for liabilities measured at fair value where the movement is due to changes in credit rating of the preparer it is recognised not in profit or loss but in other comprehensive income

The standard is effective for annual periods beginning on or after 1 January 2013, early application is permitted

This standard makes major changes to the framework for the classification and measurement of financial assets and will have a significant effect on the company's financial statements The changes relating to the classification and measurement of liabilities carried at fair value will have a less significant effect on the company The company is assessing these impacts which are likely to depend on the outcome of the other phases of IASB's IAS 39 replacement project

NOTES TO THE FINANCIAL STATEMENTS (continued)

1. Accounting policies (continued)

l) Accounting developments (continued)

The IASB issued an amendment to IAS 12 'Income Taxes' in December 2010 to clarify that recognition of deferred tax should have regard to the expected manner of recovery or settlement of the asset or liability The amendment and consequential withdrawal of SIC 21 'Deferred Tax Recovery of Underlying Assets', effective for annual periods beginning on or after 1 January 2012, is not expected to have a material effect on the company

In May 2011, the IASB issued six new or revised standards

IFRS 10 'Consolidated Financial Statements' which replaces SIC-12 'Consolidation - Special Purpose Entities' and the consolidation elements of the existing IAS 27 'Consolidated and Separate Financial Statements' The new standard adopts a single definition of control a reporting entity controls another entity when the reporting entity has the power to direct the activities of that other entity to generate returns for the reporting entity

IAS 27 'Separate Financial Statements' which comprises those parts of the existing IAS 27 that dealt with separate financial statements

IFRS 11 'Joint Arrangements' which supersedes IAS 31 'Interests in Joint Ventures' IFRS 11 distinguishes between joint operations and joint ventures Joint operations are accounted for by the investor recognising its assets and liabilities including its share of any assets held and liabilities incurred jointly and its share of revenues and costs Joint ventures are accounted for in the investor's consolidated accounts using the equity method

IAS 28 'Investments in Associates and Joint Ventures' covers joint ventures as well as associates, both must be accounted for using the equity method The mechanics of the equity method are unchanged

IFRS 12 'Disclosure of Interests in Other Entities' covers disclosures for entities reporting under IFRS 10 and IFRS 11 replacing those in IAS 28 and IAS 27 Entities are required to disclose information that helps financial statement readers evaluate the nature, risks and financial effects associated with an entity's interests in subsidiaries, in associates and joint arrangements and in unconsolidated structured entities

IFRS 13 'Fair Value Measurement' which sets out a single IFRS framework for defining and measuring fair value and requiring disclosures about fair value measurements

These standards are effective for annual periods beginning on or after 1 January 2013 Earlier application is permitted The Group is reviewing the standards to determine their effect on the Group's financial reporting

In June 2011, the IASB issued amendments to two standards

Amendments to IAS 1 'Presentation of Items of Other Comprehensive Income' that require items that will never be recognised in profit or loss to be presented separately in other comprehensive income from those that are subject to subsequent reclassification

Amendments IAS 19 'Employee Benefits' - these require the immediate recognition of all actuarial gains and losses eliminating the 'corridor approach', interest cost to be calculated on the net pension liability or asset at the appropriate corporate bond rate, and all past service costs to be recognised immediately when a scheme is curtailed or amended

These amendments are effective for annual periods beginning on or after 1 January 2013 Earlier application is permitted The company is reviewing the amendments to determine their effect on the company's financial reporting

NOTES TO THE FINANCIAL STATEMENTS (continued)

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 above in note 1 – Accounting Policies b), h), i), j) and k) The use of estimates, assumptions or models that differ from those adopted by the company would affect its reported results

3. Revenue

	2011 £	2010 £
Rental income	241,752	224,683
	241,752	224,683

4. Loss on disposal of assets

	2011 £	2010 £
Loss on sale of property	(26,935)	(831,994)

5. Administrative expenses

	2011 £	2010 £
Legal and professional fees	69,050	42,056
VAT write-off	232,409	-
Management fees	25,036	13,282
Other operating expenses	139,590	117,286
	466,085	172,624

Management recharge

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 The Royal Bank of Scotland plc ("RBS")

Staff costs, number of employees and directors' emoluments

All staff and directors were employed by RBS, the accounts for which 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 charge for services provided by other group companies The directors of the company do not receive remuneration for specific services provided to the company

NOTES TO THE FINANCIAL STATEMENTS (continued)

6. Auditor's remuneration

Audit fees and non audit fees are charged as a group service to The Royal Bank of Scotland plc and specifically reallocated to the company, being the sum of £5,000 (2010 £5,000)

7. Tax

	2011 £	2010 £
Current taxation:		
UK corporation tax credit for the year	(25,203)	(10,327)
Adjustments in respect of prior periods	307	3,280
	(24,896)	(7,047)
Tax credit for the year	(24,896)	(7,047)
Deferred taxation	(94,660)	(45,966)
Tax credit for the year	(119,556)	(53,013)

The actual tax credit differs from the expected tax credit computed by applying the blended rate of UK corporation tax of 26 5% (2010 28%) as follows

The deferred tax liability relates to the difference between book cost and market value upon transfer into the entity

	2011 £	2010 £
Expected tax credit	(66,569)	(218,382)
Non-deductible items	71,068	235,472
Reduction in deferred tax liability following change of UK Corporation Tax	(91,768)	(45,966)
Transfer pricing adjustment	(32,594)	(27,417)
Adjustments in respect of prior periods	307	3,280
Actual tax credit for the year	(119,556)	(53,013)

In the Budget on 22 June 2010, the UK Government proposed, amongst other things, to reduce the UK Corporation Tax of 28% in four annual decrements of 1% with effect from 1 April 2011 and to reduce certain rates of capital allowances Two additional 1% decrements were announced by the UK Government in subsequent Budgets on 23 March 2011 and 21 March 2012 The first 1% decrement was enacted on 27 July 2010, the second on 29 March 2011, the third together with the capital allowance rate changes on 5 July 2011 - and the fourth on 26 March 2012 bringing the UK Corporation Tax Rate to 24% with effect from 1 April 2012 Existing temporary differences may therefore unwind in periods subject to these reduced tax rates

NOTES TO THE FINANCIAL STATEMENTS (continued)

8. Investments in subsidiaries and joint ventures

	2011 £	2010 £
Subsidiaries		
At 1 January	5	5
Disposals	-	-
At 31 December	**5**	5

Details of the investment in which the company holds more than 10% equity are as follows:

Nature of the company	Nature of business	Total equity 2011	Total equity 2010
Dixon (Thorne Land) Limited	Property company	50%*	50%*
Springwell Street Developments (No 1)	Property company	100%	100%
Dixon Mount Pleasant Developments Limited	Property company	100%	100%

*remaining 50% held by a fellow subsidiary undertaking

	2011 £	2010 £
Joint Ventures		
At 1 January	500	500
At 31 December	500	500

Details of the investment in which the company holds more than 10% equity are as follows:

Nature of the company	Nature of business	Total equity 2011	Total equity 2010
Mount Pleasant (Hull) Limited	Property company	50%	50%

The class of all shares held in subsidiaries and joint ventures is ordinary share capital

9. Development property

	2011 £	2010 £
At 1 January	9,651,472	9,525,760
Additions	225,725	125,712
Disposals	(100,000)	-
At 31 December	9,777,197	9,651,472

Expected to be sold within one year	-	-
Expected to be sold after one year	9,777,197	9,651,472
	9,777,197	9,651,472

10. Trade and other receivables

	2011 £	2010 £
Value added tax	21,476	238,857
Other receivables	40,034	122,154
	61,510	361,011

The fair value of all receivables approximates to their carrying amount in the balance sheet

11. Cash and cash equivalents

	2011 £	2010 £
Cash and cash equivalents	5,460,657	5,898,208
	5,460,657	5,898,208

12. Trade and other payables

	2011 £	2010 £
Accruals and deferred income	26,590	6,587
Due to Riossi Ltd	261,775	746,817
Creditors	35,934	-
	324,299	753,404

The fair value of all payables approximates to their carrying amount in the balance sheet

13. Amounts due to group undertaking

	2011 £	2010 £
Overdraft facility used to purchase property	13,682,016	13,682,016
	13,682,016	13,682,016

The company agreed with RBS in 2004 to not charge interest on the overdraft facility

NOTES TO THE FINANCIAL STATEMENTS (continued)

14. Financial instruments and rısk management

(i) Categories of financial instrument

The followıng tables analyse the company's fınancıal assets and lıabılıtıes ın accordance wıth the categorıes of financıal ınstruments ın IAS 39 "Fınancıal Instruments, Recognıtıon and Measurement" Assets and lıabılıtıes outsıde the scope of IAS 39 are shown separately

2011	Loans and receivables £	Non financial assets/ liabilities £	Total £
Assets			
Investments ın subsıdıarıes		505	505
Development property	-	9,777,197	9,777,197
Trade and other receıvables	61,510	-	61,510
Current tax asset	24,950	-	24,950
	86,460	9,777,702	9,864,162

	Payables £	Total £
Liabilities		
Trade and other payables	1,470,716	1,470,716
Amounts owed to group undertakıngs	8,614,997	8,614,997
	10,085,714	10,085,713
Equity deficit		(221,551)

2010	Loans and receivables £	Non financial assets/ liabilities £	Total £
Assets			
Investments ın subsıdıarıes		505	505
Development property	-	9,651,472	9,651,472
Trade and other receıvables	361,011	-	361,011
Current tax asset	67,652		67,652
	428,663	9,651,977	10,080,640

	Payables £	Total £
Lıabilities		
Trade and other payables	1,994,481	1,994,481
Amounts owed to group undertakıngs	8,175,998	8,175,998
	10,170,479	10,170,479
Equity deficit		(89,839)

14. Financial instruments and risk management (continued)

(ii) Financial risk management

The principal risks associated with the company are as follows

Interest rate risk

Interest rate risk arises where assets and liabilities have different repricing maturities

The financial liabilities of the company consist of amounts due to group undertakings and third party trade payables The amounts due to group undertakings do not have any significant interest rate risk as they are due primarily on demand The third party trade payables do not have any significant interest rate risk as the company follows the policy and practice on payment of creditors determined by The Royal Bank of Scotland Group plc as detailed in the directors' report

Currency risk

The company has no currency risk as all transactions and balances are denominated in sterling

Liquidity risk

The company has no material liquidity risk as it has access to group funding

Market risk

Market risk is defined as the risk of loss as a result of adverse changes in risk factors including interest rates, foreign currency and equity prices together with related parameters such as market volatilities

15. Operating leases

As a lessor	2011 £	2010 £
Leases expiring		
In less than one year	13,800	3,000
Between two and five years	63,070	58,270
In more than 5 years	43,044	42,000
At 31 December	119,914	103,270

16. Share capital

	2011 £	2010 £
Authorised:		
1,000 ordinary shares of £1	1,000	1,000
Allotted, called up and fully paid:		
Equity shares		
2 ordinary shares of £1	2	2
	2	2

NOTES TO THE FINANCIAL STATEMENTS (continued)

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

17. Capital resources

The company's capital consists of equity comprising issued share capital, retained losses, and loans from group undertakings The company is a member of The Royal Bank of Scotland group of companies which has regulatory disciplines over the use of capital In the management of capital resources, the company is governed by the group's policy which is to maintain a strong capital base it is not separately regulated

18. Related parties

UK Government

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

The company enters into transactions with these bodies on an arms' length basis, they include the payment of Value Added Tax

The company's immediate parent company is Lombard North Central PLC, a company incorporated in Great Britain and registered in England and Wales As at 31 December 2011 The Royal Bank of Scotland plc heads the smallest group in which the company is consolidated, a company incorporated in Great Britain and registered in Scotland Copies of the consolidated accounts may be obtained from The Secretary, The Royal Bank of Scotland Group plc, Gogarburn, Edinburgh, EH12 1HQ

The company's ultimate holding company is The Royal Bank of Scotland Group plc, a company incorporated in Great Britain and registered in Scotland As at 31 December 2011, The Royal Bank of Scotland Group plc heads the largest group in which the company is consolidated Copies of the consolidated accounts may be obtained from The Secretary, The Royal Bank of Scotland Group plc, Gogarburn, Edinburgh, EH12 1HQ

Related party transactions with group undertakings

The table below detail transactions and balances with group undertakings

	2011	2010
	£	£
Net amounts payable:		
Immediate parent Lombard North Central PLC	13,682,016	13,682,016
Loan from parent company	393,638	392,190
Due to Riossi Limited	261,775	130,017
	14,337,429	14,204,223

NOTES TO THE FINANCIAL STATEMENTS (continued)

Key management

The company is a subsidiary of The Royal Bank of Scotland Group plc whose policy is for companies to bear the costs of their full time staff The time and costs of executives and other staff who are primarily employed by the group are not specifically recharged However, the group recharges subsidiaries for management fees which include an allocation of certain staff and administrative support costs

In the company and the Group, key management comprise directors of the company and members of the Group Executive Management Committee The emoluments of the directors of the company are met by the group

The directors of the company do not receive remuneration for specific services provided to the company

19. Post balance sheet events

The Marshgate asset consisting of one large development site in the centre of Doncaster, Yorkshire has been valued at year end at £9,777,197 Post review in 2012 and based off progressed discussions with the local planning authority and a multinational as potential tenant, the fair value of the development site is being closely monitored

Post the potential tenant's annual review process completed in 2012, it has become less certain this specific tenant will complete a tenancy The directors are formulating alternative strategies and reviewing potential tenant mixes This asset will be reviewed for fair value at 30th June 2012 and adjusted accordingly