COMPANY REGISTRATION NUMBER SC218620

WIGFORD LIMITED

FINANCIAL STATEMENTS

FOR THE PERIOD ENDED

30 JUNE 2012

MONDAY

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WIGFORD LIMITED

FINANCIAL STATEMENTS

PERIOD FROM 1 JANUARY 2011 TO 30 JUNE 2012

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WIGFORD LIMITED

OFFICERS AND PROFESSIONAL ADVISERS

The board of directors	Mr C.E.N. Howard Mr J.M. Tinsley Mrs B.I.M. Turnbull Mr L.H. Fennell
Company secretary	Ms M Gow
Registered office	24/25 St Andrew Square Edinburgh EH2 1AF
Auditor	Streets Audit LLP Chartered Accountants & Statutory Auditor Tower House Lucy Tower Street Lincoln LN1 1XW
Bankers	National Westminster Bank Plc Corporate Centre Lincoln LN5 7DS

WIGFORD LIMITED

THE DIRECTORS' REPORT

PERIOD FROM 1 JANUARY 2011 TO 30 JUNE 2012

The directors present their report and the financial statements of the company for the period from 1 January 2011 to 30 June 2012.

PRINCIPAL ACTIVITIES AND BUSINESS REVIEW

During the period the company continued to receive income from tenants in part of the property whilst marketing the remaining unsold properties. The directors continue to perform a controlled wind down of the company.

The company reported a pre-tax loss for the 18 months to 30 June 2012 of £362,491 (2010: £131,046 profit).

DIRECTORS

The directors who served the company during the period were as follows:

Mr C.E.N. Howard
Mr J.M. Tinsley
Mrs B.I.M. Turnbull
Mr L.H. Fennell

POLICY ON THE PAYMENT OF CREDITORS

The company is committed to maintaining a sound commercial relationship with its suppliers. Consequently, it is the company's policy to negotiate and agree terms and conditions with its suppliers.

DIRECTORS' RESPONSIBILITIES

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

Company law requires the directors to prepare financial statements for each financial year. Under that law the directors have elected to prepare the financial statements in accordance with United Kingdom Generally Accepted Accounting Practice (United Kingdom Accounting Standards and applicable law). Under company law the directors must not approve the financial statements unless they are satisfied that they give a true and fair view of the state of affairs of the company and of the profit or loss of the company for that period.

In preparing those financial statements, the directors are required to:

- select suitable accounting policies and then apply them consistently;
- make judgements and accounting estimates that are reasonable and prudent;
- prepare the financial statements on the going concern basis unless it is inappropriate to presume that the company will continue in business.

The directors are responsible for keeping adequate accounting records that are sufficient to show and explain the company's transactions and disclose with reasonable accuracy at any time the financial position of the company and enable them to ensure that the financial statements comply with the Companies Act 2006. They are also responsible for safeguarding the assets of the company and hence for taking reasonable steps for the prevention and detection of fraud and other irregularities.

In so far as the directors are aware:

- there is no relevant audit information of which the company's auditor is unaware; and
- the directors have taken all steps that they ought to have taken to make themselves aware of any relevant audit information and to establish that the auditor is aware of that information.

SMALL COMPANY PROVISIONS

This report has been prepared in accordance with the special provisions for small companies under Part 15 of the Companies Act 2006.

Registered office:
24/25 St Andrew Square
Edinburgh
EH2 1AF

Signed on behalf of the directors

C E N Howard

MR C. E. N. HOWARD

Director

Approved by the directors on 11/3/13

WIGFORD LIMITED

INDEPENDENT AUDITOR'S REPORT TO THE SHAREHOLDERS OF WIGFORD LIMITED

PERIOD FROM 1 JANUARY 2011 TO 30 JUNE 2012

We have audited the financial statements of Wigford Limited for the period from 1 January 2011 to 30 June 2012 which comprise the Profit and Loss Account, Balance Sheet and the related notes. The financial reporting framework that has been applied in their preparation is applicable law and the Financial Reporting Standard for Smaller Entities (effective April 2008) (United Kingdom Generally Accepted Accounting Practice applicable to Smaller Entities).

This report is made solely to the company's shareholders, as a body, in accordance with Sections 495 and 496 of the Companies Act 2006. Our audit work has been undertaken so that we might state to the company's shareholders 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 shareholders 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 set out on pages 2 to 3, 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 (APB'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 ; 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 30 June 2012 and of its loss for the period then ended;
- have been properly prepared in accordance with United Kingdom Generally Accepted Accounting Practice applicable to Smaller Entities; and
- have been prepared in accordance with the requirements of the Companies Act 2006.

OPINION ON OTHER MATTERS PRESCRIBED BY THE COMPANIES ACT 2006

In our opinion the information given in the Directors' Report for the financial period for which the financial statements are prepared is consistent with the financial statements.

INDEPENDENT AUDITOR'S REPORT TO THE SHAREHOLDERS OF WIGFORD LIMITED *(continued)*

PERIOD FROM 1 JANUARY 2011 TO 30 JUNE 2012

MATTERS ON WHICH WE ARE REQUIRED TO REPORT BY EXCEPTION

We have nothing to report in respect of the following matters where the Companies Act 2006 requires us to report to you if, in our opinion:

- adequate accounting records have not been kept, or returns adequate for our audit have not been received from branches not visited by us; or
- the financial statements are not in agreement with the accounting records and returns; or
- certain disclosures of directors' remuneration specified by law are not made; or
- we have not received all the information and explanations we require for our audit; or
- the directors were not entitled to prepare the financial statements in accordance with the small companies regime and take advantage of the small companies' exemption in preparing the directors' report.

Linda Lord

LINDA LORD (Senior Statutory Auditor)
For and on behalf of
STREETS AUDIT LLP
Chartered Accountants
& Statutory Auditor

Tower House
Lucy Tower Street
Lincoln
LN1 1XW

14 March 2013

WIGFORD LIMITED

PROFIT AND LOSS ACCOUNT

PERIOD FROM 1 JANUARY 2011 TO 30 JUNE 2012

	Note	Period from 1 Jan 11 to 30 Jun 12 £	Year to 31 Dec 10 £
TURNOVER		**4,010,176**	997,895
Cost of sales		**3,754,547**	424,621
GROSS PROFIT		**255,629**	573,274
Administrative expenses		**258,593**	221,437
Other operating income		**–**	(65,437)
OPERATING (LOSS)/PROFIT	**2**	**(2,964)**	417,274
Interest receivable		**119**	64
Interest payable and similar charges		**(359,646)**	(286,292)
(LOSS)/PROFIT ON ORDINARY ACTIVITIES BEFORE TAXATION		**(362,491)**	131,046
Tax on (loss)/profit on ordinary activities		**–**	27,468
(LOSS)/PROFIT FOR THE FINANCIAL PERIOD		**(362,491)**	103,578

The notes on pages 8 to 12 form part of these financial statements.

WIGFORD LIMITED

BALANCE SHEET

30 JUNE 2012

	Note	30 Jun 12 £	£	31 Dec 10 £	£
CURRENT ASSETS					
Stocks		**3,395,000**		6,564,210	
Debtors	**3**	**38,243**		104,921	
Cash at bank		**398,604**		97,916	
		3,831,847		6,767,047	
CREDITORS: Amounts falling due within one year	**4**	**4,192,764**		1,391,666	
NET CURRENT (LIABILITIES)/ASSETS			**(360,917)**		5,375,381
TOTAL ASSETS LESS CURRENT LIABILITIES			**(360,917)**		5,375,381
CREDITORS: Amounts falling due after more than one year	**5**		**2,999,000**		8,372,807
			(3,359,917)		(2,997,426)
CAPITAL AND RESERVES					
Called-up equity share capital	**8**		**1,000**		1,000
Profit and loss account	**9**		**(3,360,917)**		(2,998,426)
DEFICIT			**(3,359,917)**		(2,997,426)

These financial statements have been prepared in accordance with the special provisions for small companies under Part 15 of the Companies Act 2006 and with the Financial Reporting Standard for Smaller Entities (effective April 2008).

These financial statements were approved by the directors and authorised for issue on 11/3/13, and are signed on their behalf by:

C E N Howard.

MR C.E.N. HOWARD

Company Registration Number: SC218620

The notes on pages 8 to 12 form part of these financial statements.

WIGFORD LIMITED

NOTES TO THE FINANCIAL STATEMENTS

PERIOD FROM 1 JANUARY 2011 TO 30 JUNE 2012

1. ACCOUNTING POLICIES

Basis of accounting

The financial statements have been prepared under the historical cost convention, and in accordance with the Financial Reporting Standard for Smaller Entities (effective April 2008).

The directors are continuing with a controlled wind down of the company. This is supported by the original and current shareholders in the form of loans which represent the main liabilities of the company. On the basis of this support the directors do not consider there to be any material uncertainty over the ability of the company to continue operating for the foreseeable future as the company winds down.

Turnover

The turnover shown in the profit and loss account represents amounts invoiced during the period, exclusive of Value Added Tax.

In respect of long-term contracts and contracts for on-going services, turnover represents the value of work done in the year, including estimates of amounts not invoiced. Sales in respect of newly constructed properties are included in turnover on exchange of contracts.

Trading properties

Properties in the course of construction are held at the lower of cost and market value.

Pre-sold properties are stated at cost plus attributable profits less losses, where the outcome can be assessed with reasonable certainty, less progress payments receivable.

Cost is based on the cost of construction and attributable overheads and is apportioned using the square footage of each individual unit.

Market value is based on actual or estimated selling price less additional costs to completion and disposal.

Operating lease agreements

Rentals applicable to operating leases where substantially all of the benefits and risks of ownership remain with the lessor are charged against profits on a straight line basis over the period of the lease.

Deferred taxation

Deferred tax is recognised in respect of all timing differences that have originated but not reversed at the balance sheet date where transactions or events have occurred at that date that will result in an obligation to pay more, or a right to pay less or to receive more tax.

Deferred tax assets are recognised only to the extent that the directors consider that it is more likely than not that there will be suitable taxable profits from which the future reversal of the underlying timing differences can be deducted.

Deferred tax is measured on an undiscounted basis at the tax rates that are expected to apply in the periods in which timing differences reverse, based on tax rates and laws enacted or substantively enacted at the balance sheet date.

1. ACCOUNTING POLICIES *(continued)*

Financial instruments

Financial instruments are classified and accounted for, according to the substance of the contractual arrangement, as either financial assets, financial liabilities or equity instruments. An equity instrument is any contract that evidences a residual interest in the assets of the company after deducting all of its liabilities.

Taxation

Corporation tax payable is provided on taxable profits at the current rate.

2. OPERATING (LOSS)/PROFIT

Operating (loss)/profit is stated after charging:

	Period from 1 Jan 11 to 30 Jun 12	Year to 31 Dec 10
	£	£
Auditor's fees	**8,000**	9,000

3. DEBTORS

	30 Jun 12	31 Dec 10
	£	£
Trade debtors	**22,431**	104,921
Other debtors	**15,812**	–
	38,243	104,921

4. CREDITORS: Amounts falling due within one year

	30 Jun 12	31 Dec 10
	£	£
Bank loans	**2,680,000**	1,000,000
Trade creditors	**17,351**	14,662
Corporation tax	–	40,616
Other taxation	**16,970**	12,948
Other creditors	**1,478,443**	323,440
	4,192,764	1,391,666

4. CREDITORS: Amounts falling due within one year *(continued)*

The following liabilities disclosed under creditors falling due within one year are secured by the company:

	30 Jun 12	31 Dec 10
	£	£
Bank loans	**2,680,000**	1,000,000
Other creditors	**1,100,000**	–
	3,780,000	1,000,000

The National Westminster Bank plc holds a right of set-off incorporated in the first legal mortgage dated 21 August 2006 over Freehold Property known as Wigford House, Brayford Wharf East, Lincoln. The current facility becomes due for repayment on 31 December 2012.

£1,100,000 of other creditors are shareholder loans which become due for repayment on 31 December 2012. These are secured by second and third charges over the assets of the company.

5. CREDITORS: Amounts falling due after more than one year

	30 Jun 12	31 Dec 10
	£	£
Bank loans and overdrafts	–	4,273,807
Other creditors	**2,999,000**	4,099,000
	2,999,000	8,372,807

Other creditors include original shareholder loans of £1,999,000 which are interest free and repayable upon winding-up the company and £1,000,000 of unsecured floating rate notes which are interest bearing. Both loans are in proportion to each of the participators' original interest in the ordinary share capital of Wigford Limited.

The following liabilities disclosed under creditors falling due after more than one year are secured by the company:

	30 Jun 12	31 Dec 10
	£	£
Bank loans and overdrafts	–	4,273,807
Other creditors	–	1,100,000
	–	5,373,807

6. DEFERRED TAXATION

Due to the losses incurred during previous years there are approximately £3m of tax losses which are available to offset against future taxable trading profits. In accordance with the accounting policies no deferred tax asset has been recognised.

7. RELATED PARTY TRANSACTIONS

Mr J.M. Tinsley and Mr C.E.N. Howard, who are both directors of Wigford Limited, are also directors and controlling shareholders of Howtin Investments Limited.

During the period Howtin Investments Limited were paid £29,908 (2010: £19,047) for management services provided to the company. There was no balance outstanding at the period end.

Several years ago Howtin Investments Limited loaned the company £570,000. £370,000 of this loan is secured by way of a third charge over the company's assets, and interest is paid at 5% above LIBOR. The remaining £200,000 is unsecured and interest is paid at 1.5% above LIBOR. Interest accrued during the period amounted to £37,950.

On incorporation and in accordance with the shareholders agreement, Howtin Investments Limited advanced an interest-free loan of £399,800 to Wigford Limited. The loan is repayable on the winding-up of the company.

National Westminster Bank Plc is a wholly-owned subsidiary of The Royal Bank of Scotland Group plc, who are the ultimate holding company of KUC Properties Limited, joint owners of Wigford Limited. Interest paid during the period (including amounts accrued) to National Westminster Bank Plc amounted to £230,513 (2010: £186,292). Interest received during the period from National Westminter Bank Plc amounted to £119 (2010: £64).

Several years ago KUC Properties Limited loaned the company £1,230,000. £360,000 of this is secured by way of a second charge over the company's assets and interest is paid at 5% over LIBOR. £370,000 of this loan is secured by way of a third charge over the company's assets, and interest is paid at 5% above LIBOR. The remaining £500,000 is unsecured and interest is paid at 1.5% above LIBOR. Interest accrued during the period amounted to £78,300.

Amounts paid to and received from the UK Government, the ultimate controlling party of The Royal Bank of Scotland Group plc, are as follows:

Payments of VAT (net of repayments): £69,199 (2010: £18,606)

8. SHARE CAPITAL

Allotted, called up and fully paid:

	30 Jun 12		31 Dec 10	
	No	**£**	No	£
500 Ordinary 'A' shares of £1 each	**500**	**500**	500	500
500 Ordinary 'B' shares of £1 each	**500**	**500**	500	500
	1,000	**1,000**	1,000	1,000

The 'A' and 'B' ordinary shares rank 'pari passu'. Each set of shareholders is able to appoint two directors.

9. PROFIT AND LOSS ACCOUNT

	Period from 1 Jan 11 to 30 Jun 12	Year to 31 Dec 10
	£	£
Balance brought forward	(2,998,426)	(3,102,004)
(Loss)/profit for the financial period	(362,491)	103,578
Balance carried forward	(3,360,917)	(2,998,426)

10. POST BALANCE SHEET EVENTS

Since the period end the company's remaining property has been sold and the net realisable value is reflected in the closing stock figure. Also post period end the shareholders and previous shareholders have agreed to waive their outstanding loan sums to the extent that they are not recoverable in the winding down procedure.

11. ULTIMATE PARENT COMPANY

The company is a joint venture and is controlled by KUC Properties Limited and Howtin Investments Limited.

The ultimate holding company of KUC Properties Limited is The Royal Bank of Scotland Group plc, which is incorporated in Great Britain and registered in Scotland.

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.

As at 30 June 2012, The Royal Bank of Scotland Group plc heads the largest group in which KUC Properties Limited is consolidated and The Royal Bank of Scotland plc heads the smallest group in which KUC Properties Limited is consolidated. Copies of the consolidated accounts of both companies may be obtained from The Secretary, The Royal Bank of Scotland Group plc, Gogarburn, PO Box 1000, Edinburgh EH12 1HQ.

Transactions between the Company, and the UK Government and UK Government controlled bodies, consisted solely of value added tax and are detailed in note 7.