

Company Registration No: 01920933

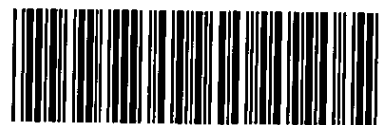
RBS TRADE SERVICES LIMITED

DIRECTORS' REPORT AND FINANCIAL STATEMENTS

31 December 2006

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

WEDNESDAY



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RBS TRADE SERVICES LIMITED

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RBS TRADE SERVICES LIMITED

OFFICERS AND PROFESSIONAL ADVISERS

DIRECTORS: N Kapur
M S Whitaker

SECRETARY: L M Blair

REGISTERED OFFICE: Waterhouse Square
138-142 Holborn
London
EC1N 2TH

AUDITORS: Deloitte & Touche LLP
London

Registered in England and Wales.

RBS TRADE SERVICES LIMITED

DIRECTORS' REPORT

The directors present their report and the audited financial statements for the year ended 31 December 2006

ACTIVITIES AND BUSINESS REVIEW

This directors' report has been prepared in accordance with the special provisions relating to small companies under section 246(4)(a) of the Companies Act 1985

Activity

The Company was previously in the business of making loans for the purpose of trade finance, however the Company did not trade during the year under review nor the prior year and is not expected to in the foreseeable future

The retained profit for the year on continuing activities was £17,335 (2005 £14,278)
The directors do not recommend the payment of a dividend for the current year (2005 £nil)

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 2006 to date the following changes have taken place

Directors	Appointed	Resigned
J Matear		31-Mar-06
M S Whitaker	31-Mar-06	
G C Clemett		01-Jun-07
N Kapur	01-Jun-07	

RBS TRADE SERVICES LIMITED

DIRECTORS' REPORT (Continued)

DIRECTORS' RESPONSIBILITIES

The directors are required by the Companies Act 1985 to prepare a directors' report and financial statements for each financial year and have elected to prepare them in accordance with International Financial Reporting Standards as adopted by the European Union. They are responsible for preparing financial statements that present fairly the financial position, financial performance and cash flows of the Company. 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 applicable accounting standards have been followed, subject to any material departures disclosed and explained in the financial statements, and
- 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 proper accounting records which disclose with reasonable accuracy at any time the financial position of the Company and to enable them to ensure that the directors' report and financial statements comply with the requirements of the Companies Act 1985. They are also responsible for safeguarding the assets of the Company and hence for taking reasonable steps for the prevention and detection of fraud and other irregularities.

USE OF FINANCIAL INSTRUMENTS

The Company's financial risk management policies and exposure in relation to the respective risks are detailed in note 8 of the financial statements.

DISCLOSURE OF INFORMATION TO AUDITORS

Each of the directors at the date of approval of this report confirms that

- (a) so far as he is aware there is no relevant audit information of which the Company's auditors are unaware, and
- (b) the director has taken all the steps that he ought to have taken to make himself aware of any relevant audit information and to establish that the Company's auditors are aware of that information.

This confirmation is given and shall be interpreted in accordance with the provisions of section 234ZA of the Companies Act 1985.

DIRECTORS' INDEMNITIES

In terms of section 309C of the Companies Act 1985 (as amended), Mr G C Clemett had been granted Qualifying Third Party Indemnity Provisions by The Royal Bank of Scotland Group plc.

RBS TRADE SERVICES LIMITED

DIRECTORS' REPORT (Continued)

POLICY AND PRACTICE ON PAYMENT OF CREDITORS

The Company follows the policy and practice on payment of creditors determined by The Royal Bank of Scotland Group plc ('RBSG'), as outlined below

RBSG is committed to maintaining a sound commercial relationship with its suppliers. Consequently, it is RBSG's policy to negotiate and agree terms and conditions with its suppliers, which includes the giving of an undertaking to pay suppliers 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

ELECTIVE RESOLUTIONS

The Company has elected to dispense with the requirement to hold annual general meetings, lay directors' reports and financial statements before a general meeting and re-appoint auditors annually

AUDITORS

Deloitte & Touche LLP have expressed their willingness to continue in office as auditors

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



L M Blair
Secretary

Date 19/10/07

INDEPENDENT AUDITORS' REPORT TO THE MEMBERS OF RBS TRADE SERVICES LIMITED

We have audited the financial statements of RBS Trade Services Limited for the year ended 31 December 2006 which comprise the income statement, the statement of changes in equity, the balance sheet, the cash flow statement and the related notes 1 to 11. These financial statements have been prepared under the accounting policies set out therein.

This report is made solely to the Company's members, as a body, in accordance with section 235 of the Companies Act 1985. Our audit work has been undertaken so that we might state to the Company's members those matters we are required to state to them in an auditors' report and for no other purpose. To the fullest extent permitted by law, we do not accept or assume responsibility to anyone other than the Company and the Company's members as a body, for our audit work, for this report, or for the opinions we have formed.

RESPECTIVE RESPONSIBILITIES OF DIRECTORS AND AUDITORS

As described in the directors' report, the Company's directors are responsible for the preparation of the directors' report and the financial statements in accordance with applicable law and International Financial Reporting Standards ("IFRS") as adopted by the European Union. Our responsibility is to audit the financial statements in accordance with relevant legal and regulatory requirements and International Standards on Auditing (UK and Ireland).

We report to you our opinion as to whether the financial statements give a true and fair view and whether the financial statements have been properly prepared in accordance with the Companies Act 1985. We also report to you whether, in our opinion, the information given in the directors' report is consistent with the financial statements. In addition we report to you if, in our opinion, the Company has not kept proper accounting records, if we have not received all the information and explanations we require for our audit, or if information specified by law regarding directors' remuneration and other transactions is not disclosed.

We read the directors' report for the above year and consider whether it is consistent with the audited financial statements. We consider the implications for our report if we become aware of any apparent misstatements or material inconsistencies with the financial statements. Our responsibilities do not extend to any information outside the directors' report.

BASIS OF AUDIT OPINION

We conducted our audit in accordance with International Standards on Auditing (UK and Ireland) issued by the Auditing Practices Board. An audit includes examination, on a test basis, of evidence relevant to the amounts and disclosures in the financial statements. It also includes an assessment of the significant estimates and judgements made by the directors in the preparation of the financial statements, and of whether the accounting policies are appropriate to the circumstances of the Company, consistently applied and adequately disclosed.

We planned and performed our audit so as to obtain all the information and explanations which we considered necessary in order to provide us with sufficient evidence to give reasonable assurance that the financial statements are free from material misstatement, whether caused by fraud or other irregularity or error. In forming our opinion, we also evaluated the overall adequacy of the presentation of information in the financial statements.

INDEPENDENT AUDITORS' REPORT TO THE MEMBERS OF RBS TRADE SERVICES LIMITED
(Continued)

OPINION

In our opinion

- the financial statements give a true and fair view of the state of the Company's affairs as at 31 December 2006 and of its profit for the year then ended in accordance with International Financial Reporting Standards as adopted by the European Union,
- the financial statements have been properly prepared in accordance with the Companies Act 1985, and
- the information given in the directors' report is consistent with the financial statements

Deloitte & Touche LLP

Deloitte & Touche LLP
Chartered Accountants and Registered Auditors
London, United Kingdom
Date: *24 October 2007*

RBS TRADE SERVICES LIMITED

INCOME STATEMENT for the year ended 31 December 2006

	Note	2006 £	2005 £
Continuing operations			
Other operating charges	4	<u>(60)</u>	<u>(6,530)</u>
Operating loss		(60)	(6,530)
Finance income	3	<u>27,805</u>	<u>26,815</u>
Profit before tax		27,745	20,285
Tax	5	<u>(10,410)</u>	<u>(6,007)</u>
Profit for the year		<u>17,335</u>	<u>14,278</u>

The notes on pages 11 to 14 form a part of these financial statements

RBS TRADE SERVICES LIMITED

STATEMENT OF CHANGES IN EQUITY
for the year ended 31 December 2006

	Share capital £	Retained earnings £	Total equity £
At 1 January 2005	250,000	274,402	524,402
Profit for the year	-	14,278	14,278
At 31 December 2005	<u>250,000</u>	<u>288,680</u>	<u>538,680</u>
At 1 January 2006	250,000	288,680	538,680
Profit for the year	-	17,335	17,335
At 31 December 2006	<u>250,000</u>	<u>306,015</u>	<u>556,015</u>

The notes on pages 11 to 14 form a part of these financial statements

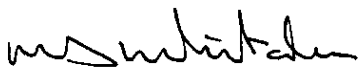
RBS TRADE SERVICES LIMITED

BALANCE SHEET at 31 December 2006

	Note	2006 £	2005 £
Current assets			
Cash and cash equivalents	2c	568,116	544,655
		<u>568,116</u>	<u>544,655</u>
Total assets		<u>568,116</u>	<u>544,655</u>
Current liabilities			
Tax payable		(12,102)	(5,975)
		<u>(12,102)</u>	<u>(5,975)</u>
Total liabilities		<u>(12,102)</u>	<u>(5,975)</u>
Net assets		<u>556,014</u>	<u>538,680</u>
Equity			
Share capital	7	250,000	250,000
Reserves		306,014	288,680
Total equity		<u>556,014</u>	<u>538,680</u>

The financial statements were approved by the board of directors and authorised for issue on and were signed on its behalf by

M S Whitaker
Director



Date

17/10/07

The notes on pages 11 to 14 form a part of these financial statements

RBS TRADE SERVICES LIMITED

CASH FLOW STATEMENT
for the year ended 31 December 2006

	Note	2006 £	2005 £
Cash flows from operating activities			
Interest received		27,805	26,815
Administration fees paid		-	(6,530)
Corporation tax paid		(4,284)	(7,792)
Other cash payments		(60)	-
Net cash from operating activities		23,461	12,493
Net increase in cash and cash equivalents		23,461	12,493
Cash and cash equivalents at 1 January	2c	544,655	532,162
Cash and cash equivalents at 31 December	2c	568,116	544,655

RBS TRADE SERVICES LIMITED

NOTES TO THE FINANCIAL STATEMENTS for the year ended 31 December 2006

1 General information

RBS Trade Services Limited is a Company incorporated in Great Britain under the Companies Act 1985. The address of the registered office is on page 1. The nature of the Company's principal activities are set out in the Directors' Report.

2 Accounting policies

a. Accounting convention

The financial statements have been prepared 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 (together IFRS) as adopted by the European Union.

The financial statements have been prepared upon the basis of historical cost and are presented in accordance with applicable United Kingdom law.

b. Taxation

Provision is made for taxation at current enacted rates on taxable profits, arising in income or in equity taking into account relief for overseas taxation where appropriate.

Deferred taxation is accounted for in full for all temporary differences between the carrying amount of an asset or liability for accounting purposes and its carrying amount for tax purposes except in relation to overseas earnings where remittance is controlled by the group.

Deferred tax assets are only recognised to the extent that it is probable that they will be recovered.

c. Cash and cash equivalents

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

3 Finance income

	2006 £	2005 £
Interest received from parent company	27,805	26,815
	<u>27,805</u>	<u>26,815</u>

4 Other operating charges

	2006 £	2005 £
Management fees	-	6,470
Bank fees	60	60
	<u>60</u>	<u>6,530</u>

The Company had no employees in the current year (2005 – nil).

RBS TRADE SERVICES LIMITED

NOTES TO THE FINANCIAL STATEMENTS (Continued) for the year ended 31 December 2006

5 Tax charge on profit before tax

A) Analysis of charge for the year

	2006 £	2005 £
Current taxation		
Charge for the year	8,341	5,975
Under provision in respect of prior periods	2,069	32
Current tax charge form the period	<u>(10,410)</u>	<u>(6,007)</u>

The actual tax charge differs from the expected tax charge computed by applying the standard rate of 30% (2005- 30%) as follows

	2006 £	2005 £
Expected tax charge	8,323	5,975
Non deductible items	18	-
Adjustment in respect of prior years	2,069	32
Actual tax charge	<u>(10,410)</u>	<u>(6,007)</u>

6 Auditors' Remuneration

Fees payable to the Company's auditors for the audit of the Company's financial statements are £5,000 (2005 £5,000) There was no charge in either the current or prior year's financial statements for the auditor's remuneration as the fees were charged in the financial statements of the immediate parent, The Royal Bank of Scotland plc

7 Share capital

	2006 £	2005 £
Authorised:		
250,000 (2005 250,000) ordinary shares of £1 each	<u>250,000</u>	<u>250,000</u>
Allotted, called up and fully paid:		
250,000 (2005 250,000) ordinary shares of £1 each	<u>250,000</u>	<u>250,000</u>

8 Financial instruments

The Company uses a comprehensive framework for managing risks established by The Royal Bank of Scotland plc group of companies
The risks associated with the Company's businesses are as follows

The Company has no significant market risk and all balances are denominated in Sterling

Interest rate risk

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

The Company has no significant interest rate risk

RBS TRADE SERVICES LIMITED

NOTES TO THE FINANCIAL STATEMENTS (Continued) **for the year ended 31 December 2006**

8 Financial Instruments (Continued)

Currency risk

The Company has no significant currency risk as all balances are denominated in Sterling

Credit risk

Credit risk is the risk that companies, financial institutions, individuals and other counterparties will be unable to meet their obligations to the Company

The Company has no significant credit risk as all loans and receivables are with group undertakings

Operational risk

Operational risk is the risk of unexpected losses attributable to human error, systems failures, fraud or inadequate internal financial controls and procedures. The Company manages this risk, in line with The Royal Bank of Scotland Group plc group framework, through systems and procedures to monitor transactions and positions, the documentation of transactions and periodic review by internal audit. The Company also maintains contingency facilities to support operations in the event of disasters.

9 Post balance sheet events

On 26 June 2007 the 2007 Finance Bill was substantively enacted which included a reduction in Corporation Tax rates by 2% to 28% with effect from 1 April 2008. The Company estimates that there would be no material impact on the tax charge for the year if the Bill had been enacted by 31 December 2006.

10 Related parties

The Company's immediate parent and ultimate controlling party is described in note 11.

The table below details balances and transactions with group undertakings.

	Opening balance £	Net payments £	Net interest received £	Closing balance £
Banking members of the group				
Parent	544,827	(4,343)	27,633	568,116

No emoluments were paid to any director by the Company during the year (2005 - £nil).

None of the directors had any material interest in any contract of significance in relation to the business of the Company (2005 - £nil).

There were no other related party transactions or balances requiring disclosure.

NOTES TO THE FINANCIAL STATEMENTS (Continued)
for the year ended 31 December 2006

11 Parent companies

The Company's ultimate holding company, ultimate controlling party, and the parent of the largest group into which the Company is consolidated is The Royal Bank of Scotland Group plc which is incorporated in Great Britain and registered in Scotland. Copies of the financial statements for The Royal Bank of Scotland Group plc can be obtained from The Royal Bank of Scotland Group plc, Gogarburn, Edinburgh, EH12 1HQ.

The Company's immediate parent company and the smallest subgroup into which the Company is consolidated has as its parent company The Royal Bank of Scotland plc, a company incorporated in Great Britain and registered in Scotland. Copies of the consolidated financial statements for this subgroup can be obtained from The Royal Bank of Scotland Group plc, Gogarburn, Edinburgh, EH12 1HQ.