

Company Registered No: 01920933

RBS TRADE SERVICES LIMITED

DIRECTORS' REPORT AND FINANCIAL STATEMENTS

For the year ended 31 December 2010

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

CONTENTS	Page
Officers and professional advisers	2
Directors' report	3 - 5
Independent auditor's report	6 - 7
Statement of comprehensive income	8
Balance sheet	9
Statement of changes in equity	10
Cash flow statement	11
Notes to the financial statements	12 - 15

RBS TRADE SERVICES LIMITED
OFFICERS AND PROFESSIONAL ADVISERS

01920933

DIRECTORS: Michael Simon Whitaker
Anthony Lloyd

SECRETARY: Kirsty Daly

REGISTERED OFFICE: 135 Bishopsgate
London
EC2M 3UR

AUDITORS: Deloitte LLP
London

Registered in England and Wales

DIRECTORS' REPORT

The directors present their report and the audited financial statements for the year ended 31 December 2010

This directors' report has been prepared in accordance with the special provisions available to companies entitled to the small companies' exemption

ACTIVITIES AND BUSINESS REVIEW**Activity**

The Company was previously in the business of making loans for the purpose of trade finance, however the Company has not traded since 2007 and does not expect to make further loans

The directors having made such enquires as they considered appropriate, have prepared the financial statements other than on a going concern basis in contemplation of the Company being wound up

The directors do not anticipate any material changes in either the type or level of activities of the Company

The Company is a subsidiary of The Royal Bank of Scotland Group plc ('RBSG') which provides the Company with direction and access to all central resources it needs and determines policy 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*Financial performance*

The Company's financial performance is presented in the Statement of Comprehensive Income on page 8. The retained profit for the year was £0 (2009 retained profit £2,914). There was no dividend paid during 2010 (2009 £350,000).

SHARE CAPITAL

On 17 November 2009, the members passed a Special Resolution to reduce the issued share capital from 250,000 ordinary shares of £1 to one share of £1. The reduction took place 4 January 2010.

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 2010 to date the following changes have taken place

Directors	Appointed	Resigned
Neeraj Kapur	-	19 May 2011
Anthony Lloyd	7 June 2011	-
Secretary	Appointed	Resigned
Lindsay Helen Cameron	-	31 May 2011
Kirsty Daly	1 June 2011	-

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.

DIRECTORS' REPORT (continued)

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

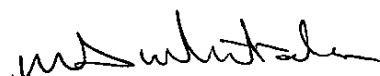
DIRECTORS' INDEMNITIES

In terms of section 236 of the Companies Act 2006, none of the directors have been granted Qualifying Third Party Indemnity Provisions by The Royal Bank of Scotland Group plc

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



Michael Simon Whitaker

Director

Date 6 July 2011

INDEPENDENT AUDITOR'S REPORT TO THE MEMBERS OF RBS TRADE SERVICES LIMITED

We have audited the financial statements of RBS Trade Services Limited ('the Company') for the year ended 31 December 2010 which comprise the statement of comprehensive income, the balance sheet, the statement of changes in equity, the cash flow statement and the related notes 1 to 11. These financial statements have been prepared on a basis other than that of going concern under the accounting policies set out therein. 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 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.

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 2010 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

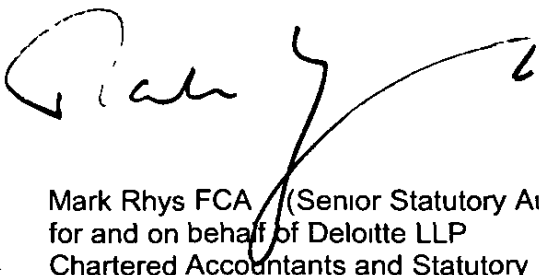
In our opinion the information given in the Directors' Report for the financial year for which the financial statements are prepared is consistent with the financial statements.

**INDEPENDENT AUDITOR'S REPORT TO THE MEMBERS OF
RBS TRADE SERVICES 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,
- the directors were not entitled to take advantage of the small companies' exemption in preparing the directors' report



Mark Rhys FCA (Senior Statutory Auditor)
for and on behalf of Deloitte LLP
Chartered Accountants and Statutory
Auditor,

London, United Kingdom

| 8 July 2011

STATEMENT OF COMPREHENSIVE INCOME
for the year ended 31 December 2010

	Notes	2010 £	2009 £
Discontinued operations			
Operating charges	2	-	(53)
Operating loss		<u>-</u>	<u>(53)</u>
Finance Income	3	-	4,120
Profit before tax		<u>-</u>	<u>4,067</u>
Tax	4	-	(1,153)
Profit and total comprehensive income for the year		<u>-</u>	<u>2,914</u>

The accompanying notes form an integral part of these financial statements

BALANCE SHEET
 as at 31 December 2010

	Notes	2010 £	2009 £
Assets			
Cash and cash equivalents	6	3,094	254,241
Total assets		<u>3,094</u>	<u>254,241</u>
Liabilities			
Current tax liabilities		-	1,155
Intercompany liabilities	7	7	-
Total liabilities		<u>7</u>	<u>1,155</u>
Equity			
Share capital	9	1	250,000
Retained Earnings		3,086	3,086
Total equity		<u>3,087</u>	<u>253,086</u>
Total liabilities and equity		<u>3,094</u>	<u>254,241</u>

The accompanying notes form an integral part of these financial statements

The financial statements were approved by the Board of directors on 6 July 2011 and signed on its behalf by



Michael Simon Whitaker
 Director

STATEMENT OF CHANGES IN EQUITY
for the year ended 31 December 2010

	Share capital £	Retained earnings £	Total £
Balance as at 1 January 2009	250,000	350,172	600,172
Profit for the year	-	2,914	2,914
Dividends	-	(350,000)	(350,000)
Balance at 31 December 2009	250,000	3,086	253,086
Share capital repayment	(249,999)	-	(249,999)
At 31 December 2010	1	3,086	3,087

The accompanying notes form an integral part of these financial statements

CASH FLOW STATEMENT
for the year ended 31 December 2010

	Notes	2010 £	2009 £
Cash flows from operating activities			
Interest received		-	4,120
Corporation tax paid		(1,155)	(18,313)
Other cash payments		7	(53)
		<u>(1,148)</u>	<u>(14,246)</u>
Cash flows from financing activities			
Dividends paid		-	(350,000)
Share capital repayment		(249,999)	-
		<u>(249,999)</u>	<u>(350,000)</u>
Net cash from financing activities			
		<u>(249,999)</u>	<u>(350,000)</u>
Net decrease in cash and cash equivalents		<u>(251,147)</u>	<u>(364,246)</u>
Cash and cash equivalents at 1 January 2010		254,241	618,487
Cash and cash equivalents at 31 December 2010		<u>3,094</u>	<u>254,241</u>

The accompanying notes form an integral part of these financial statements

NOTES TO THE FINANCIAL STATEMENTS

1. Accounting policies

a) Presentation of accounts

The financial statements are prepared on a basis other than that of a going concern, in compliance with IAS 1 25. The accounts 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 as adopted by the European Union (EU) (together IFRS)

The Company is incorporated in the UK and registered in England and Wales

The accounts are prepared on the historical cost basis except that the following assets and liabilities are stated at their fair value: financial assets and financial liabilities

The Company's accounts are presented in accordance with the Companies Act 2006

b) Adoption of new and revised standards

There are a number of changes to IFRS that were effective from 1 January 2010. They have had no material effect on the Company's financial statements for the year ended 31 December 2010.

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 Company.

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 with banks together with short term highly liquid investments that are readily convertible to known amounts of cash and subject to insignificant risk of changes in value.

NOTES TO THE FINANCIAL STATEMENTS (continued)

2. Operating charges

	2010	2009
	£	£
Bank fees	-	53
	<u>-</u>	<u>53</u>

The Company had no employees in the current year (2009 Nil)

3. Finance Income

	2010	2009
	£	£
Interest receivable due from parent Company	-	4,120
	<u>-</u>	<u>4,120</u>

4. Tax

a) Analysis of charge for the year	2010	2009
	£	£
Charge for the year	-	1,154
Over provision in respect of prior periods	-	(1)
Current tax charge for the period	<u>-</u>	<u>1,153</u>

5. Auditor's Remuneration

Audit fees and non audit fees are charged as a group service to The Royal Bank of Scotland plc without specific allocation to the Company

6. Cash and cash equivalents

	2010	2009
	£	£
Cash	3,094	254,241
Cash and cash equivalents per cash flow statement	<u>3,094</u>	<u>254,241</u>

NOTES TO THE FINANCIAL STATEMENTS (continued)

7. Intercompany liabilities

	2010 £	2009 £
Parent – The Royal Bank of Scotland plc	7	-
	<u>7</u>	<u>-</u>

8. Financial risk management

Interest rate risk

Structural 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. The amounts due to group undertakings do not have any significant interest rate risk as they are due primarily on demand.

Currency risk

The Company has no currency risk as all transactions and 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 receivables are with group undertakings.

Liquidity risk

The Company has no material liquidity risk as it has access to Group funding.

9. Share capital

	2010 £	2009 £
Authorised.		
One ordinary share of £1 (2009 £250,000)	<u>1</u>	<u>250,000</u>
Allotted, called up and fully paid:		
Equity shares		
One ordinary share of £1 (2009 £250,000)	<u>1</u>	<u>250,000</u>

NOTES TO THE FINANCIAL STATEMENTS (continued)**9. Share capital (continued)**

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

On 17 November 2009, the members passed a Special Resolution to reduce the issued share capital from 250,000 ordinary shares of £1 to one share of £1. The reduction took place 4 January 2010.

10. Related parties

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's ultimate holding Company is The Royal Bank of Scotland Group plc, and its immediate parent Company is The Royal Bank of Scotland plc. Both companies are incorporated in Great Britain and registered in Scotland.

As at 31 December 2010, The Royal Bank of Scotland Group plc heads the largest group in which the Company is consolidated and The Royal Bank of Scotland plc heads the smallest group in which the Company 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.

	2010 £	2009 £
Amounts owed Royal Bank of Scotland Plc		
- Unsecured deposits	3,094	254,241
	<hr/>	<hr/>
- Intercompany liabilities	7	-
	<hr/>	<hr/>

11. Post balance sheet events

There have been no significant events between the year end and the date of approval of these financial statements which would require a change to or disclosure in the financial statements.