

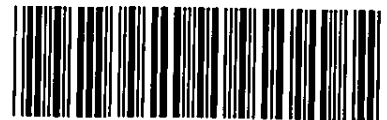
**Company Registration No: 01920933**

**RBS TRADE SERVICES LIMITED**

**DIRECTORS' REPORT AND FINANCIAL STATEMENTS**

**31 December 2009**

TUESDAY



\*LMLWEL9W\*

LD3

29/06/2010

308

COMPANIES HOUSE

**CONTENTS****Page**

Officers and Professional Advisers	1
Directors' Report	2
Independent Auditors' Report	5
Statement of Comprehensive Income	7
Balance Sheet	8
Statement of Changes in Equity	9
Cash Flow Statement	10
Notes to the Financial Statements	11

**OFFICERS AND PROFESSIONAL ADVISERS**

**DIRECTORS:**

**Neeraj Kapur  
Michael Simon Whitaker**

**SECRETARY:**

**Lindsey Helen Cameron**

**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 2009

**REGISTERED OFFICE**

On 24 December 2009, RBS Trade Services Limited (the 'Company') changed its registered office from Waterhouse Square, 138-142 Holborn, London EC1N 2TH

**ACTIVITIES AND BUSINESS REVIEW**

This directors' report has been prepared in accordance with the provisions available to companies entitled to the small companies exemption under the Companies Act 2006

**Activity**

RBS Trade Services Limited (the 'Company') was previously in the business of making loans for the purpose of trade finance but ceased trading during 2007 and does not expect to make any further loans

The directors do not anticipate any material change in either the type or level of activities of the Company. These events did not require the Company to remeasure or reclassify its assets and liabilities. IAS 1.25 'Presentation of Financial Statements' describes the preparation of financial statements under such circumstances as being other than on a going concern basis.

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](http://rbs.com)

**Review of the year***Financial performance*

The Company's financial performance is presented in the Statement of Comprehensive Income on page 7. The retained profit for the year was £2,914 (2008 retained profit £21,888) and this was transferred to reserves. A dividend of £350,000 was paid during the year (2008 £NIL).

*Employee policies*

Details of the number of employees and related costs can be found in Note 9.

*Going Concern*

The directors have prepared the financial statements on a basis other than that of a going concern. There is no impact to the amounts presented in the financial statements.

**DIRECTORS' REPORT (CONTINUED)****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 AND SECRETARY**

The present directors and secretary, who have served throughout the year are listed on page 1.

**DIRECTORS' RESPONSIBILITIES**

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 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 and loss for the financial year as far as concern members 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.

**USE OF FINANCIAL INSTRUMENTS**

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

**DIRECTORS' REPORT (CONTINUED)**

**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 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

**AUDITORS**

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

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



**M S Whitaker**

Director

Date 25/6/10

## **INDEPENDENT AUDITORS' 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 2009, which have been prepared on a basis other than that of going concern and 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 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 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 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 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 2009 and of its profit 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.

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

**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

**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

*Michael Lloyd*

Michael Lloyd (Senior Statutory Auditor)  
for and on behalf of Deloitte LLP  
Chartered Accountants and Statutory Auditors  
London, United Kingdom

*29 June 2010*



**STATEMENT OF COMPREHENSIVE INCOME**  
**for the year ended 31 December 2009**

	<b>Notes</b>	<b>2009 £</b>	<b>2008 £</b>
<b>Discontinued operations</b>			
Operating charges	3	<u>(53)</u>	<u>(45)</u>
<b>Operating loss</b>		<b>(53)</b>	<b>(45)</b>
Finance income	2	<u>4,120</u>	<u>30,676</u>
<b>Profit before tax</b>		<b>4,067</b>	<b>30,631</b>
Tax	4	<u>(1,153)</u>	<u>(8,743)</u>
<b>Profit for the year</b>		<b>2,914</b>	<b>21,888</b>
Other Comprehensive Income		<u>-</u>	<u>-</u>
<b>Total Comprehensive Income for the year</b>		<b>2,914</b>	<b>21,888</b>
<b>Attributable to owners of the Company</b>		<b>2,914</b>	<b>21,888</b>

The notes on pages 11 to 16 form a part of these financial statements

**BALANCE SHEET**  
as at 31 December 2009

	Notes	2009 £	2008 £
<b>Assets</b>			
Cash and cash equivalents	1f	<u>254,241</u>	<u>618,487</u>
<b>Total assets</b>		<u>254,241</u>	<u>618,487</u>
<b>Liabilities</b>			
Current tax liability		<u>1,155</u>	<u>18,315</u>
<b>Total liabilities</b>		<u>1,155</u>	<u>18,315</u>
<b>Equity</b>			
Share capital	6	<u>250,000</u>	<u>250,000</u>
Retained earnings		<u>3,086</u>	<u>350,172</u>
<b>Total equity</b>		<u>253,086</u>	<u>600,172</u>
<b>Total liabilities and equity</b>		<u>254,241</u>	<u>618,487</u>

The accounts were approved by the Board of Directors on 25th June 2010  
Signed on behalf of the Board of Directors



M S Whitaker  
Director

The notes on pages 11 to 16 form a part of these financial statements

**STATEMENT OF CHANGES IN EQUITY**  
**for the year ended 31 December 2009**

	Share capital £	Retained earnings £	Total equity £
<b>Balance at 1 January 2008</b>	250,000	328,284	578,284
Profit for the year	-	21,888	21,888
<b>Balance at 31 December 2008</b>	250,000	350,172	600,172
Profit for the year	-	2,914	2,914
Dividends	-	(350,000)	(350,000)
<b>Balance at 31 December 2009</b>	<b>250,000</b>	<b>3,086</b>	<b>253,086</b>

**CASH FLOW STATEMENT****for the year ended 31 December 2009**

	<b>Notes</b>	<b>2009 £</b>	<b>2008 £</b>
<b>Net cash flow from operating activities</b>	7	<b>(14,246)</b>	30,631
<b>Cash flows from financing activities</b>			
Dividends paid		<u>(350,000)</u>	-
<b>Net cash from financing activities</b>		<u>(350,000)</u>	-
<b>Net (decrease) /increase in cash and cash equivalents</b>		<b>(364,246)</b>	30,631
Cash and cash equivalents at 1 January	1f	<u>618,487</u>	587,856
<b>Cash and cash equivalents at 31 December</b>	1f	<u><b>254,241</b></u>	618,487

## NOTES TO THE FINANCIAL STATEMENTS

## 1. Accounting policies

## a) General

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 operations and its principal activities are set out in the Directors' Report.

The financial statements, which should be read in conjunction with the Directors' Report, have been prepared on a basis other than that of a going concern, in compliance with IAS 1 25 Presentation of Financial Statements.

## b) 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 ('EU').

The financial statements are prepared on the historical cost basis.

## c) Adoption of new and revised standards

The Company has adopted the revisions to IAS 1 'Presentation of Financial Statements' which introduced a number of changes in the format and content of the Company's financial statements including a statement of changes in equity (showing the components of changes in equity for the period) as a primary financial statement and a single statement of comprehensive income. The Company has adopted 'Amendments to IFRS 7 Financial Instruments Disclosures'. These amendments expand the disclosures required about fair value measurement and liquidity risk.

## d) Accounting Developments

At the date of authorisation of these financial statements, the following Standards and Interpretations were issued which have not been applied in these financial statements and were not yet effective (and in some cases had not yet been adopted by the EU):

IFRS 9	Financial Instruments
IFRIC 14	Payment of a Minimum Funding Requirement
IFRIC 19	Extinguishing Financial Liabilities with Equity Instruments
IFRS 2 (Amended)	Group Cash-Settled Share-based payment Transactions
IFRS 1 (Amended)	Additional Exemptions for First-time Adopters
IFRS 1 (Amended)	Limited Exemption from Comparative IFRS7 Disclosures for First – Time adopters
IAS 32 (Amended)	Financial Instruments Presentation
IAS 39 (Amended)	Financial Instruments Recognition and Measurement
IAS 24 (Revised 2009)	Related Party Disclosures
Improvements to IFRSs April 2009	

The IASB reissued IAS24, 'Related Party Disclosure' in November 2009 clarifying the existing standard and providing certain exemptions for entities under government control. The revised standard is effective for annual periods on or after 1 January 2011.

**NOTES TO THE FINANCIAL STATEMENTS (CONTINUED)****1. Accounting policies****d) Accounting developments (continued)**

The IASB issued IFRS 9 'Financial Instruments' in November 2009. This standard makes changes to the framework for the classification and measurement of financial assets and will have an effect on the Company's financial statements. The Company is assessing this impact which is likely to depend on the outcome of the other phases of IASB's IAS 39 replacement project.

The directors believe that adoption of the above accounting standards would not have any material impact on the financial statements of the Company.

**e) Taxation**

Provision is made for taxation at current enacted rates on taxable profits, arising in income or in equity, taking in 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.

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

**f) 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.

**g) Critical accounting estimates and judgements**

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. There are no critical accounting estimates.

**h) Revenue Recognition**

Interest income on financial assets that are classified as loans and receivables are determined using the effective interest rate method.

The effective interest rate is the rate that exactly discounts estimated future cash flows to the instrument's initial carrying amount.

## NOTES TO THE FINANCIAL STATEMENTS (CONTINUED)

## 2. Finance Income

	2009 £	2008 £
Interest receivable due from parent company	4,120	30,676
	<u>4,120</u>	<u>30,676</u>

## 3. Operating Charges

	2009 £	2008 £
Bank fees	53	45
	<u>53</u>	<u>45</u>

The company had no employees in the current year (2008 NIL)

## 4. Tax

## a) Analysis of charge for the year

	2009 £	2008 £
Charge/(credit) for the year	1,154	8,743
(Over)/under provision in respect of prior periods	<u>(1)</u>	
<b>Current tax charge for the period</b>	<b>1,153</b>	<b>8,743</b>

## b) Factors affecting the tax charge for the year

The actual tax charge differs from the expected tax charge computed by applying the standard rate of UK corporation tax of 28% (2008 28.5%) as follows

	2009 £	2008 £
Expected tax charge	1,139	8,730
Non-Deductible Items	15	13
Adjustments in respect of prior periods	<u>(1)</u>	
<b>Actual tax charge</b>	<b>1,153</b>	<b>8,743</b>

## NOTES TO THE FINANCIAL STATEMENTS (CONTINUED)

## 5. Auditors' Remuneration

Fees payable to the Company's auditors for the audit of the Company's financial statements are £5,000 (2008 £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.

## 6. Share Capital

	Allotted, called up and fully paid		Authorised	
	31 December 2009 £	31 December 2008 £	31 December 2009 £	31 December 2008 £
<b>Equity shares</b>				
Ordinary shares of £1	250,000	250,000	250,000	250,000
<b>Total equity share capital</b>	<b>250,000</b>	<b>250,000</b>	<b>250,000</b>	<b>250,000</b>

On 27 October 2009 the Company paid dividends on Ordinary Shares of £350,000 (£1.40 per share).

## 7. Reconciliation of profit to operating cash flows

	2009 £	2008 £
Profit before taxation	4,067	30,631
Tax paid	(18,313)	-
<b>Net cash flow from operating activities</b>	<b>(14,246)</b>	<b>30,631</b>

## 8. Financial Instruments and Risk Management

## Capital risk management

The Company considers its capital to consist of equity attributable to the equity holders of the Company, comprising issued share capital and retained earnings. The Company is a member of the Royal Bank of Scotland group of companies which has regulatory disciplines over the use of its capital. The Company operates controls and policies put in place by the group to ensure that the Company can continue as a going concern and to ensure that the group complies with these regulatory disciplines.



**NOTES TO THE FINANCIAL STATEMENTS (CONTINUED)****8. Financial Instruments and Risk Management (continued)****Accounting policies**

Details of the accounting policies and methods adopted, including the criteria for recognition, the basis of measurement and the basis on which income and expenses are recognised, in respect of each class of financial asset and financial liability are disclosed in Note 1

**Risk management**

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

**Interest rate risk**

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

**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 loans and receivables are with group undertakings. No amounts owed by group undertakings are past due.

**9. Directors and employees**

None of the directors received any emoluments from the Company for their services to the Company during the current year or the prior year

None of the directors had any material interest in any contract of significance in relation to the business of the Company during the current year or the prior period

The company did not have any employees in the current year or the prior period

**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.

## NOTES TO THE FINANCIAL STATEMENTS (CONTINUED)

## 10. Related Parties (continued)

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 2009, 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.

Transactions between the Company, and the UK Government and UK Government controlled bodies, consisted solely of corporation tax which is separately disclosed in Note 4. The Company was party to various transactions within the RBS Group, namely National Westminster Bank Plc and The Royal Bank of Scotland plc. These transactions were entered into on an arm's length basis unless stated otherwise and in respect of the surrender of the tax losses (see Note 4). The income statement impact and outstanding balances arising from these transactions as at 31 December 2009 are set out below.

The Royal Bank of Scotland Plc

	2009	2008
	£	£
Income statement impact		
- Interest income	4,120	30,676
- Finance Cost	(53)	(45)
	<u>4,067</u>	<u>30,631</u>

The Royal Bank of Scotland Plc

	2009	2008
	£	£
Amounts owed to the Company		
- Unsecured deposits	254,241	618,487
	<u>254,241</u>	<u>618,487</u>

Amounts owed to the Company consisted of a £254,241 3-month GBP LIBOR deposit with a residual maturity of less than one month. At the prior period balance sheet date, amounts owed to the Company consisted of a £618,487 3-month GBP LIBOR deposit with a residual maturity of less than one month.

## 11. Post Balance Sheet Events

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.