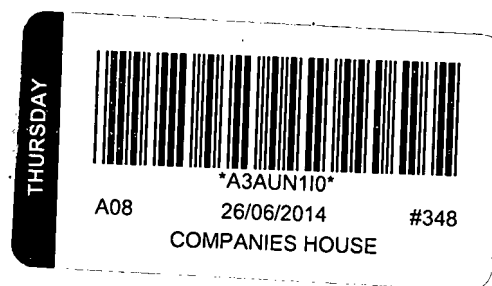


Company Registered No: 02353847

NATWEST INDUSTRIAL FINANCE LIMITED

ANNUAL REPORT AND FINANCIAL STATEMENTS

For the year ended 31 December 2013



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

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OFFICERS AND PROFESSIONAL ADVISERS

DIRECTORS:

**S J Caterer
N T J Clibbens
T D Crome
A P Gadsby**

SECRETARY:

RBS Secretarial Services Limited

REGISTERED OFFICE:

**1 Princes Street
London
EC2R 8PB**

AUDITOR:

**Deloitte LLP
3 Rivergate
Temple Quay
Bristol
BS1 6GD**

Registered in England and Wales

DIRECTORS' REPORT**ACTIVITIES AND BUSINESS REVIEW**

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

Activity

The Company disposed of its leases in a prior period and did not trade during the current or previous year.

The Company is a dormant subsidiary of The Royal Bank of Scotland Group plc ("the Group") which provides the Company with direction and access to all central resources. The annual reports of The Royal Bank of Scotland Group plc can be obtained from RBS Secretariat, The Royal Bank of Scotland Group plc Gogarburn, Edinburgh, EH12 1HQ, the Registrar of Companies or through the group's website at www.rbs.com.

Review of the year***Business review***

The directors are satisfied with the Company's performance in the year. Post balance sheet events are described in note 7 to the financial statements.

Financial performance

The Company has not traded during the accounting period. It received no income and incurred no expenditure and consequently has made neither a profit nor a loss. A Profit and Loss Account is therefore not presented.

Principal risks and uncertainties

The Company is part of a group which has established a comprehensive framework for managing risks, which is continually evolving as business activities change in response to market, credit, product and other developments.

The Company is not exposed to any principal risks or uncertainties. As a result disclosures relating to risk and capital management have not been included.

The Company is only exposed to risk or uncertainty in relation to balances with members of the Group.

Going concern

The Company is not currently trading. The directors, having taken into account their decision to wind up the company within the next 12 months, have prepared the financial statements on the basis other than a going concern, as required by IAS 1 – Presentation of Financial Statements. No material adjustments arose as a result of ceasing to apply the going concern basis.

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 2013 to date the following changes have taken place:

	Appointed	Resigned
Directors		
J E Rogers		1 April 2014
P D J Sullivan		30 December 2013
R F Warren		1 April 2014
N T J Clibbens	1 April 2014	
T D Crome	1 April 2014	
A P Gadsby	1 April 2014	

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. Under that law, the directors have elected to prepare the financial statements in accordance with Financial Reporting Standard 101 Reduced Disclosure Framework, and 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 of the Company for that period. 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 Financial Reporting Standard 101 has been followed; 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.

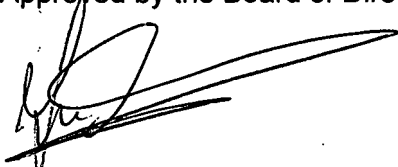
This confirmation is given and shall be interpreted in accordance with the provisions of section 418 of the Companies Act 2006.

DIRECTORS' REPORT (continued)

AUDITOR

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

Approved by the Board of Directors and signed on its behalf



Director **T D Crome**
Date: 17 June 2014

INDEPENDENT AUDITOR'S REPORT TO THE MEMBERS OF NATWEST INDUSTRIAL FINANCE LIMITED

We have audited the financial statements of NatWest Industrial Finance Limited for the year ended 31 December 2013 which have been prepared on a basis other than that of a going concern which comprise of the primary statements such as the Balance Sheet, the Statement of Changes in Equity and the related notes 1 to 7. The financial reporting framework that has been applied in their preparation is applicable law and Financial Reporting Standard 101 Reduced Disclosure Framework.

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. In addition, we read all the financial and non-financial information in the annual report to identify material inconsistencies with the audited financial statements and to identify any information that is apparently materially incorrect based on, or materially inconsistent with, the knowledge acquired by us in the course of performing the audit. 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 2013, and of its result for the year then ended;
- have been properly prepared in accordance with Financial Reporting Standard 101 Reduced Disclosure Framework; 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 NATWEST INDUSTRIAL
FINANCE 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 small companies' exemption from preparing a strategic report or in preparing the directors' report.

Mark Taylor

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

Date 19 June 2011

BALANCE SHEET
as at 31 December 2013

	Notes	2013 £	2012 £
Current assets			
Loans receivable	3	100	100
Equity: Capital and reserves			
Called up share capital	4	100	100
Profit and loss account		-	-
Total shareholders' funds		100	100
Total liabilities and shareholders' funds		100	100

The accompanying notes form an integral part of these financial statements.

The financial statements were approved by the Board of Directors on 17 June 2014 and signed on its behalf by:



T D Crome
Director

STATEMENT OF CHANGES IN EQUITY
for the year ended 31 December 2013

	Share capital £	Profit and loss account £	Total £
At 1 January 2012 and 31 December 2012	100	-	100
Result and total comprehensive income for the year	-	-	-
At 31 December 2013	100	-	100

The accompanying notes form an integral part of these financial statements.

NOTES TO THE FINANCIAL STATEMENTS**1. Accounting policies****a) Preparation and presentation of accounts**

These financial statements have been prepared in accordance with the recognition and measurement principles of International Financial Reporting Standards issued by the IASB and interpretations issued by the International Financial Reporting Interpretations Committee of the IASB as adopted by the EU (together IFRS) and under Financial Reporting Standard 101 (Reduced Disclosure Framework). The Company meets the definition of a qualifying entity under FRS 100 (Financial Reporting Standard 100) issued by the Financial Reporting Council.

Accordingly, in the year ended 31 December 2013 the Company has undergone transition from reporting under IFRSs adopted by the European Union to FRS 101 as issued by the Financial Reporting Council which the Company has adopted early. This transition is not considered to have had a material effect on the financial statements.

As permitted by FRS 101, the Company has taken advantage of the disclosure exemptions available under that standard in relation to financial instruments, presentation of a cash-flow statement, standards not yet effective and related party transactions. Where required, equivalent disclosures are given in the group accounts of The Royal Bank of Scotland Group plc, these accounts are available to the public and can be obtained as set out in note 6.

The accounts are prepared on the historical cost basis.

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 ceased to trade in a previous financial year and has not traded since then. These events did not require the Company to remeasure, reclassify or adjust the settlement date of any assets or liabilities. IAS 1 paragraph 25 "Presentation of Financial Statements" describes the preparation of financial statements in such circumstances as being other than on a going concern basis.

There are number of IFRS's that were effective from 1 January 2013. They have had no material effect on the Company's Financial Statements for the year ended 31 December 2013.

b) Financial assets

On initial recognition, financial assets are classified into held-to-maturity investments held-for-trading; designated as at fair value through profit or loss; loans and receivables; or available-for-sale financial assets.

Loans and receivables

Non-derivative financial assets with fixed or determinable repayments that are not quoted in an active market are classified as loans and receivables, except those that are classified as available-for-sale or as held-for-trading, or designated as at fair value through profit or loss. Loans and receivables are initially recognised at fair value plus directly related transaction costs. They are subsequently measured at amortised cost using the effective interest method less any impairment losses.

NOTES TO THE FINANCIAL STATEMENTS (continued)

c) 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 held-to-maturity, available-for-sale, finance leases or other 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.

d) Derecognition

A financial asset is derecognised when the contractual right to receive cash flows from the asset has expired or when it has been transferred and the transfer qualifies for derecognition.

2. Operating Expenses

There was no charge in either the current or prior year's financial statements for auditor's remuneration as the fees of £5,000 (2012: £5,000) were charged in the financial statements of The Royal Bank of Scotland Group plc.

Staff costs, number of employees and directors' emoluments

All staff and directors were employed by group companies and the accounts of the Royal Bank of Scotland Group plc 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.

3. Loans receivable

	2013 £	2012 £
Due within one year		
Amounts owed by group undertakings	<u>100</u>	<u>100</u>

4. Share capital

	2013 £	2012 £
Authorised:		
1,000 Ordinary shares of £1	<u>1,000</u>	<u>1,000</u>
Allotted, called up and fully paid:		
Equity shares		
100 Ordinary shares of £1	<u>100</u>	<u>100</u>

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

NOTES TO THE FINANCIAL STATEMENTS (continued)**5. Commitment and contingent liabilities**

The Company, together with other members of the RBSG group companies, is party to a capital support deed (CSD). Under the terms of the CSD, the Company may be required, if compatible with its legal obligations, to make distributions on, or repurchase or redeem, its ordinary shares. The amount of this obligation is limited to the Company's immediately accessible funds or assets, rights, facilities or other resources that, using best efforts, are reasonably capable of being converted to cleared, immediately available funds (the Company's available resources). The CSD also provides that, in certain circumstances, funding received by the Company from other parties to the CSD becomes immediately repayable, such repayment being limited to the Company's available resources.

6. Related parties**UK Government**

The UK Government through HM Treasury is the ultimate controlling party of The Royal Bank of Scotland Group plc. Its shareholding is managed by UK Financial Investments Limited, a company it wholly-owns and as a result, the UK Government and UK Government controlled bodies are related parties of the Company.

The Company enters into transactions with these bodies on an arms' length basis; they include the payment of taxes including UK corporation tax.

Group undertakings

The Company's immediate parent company is National Westminster Bank Plc, a company incorporated in the UK. As at 31 December 2013 National Westminster Bank Plc heads the smallest group in which the Company is consolidated. Copies of the consolidated accounts may be obtained from RBS Secretariat, The Royal Bank of Scotland Plc, Gogarburn, PO Box 1000, Edinburgh, EH12 1HQ

The Company's ultimate holding company is The Royal Bank of Scotland Group plc which is incorporated in the UK heads the largest group in which the Company is consolidated. Copies of the consolidated accounts may be obtained from RBS Secretariat, The Royal Bank of Scotland Group plc, Gogarburn, PO Box 1000, Edinburgh, EH12 1HQ.

7. 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.