

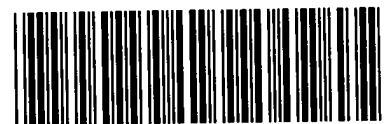
Company Registered No: 02943410

RBS CORPORATE FINANCE LIMITED

ANNUAL REPORT AND FINANCIAL STATEMENTS

For the year ended 31 December 2014

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RBS CORPORATE FINANCE LIMITED

02943410

OFFICERS AND PROFESSIONAL ADVISERS

DIRECTOR: R Bartlett

SECRETARY: RBS Secretarial Services Limited

REGISTERED OFFICE: 250 Bishopsgate
London
EC2M 4AA
England

INDEPENDENT AUDITOR: Deloitte LLP
Chartered Accountants and Statutory Auditor
2 New Street Square
London
EC4A 3BZ
United Kingdom

Registered in England and Wales

DIRECTOR'S REPORT

The sole director of RBS Corporate Finance Limited ("the Company") presents his annual report together with the audited financial statements for the year ended 31 December 2014.

ACTIVITIES AND BUSINESS REVIEW

The Director's Report has been prepared in accordance with the special provisions available to companies entitled to the small companies exemption and therefore does not include a Strategic Report.

Principal activity

The principal activity of the Company was provision of corporate finance services to clients. However, during 2012 the director took the decision to cease trading. As the director intends to liquidate the Company, he has not prepared the financial statements on the going concern basis. The effect of this is explained in note 1.

FINANCIAL PERFORMANCE

The Company's financial performance is presented in the Profit and Loss Account on page 8.

The profit before taxation for the year was £55k (2013: £1,063k). The retained profit for the year was £43k (2013: £819k).

At the end of the year total assets were £117,057k (2013: £117,001k).

Dividends

The director does not recommend the payment of a dividend (2013: £nil).

PRINCIPAL RISKS AND UNCERTAINTIES

The Company seeks to minimise its exposure to financial risks.

Management focuses on both the overall balance sheet structure and the control, within prudent limits, of risk arising from mismatches, including currency, maturity, interest rate and liquidity. It is undertaken within limits and other policy parameters set by the RBS Asset and Liability Management Committee (RBS ALCO).

The principal risks associated with the Company are as follows:

Operational risk

Operational risks are inherent in the Company's business. Operational risk losses occur as the result of fraud, human error, missing or inadequately designed processes, failed systems, damage to physical assets, improper behaviour or from external events. The key mitigating processes and controls include risk and control assessment, scenario analysis, loss data collection, new product approval process, key risk indicators, notifiable events process and the self certification process. The implementation of these processes and controls is facilitated and overseen by operational risk teams, with internal audit providing independent evaluation of the control framework.

Market risk

Market risk is the potential for loss as a result of adverse changes in risk factors including interest rates and equity prices together with related parameters such as market volatilities.

The Company has no material market risk as the exposure is within the group undertakings.

Interest rate risk

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

The Company manages interest rate risk by monitoring the consistency in the interest rate profile of its assets and liabilities, and limiting any re-pricing mismatches.

The Company is exposed to interest rate risk on amounts owed by group undertakings.

DIRECTOR'S REPORT**PRINCIPAL RISKS AND UNCERTAINTIES (continued)***Interest rate sensitivity risk*

If interest rates for the current year had been 50 basis points lower and this movement applied to the financial assets and financial liabilities as at the balance sheet date, the pre-tax profit for the year ended 31 December 2014 would have been £93,125 lower (2013: £92,849 lower). This would have mainly resulted from lower financing costs in respect of the Company's loans outweighing the lower interest income on its variable rate assets.

The converse is equally true for the current year if interest rates had been 50 basis points higher.

Credit risk

The objective of credit risk management is to enable the Company to achieve appropriate risk versus reward performance whilst maintaining credit risk exposure in line with approved appetite for the risk that customers will be unable to meet their obligations to the Company.

The key principles of the bank's Credit Risk Management Framework are set out below:

- approval of all credit exposure is granted prior to any advance or extension of credit;
- an appropriate credit risk assessment of the customer and credit facilities is undertaken prior to approval of credit exposure. This includes a review of, amongst other things, the purpose of credit and sources of repayment, compliance with affordability tests, repayment history, capacity to repay, sensitivity to economic and market developments and risk-adjusted return;
- credit risk authority is delegated by the Board and specifically granted in writing to all individuals involved in the granting of credit approval. In exercising credit authority, the individuals act independently of any related business revenue origination; and
- all credit exposures, once approved, are effectively monitored and managed and reviewed periodically against approved limits. Lower quality exposures are subject to a greater frequency of analysis and assessment.

The Company's exposure to credit risk is not considered to be significant as all significant portion of the credit exposures are with RBS companies.

Liquidity risk

Liquidity risk arises where assets and liabilities have different contractual maturities.

Management focuses on risk arising from the mismatch of maturities across the balance sheet and from undrawn commitments and other contingent obligations.

The Company is not exposed to liquidity risk.

GOING CONCERN

The company is not currently trading. As required by IAS 1 – Presentation of Financial Statements, management has prepared the financial statements on the basis that the entity is no longer a going concern. No material adjustments arose as a result of ceasing to apply the going concern basis. It is the intention of the directors that the company will be wound up in the near future.

DIRECTOR'S REPORT**DIRECTORS AND SECRETARY**

The present director and secretary, who have served throughout the year except where noted below, are listed on page 1.

From 1 January 2014 to date the following changes have taken place:

	Appointed	Resigned
Directors		
R S Adrian	-	30 April 2014
J Owen	-	31 August 2014
R Bartlett	09 July 2014	-
Secretary		
K L A Fernandes	-	31 August 2014
RBS Secretarial Services Limited	31 August 2014	-

DIRECTOR'S RESPONSIBILITIES STATEMENT

The director is responsible for preparing the annual report and the financial statements in accordance with applicable law and regulations.

Company law requires the director to prepare a Director's Report and financial statements for each financial year. Under that law, the director has elected to prepare the financial statements in accordance with Financial Reporting Standard 101 Reduced Disclosure Framework (FRS 101) and must not approve the financial statements unless he is 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 director is required to:

- select suitable accounting policies and then apply them consistently;
- make judgements and estimates that are reasonable and prudent;
- state whether FRS 101 has been followed; and
- make an assessment of the Company's ability to continue as a going concern.

The director is 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. He is 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

The sole director at the date of approval of this annual report confirms that:

- so far as he is aware, there is no relevant audit information of which the Company's auditor is unaware; and
- 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 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.

DIRECTOR'S INDEMNITIES

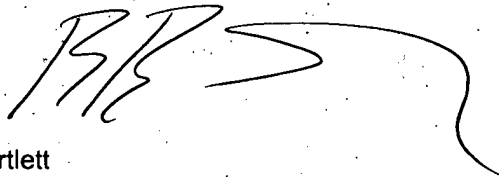
The Royal Bank of Scotland Group plc has indemnified Mr R Bartlett under the qualifying third party terms.

DIRECTOR'S REPORT

INDEPENDENT AUDITOR

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

Approved by the sole director and signed on behalf of the Company.

A handwritten signature in black ink, appearing to be 'R Bartlett', with a long, sweeping horizontal line extending to the right.

R Bartlett
Director
Date: 19 May 2015

INDEPENDENT AUDITOR'S REPORT TO THE MEMBERS OF RBS CORPORATE FINANCE LIMITED

We have audited the financial statements of RBS Corporate Finance Limited ("the Company") for the year ended 31 December 2014 which comprise the Profit and Loss Account, the Balance Sheet, the Statement of Changes in Equity and the related notes 1 to 9. 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 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 Director's 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 2014 and of its profit 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 Director's 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 CORPORATE FINANCE LIMITED

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 director's 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 from preparing a Strategic Report or in preparing the Director's Report.

Alan Chaudhuri

Alan Chaudhuri, (Senior Statutory Auditor)
for and on behalf of Deloitte LLP
Chartered Accountants and Statutory Auditor,
London, United Kingdom
30 June 2015

PROFIT AND LOSS ACCOUNT
for the year ended 31 December 2014

Discontinued operations	Notes	2014 £'000	2013 £'000
Administrative expenses	3	(1)	79
Operating (loss)/profit before tax		(1)	79
Interest receivable	4	56	984
Profit on ordinary activities before tax		55	1,063
Tax charge	5	(12)	(244)
Profit and total comprehensive income for the year		43	819

The Company had no recognised income or expenses in the financial year or preceding financial year other than those dealt with in the Profit and Loss Account.

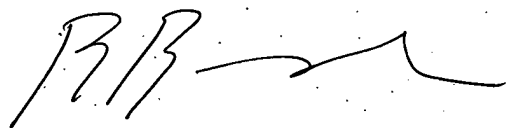
The accompanying notes form an integral part of these financial statements.

BALANCE SHEET
as at 31 December 2014

	Notes	2014 £'000	2013 £'000
Current assets			
Amounts due from group undertakings	6	19,008	18,952
Cash at bank	7	98,049	98,049
Total assets		117,057	117,001
Creditors: amounts falling due within one year			
Current tax liabilities		256	244
Amounts due to Group undertakings		1	-
Total liabilities		257	244
Equity: capital and reserves			
Called-up share capital	8	105,000	105,000
Profit and loss account		11,800	11,757
Total shareholder's funds		116,800	116,757
Total liabilities and shareholder's funds		117,057	117,001

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

The financial statements of the Company were approved by the sole director on 19 May 2015 and signed on its behalf by:



R Bartlett
Director

STATEMENT OF CHANGES IN EQUITY
for the year ended 31 December 2014

	Share capital £'000	Profit and loss account £'000	Total £'000
At 1 January 2013	105,000	10,938	115,938
Profit for the year	-	819	819
At 31 December 2013	105,000	11,757	116,757
Profit for the year	-	43	43
At 31 December 2014	105,000	11,800	116,800

Total comprehensive income for the year of £43k (2013: £819k) was wholly attributable to the equity holders of the Company.

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

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

The financial statements are prepared on a basis other than going concern and 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 EU (together IFRS) and under Financial Reporting Standard 101 (Reduced Disclosure Framework). The Company meets the definition of a qualifying entity under FRS 100 Application of Financial Reporting Requirements issued by the Financial Reporting Council.

As permitted by FRS 101, the Company has taken advantage of the disclosure exemptions available under that standard in relation to financial instruments, capital management, presentation of a Cash-Flow Statement, standards not yet effective, impairment of assets and related party transactions. Where required, equivalent disclosures are given in the group financial statements of The Royal Bank of Scotland plc, these financial statements are available to the public and can be obtained as set out in note 9.

The financial statements 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 financial statements are presented in accordance with the Companies Act 2006.

As detailed in the Director's Report, the decision has been taken to wind down the business. This does not require the Company to re-measure or reclassify the settlement dates of any assets or liabilities. IAS 1.25 'Presentation of Financial Statements' describes the preparation of financial statements in such circumstances as being other than on the going concern basis. No material adjustments have arisen as a result of ceasing to apply the going concern basis of preparation.

Adoption of new and revised accounting standards

There are a number of changes to IFRS that were effective from 1 January 2014. They have had no material effect on the Company's financial statements for the year ended 31 December 2014.

b) Foreign currencies

Transactions in foreign currencies are translated into Sterling at the foreign exchange rate ruling at the date of the transaction. Monetary assets and liabilities denominated in foreign currencies are translated into Sterling at the rates of exchange ruling at the balance sheet date. Foreign exchange differences arising on translation are reported in the Profit and Loss Account.

c) Revenue recognition

Interest income on financial assets that are classified as loans and receivables or available-for-sale and interest expense on financial liabilities other than those at fair value through profit or loss are determined using the effective interest method. The effective interest method is a method of calculating the amortised cost of a financial asset or financial liability (or group of financial assets or liabilities) and of allocating the interest income or interest expense over the expected life of the asset or liability. The effective interest rate is the rate that exactly discounts estimated future cash flows to the instrument's initial carrying amount. Calculation of the effective interest rate takes into account fees payable or receivable, that are an integral part of the instrument's yield, premiums or discounts on acquisition or issue, early redemption fees and transaction costs. All contractual terms of a financial instrument are considered when estimating future cash flows.

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

Income tax expense or income, comprising current tax and deferred tax, is recorded in the Profit and Loss Account except income tax on items recognised outside profit or loss which is credited or charged to other comprehensive income or to equity as appropriate.

Current tax is income tax payable or recoverable in respect of the taxable profit or loss for the year arising in income or in equity. Provision is made for current tax at rates enacted or substantively enacted at the balance sheet date.

Deferred tax is the tax expected to be payable or recoverable in respect of temporary differences between the carrying amount of an asset or liability for accounting purposes and its carrying amount for tax purposes. Deferred tax liabilities are generally recognised for all taxable temporary differences and deferred tax assets are recognised to the extent that it is probable that they will be recovered. Deferred tax is not recognised on temporary differences that arise from initial recognition of an asset or liability in a transaction (other than a business combination) that at the time of the transaction affects neither accounting nor taxable profit or loss. Deferred tax is calculated using tax rates expected to apply in the periods when the assets will be realised or the liabilities settled, based on tax rates and laws enacted, or substantively enacted, at the balance sheet date.

e) Financial assets

On initial recognition, financial assets comprising trade and receivables are initially recognised at fair value and are subsequently measured at amortised cost.

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. 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 (see accounting policy 1(c)) less any impairment losses.

f) Financial liabilities

On initial recognition financial liabilities are classified into amortised cost.

Amortised cost

All financial liabilities are measured at amortised cost using the effective interest method (see accounting policy 1(c)).

g) Cash at bank

Cash at bank comprises non-interest bearing deposits held with banks.

2. Operating expenses**Staff costs, number of employees and director's emoluments**

All staff and director were employed by the group companies and the financial statements of The Royal Bank of Scotland Group plc which contain full disclosure of employee benefit expenses incurred in the year including share based payments and pensions. The Company has no employees. The directors of the Company do not receive remuneration for specific services provided to the Company.

The auditor's remuneration for statutory audit work of £13,000 (2013: £13,000) for the Company was borne by The Royal Bank of Scotland plc. Remuneration paid to the auditor for non-audit work for the Company was £nil (2013: £nil).

NOTES TO THE FINANCIAL STATEMENTS

3. Administrative expenses

	2014 £'000	2013 £'000
Administrative expenses	1	(17)
Foreign exchange gain	-	(62)
	<u>1</u>	<u>(79)</u>

4. Interest receivable

	2014 £'000	2013 £'000
Interest receivable from group undertakings	<u>56</u>	<u>984</u>

5. Tax

	2014 £'000	2013 £'000
Current tax:		
Tax charge for the year	<u>12</u>	<u>244</u>

The actual tax charge differs from the expected tax charge computed by applying the blended rate of UK corporation tax of 21.5% (2013: 23.25%) as follows:

	2014 £'000	2013 £'000
Profit on ordinary activities before tax	55	1,063
Expected tax charge	12	247
Permanent differences	-	(3)
Actual tax charge for the year	<u>12</u>	<u>244</u>

The changes to tax rates and capital allowances proposed in recent years are not expected to have a material effect on the Company.

6. Amounts due from group undertakings

	2014 £'000	2013 £'000
Amounts due from RBS plc	<u>19,008</u>	<u>18,952</u>

7. Cash at bank

	2014 £'000	2013 £'000
Cash at bank - group	<u>98,049</u>	<u>98,049</u>

NOTES TO THE FINANCIAL STATEMENTS

8. Share capital

	2014 £'000	2013 £'000
Authorised:		
200,000,000 Ordinary Shares of £1 each	200,000	200,000
Allotted, called-up and fully paid:		
105,000,000 Ordinary Shares of £1 each	105,000	105,000

The Company has one class of Ordinary Shares which carry no right to fixed income.

9. 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 arm's length basis and consists solely of corporation tax which is separately disclosed in note 5.

Group undertakings

The Company's immediate parent company is RBS Equities Holdings (UK) Limited, a company incorporated in the UK and registered in England and Wales.

The Company's ultimate holding company is The Royal Bank of Scotland Group plc, a company incorporated in the UK. As at 31 December 2014, The Royal Bank of Scotland Group plc heads the largest and smallest group in which the Company is consolidated. Copies of the consolidated financial statements may be obtained from Corporate Governance and Secretariat, Gogarburn, PO Box 1000, Edinburgh EH12 1HQ.

Capital Support Deed

The Company, together with other members of the The Royal Bank of Scotland Group plc, 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.