Company Registration No: 03088325

DIRECT LINE UNIT TRUSTS LIMITED

DIRECTORS' REPORT AND FINANCIAL STATEMENTS

31 DECEMBER 2009

Group Secretariat
The Royal Bank of Scotland Group plc
Gogarburn
P O Box 1000
Edinburgh EH12 1HQ

DIRECT LINE UNIT TRUSTS LIMITED **03088325**

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DIRECT LINE UNIT TRUSTS LIMITED **03088325**

OFFICERS AND PROFESSIONAL ADVISERS

DIRECTORS	P G Edwards
SECRETARY.	P A Hutchings
REGISTERED OFFICE·	3 Edridge Road Croydon Surrey CR9 1AG
AUDITORS	Deloitte LLP London

Registered in England and Wales.

DIRECTORS' REPORT

The sole director presents his report and the audited financial statements for the year ended 31 December 2009

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

On 1st December 2007 the Company ceased to manage the Direct Line Investment Funds ICVC, leaving it without a trade, and it does not have plans to become active in the future With effect from 31 March 2008, Direct Line Unit Trusts Limited ceased to be authorised by the Financial Services Authority

The retained profit for the period was £nil (2008 retained profit £17,000) and this was transferred to reserves

The directors does not anticipate any material change in either the type or level of activities of the Company

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

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 2009 to date the following changes have taken place

Directors	Appointed	Resigned
C P Sullivan		31 July 2009
M A Hesketh		28 August 2009
P G Edwards	28 August 2009	

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 IFRS's 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

DIRECTORS' REPORT (Continued)

DIRECTORS' RESPONSIBILITIES (Continued)

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 taking reasonable steps for the prevention and detection of fraud and other irregularities

DISCLOSURE OF INFORMATION TO AUDITORS

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

a) so far as they are aware there is no relevant audit information of which the Company's auditors are unaware, and

b) the directors have 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 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, Mr M A Hesketh, Mr C P Sullivan and Mr P G Edwards had been granted Qualifying Third Party Indemnity Provisions by The Royal Bank of Scotland Group plc

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

AUDITORS

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

Approved and Signed by the Sole Director

P G Edwards
Director

3 September 2010

03088325

INDEPENDENT AUDITORS' REPORT TO THE MEMBERS OF DIRECT LINE UNIT TRUSTS LIMITED

We have audited the financial statements of Direct Line Unit Trusts Limited ('the Company') for the year ended 31 December 2009 which comprise the Statement of Comprehensive Income, the Balance Sheet, the Cash Flow Statement, the Statement of Changes in Equity, and the related Notes 1 to 12 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,
- have been properly prepared in accordance with IFRS's 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

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

David Claxton

David Claxton ACA (Senior Statutory Auditor)
for and behalf of Deloitte LLP
Chartered Accountants and Statutory Auditors
Glasgow, United Kingdom

3 September 2010

DIRECT LINE UNIT TRUSTS LIMITED 03088325

STATEMENT OF COMPREHENSIVE INCOME
FOR THE YEAR ENDED 31 DECEMBER 2009

	Notes	2009 £'000	2008 £'000
Revenue		-	-
Cost of sales		-	-
Gross profit		-	-
Administration expenses	4	-	4
Operating loss		-	4
Investment income	5	-	21
Profit before tax		-	25
Tax charge	6	-	(8)
Profit for the year		-	17
Other comprehensive income		-	-
Total comprehensive income for the year		-	17

All the activities of the company are classed as discontinued, as disclosed in note 1 1

The notes on pages 9 to 18 form part of these financial statements

BALANCE SHEET
AS AT 31 DECEMBER 2009

	Notes	2009 £'000	2008 £'000
ASSETS			
Financial assets			
Loans and receivables	8	869	869
Total assets		**869**	**869**
EQUITY			
Share capital	9	9,250	9,250
Retained earnings		(8,381)	(8,381)
Total Equity		**869**	**869**
LIABILITIES			
Total Liabilities		-	-
Total equity and liabilities		**869**	**869**

The financial statements were approved by the Sole Director and authorised for issue on 3 September 2010 They were signed on its behalf by

P G Edwards
Director

The notes on pages 9 to 18 form part of these financial statements

STATEMENT OF CHANGES IN EQUITY
FOR THE YEAR ENDED 31 DECEMBER 2009

	Share capital	Retained earnings	Total
	£'000	£'000	£'000
Balance as at 1 January 2008	9,250	(8,398)	852
Profit for the year	-	17	17
Balance as at 31 December 2008	9,250	(8,381)	869
Profit for the year	-	-	-
Balance as at 31 December 2009	9,250	(8,381)	869

Total changes in equity for the year was entirely attributable to the equity shareholders of the Company

The notes on pages 9 to 18 form part of these financial statements

DIRECT LINE UNIT TRUSTS LIMITED 03088325

CASH FLOW STATEMENT
FOR THE YEAR ENDED 31 DECEMBER 2009

	2009 £'000	2008 £'000
Profit for the year	-	17
Adjustments for		
Investment revenues	-	(21)
Income tax expense	-	8
Operating cash flows before movements in working capital	-	4
Net increase in loans and receivables	-	(808)
Net decrease in other operating liabilities	-	(248)
Cash (used by)/generated from operations	-	(1,052)
Income taxes paid	-	(24)
Net cash (used by)/generated from operating activities	-	(1,076)
Cashflows from investing activities		
Interest received	-	21
Net cash generated from investing activities	-	21
Cash generated from financing	-	-
Net decrease in cash and bank overdrafts	-	(1,055)
Cash and bank overdrafts at the beginning of the year	-	1,055
Cash and bank overdrafts at the end of the year	-	-

The notes on pages 9 to 18 form part of these financial statements

NOTES TO THE FINANCIAL STATEMENTS
FOR THE YEAR ENDED 31 DECEMBER 2009

1 ACCOUNTING POLICIES

1 1 Basis of accounting

The financial statements have been prepared in accordance with International Financial Reporting Standards (IFRSs) adopted for use in the European Union The financial statements also comply with those parts of the Companies Act 2006 applicable to companies reporting under IFRS

The financial statements have been prepared on the historical cost basis

On 1 December 2007 the Company ceased to be the manager of the Direct Line Investment Funds Investment Company with Variable Capital, has not traded since then and does not have plans to become active in the future These events did not require the Company to remeasure or reclassify the settlement date of any assets or liabilities These financial statements have been prepared on a basis other than that of a going concern in compliance with IAS 1 25 Presentation of Financial Statements

1 2 Revenue recognition

Fees in respect of services are recognised as the right to consideration accrues through the provision of the service to the customer The arrangements are generally contractual and the cost of providing the service is incurred as the service is rendered The price is usually fixed and always determinable

1 3 Investment income

Interest receivable on deposits is recognised on an accruals basis

1.4 Financial assets

On initial recognition financial assets are classified into held for trading financial assets or loans and receivables

Loans and receivables - 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 recognised initially at fair value and subsequently measured at amortised cost, using the effective interest rate method less impairment

Financial assets are derecognised when the rights to receive cash flows from them have expired or where they have been transferred and the Company has also transferred substantially risks and rewards of ownership

1.5 Impairment of financial assets

The Company asses at each balance sheet date whether there is any objective evidence that a financial asset or a group of financial assets classified as loans and receivables is impaired A financial asset or portfolio of 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

Loans and receivables - if there is objective evidence that an impairment loss on a financial asset or group of financial assets classified as loans and receivables has been incurred, the Company measures the amount of the loss as the difference between the carrying amount of the asset or group of assets that are not individually significant

Impairment losses are recognised in the statement of comprehensive income and the carrying amount of the financial asset or group of financial assets is reduced by establishing an allowance for the impairment losses If in a subsequent period the amount of the impairment loss reduces and the reduction can be ascribed to an event after the impairment was recognised, the previously recognised loss is reversed by adjusting the allowance

NOTES TO THE FINANCIAL STATEMENTS
FOR THE YEAR ENDED 31 DECEMBER 2009

1 ACCOUNTING POLICIES (Continued)

1 6 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

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

1.7 Transactions with related parties

IFRS requires all entities to disclose related party transactions The Company's policy is to have regard to materiality from both the shareholder's and the related party's perspective

1 8 Cash and cash equivalents

Cash and cash equivalents comprises 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 change in value

Under IAS 7 the Company is producing a cash flow statement using the indirect method This shows an explanation of the movement in cash and cash equivalents as defined above

1 9 Accounting Developments

The International Accounting Standards Board published a revised IFRS 3 'Business Combinations' and related revisions to IAS 27 'Consolidated and Separate Financial Statements' following the completion in January 2008 of its project on the acquisition and disposal of subsidiaries The standards improve convergence with US GAAP and provide new guidance on accounting for changes in interests and subsidiaries The cost of an acquisition will comprise only consideration paid to vendors for equity, other costs will be expensed immediately Groups will only account for goodwill on acquisition of a subsidiary, subsequent changes in interest will be recognised in equity and only on a loss of control will there be a profit or loss on disposal to be recognised in income The changes are effective for accounting periods begining on or after 1 July 2009 but both standards may be adopted together for accounting periods begining on or after 1 July 2007 These changes will affect the Company's accounting for future acquisitions and disposals of subsidiaries

The IASB issued amendments to a number of standards in April 2009 as part of its annual improvements project The amendments are effective for accounting periods beginning on or after 1 January 2010 and are not expected to have a material effect on the Company

The IASB reissued IAS 24, 'Related Party Disclosures', in November 2009 clarifying the existing standard and to provide certain exemptions for entities under government control The revised standard is effective for accounting periods beginning on or after 1 January 2011 and is expected generally to reduce the volume of disclosure between the Group and other parties related to the UK Government

The IASB published an amendment to IAS 39 'Financial Instruments Recognition and Measurement' on 'Eligible hedged items' This amendment makes two significant changes It prohibits designating inflation as a hedgeable component of a fixed rate debt It also prohibits including time value in the one-sided hedged risk when designating options as hedges The amendment is effective for accounting periods beginning on or after 1 July 2009 and must be applied retrospectively in accordance with IAS 8, 'Accounting policies' This amendment is not expected to have a material effect on the Company

NOTES TO THE FINANCIAL STATEMENTS
FOR THE YEAR ENDED 31 DECEMBER 2009

1. ACCOUNTING POLICIES (Continued)

1 10 Adoption of new and revised Standards

In the current year, the following new and revised Standards and Interpretations have been adopted and have affected the amounts reported in these financial statements

The IASB issued revised IAS 1 Presentation of Financial Statements in September 2007 which is effective for the financial years beginning on or after 1 January 2009 This standard requires all owner changes in equity to be presented in a statement of changes in equity, and all non-owner changes either in one Statement of Comprehensive Income or in two separate statements which are Income Statement and a Statement of Comprehensive Income The previous standard required components of comprehensive income to be presented in a Statement of Changes in Equity The revised standard also requires that the income tax effect of each component of comprehensive income be disclosed In addition, it requires entities to present a comprehensive statement of financial position as at the beginning of the earliest comparative period when the entity has applied an accounting policy retrospectively, makes a retrospective restatement, or classifies items in the financial statements

Listed below are Standards and Interpretations that have been used, which became applicable for this year, but had no impact on the reported results nor the financial position of the Company

- IFRS 1 (Revised 2008) First-time adoption of International Financial Reporting Standards - Cost of an investment in a Subsidiary, Jointly Controlled Entity or Associate (Amendment),
- IFRS 2 Share-based Payment (Amendment),
- IAS 27 Consolidated and Separate Financial Statements - Cost of an Investment in a subsidiary, Jointly controlled Entity (Amendment),
- IAS 39 Financial Instruments Recognition and Measurement and IFRS 7 Financial Instruments Disclosures (Amendment),
- IAS 32 Financial Instruments Presentation and IAS 1 Presentation of Financial Statements - Puttable Financial Instruments and Obligations Arising on Liquidation,
- IFRIC 13 Customer Loyalty Programmes, and
- IFRIC 15 Agreement for the Construction of Real Estate

2. MANAGEMENT OF FINANCIAL RISK

The Company has financial risk exposures This section summarises these risks and the way the Company manages them

On 1 December 2007 the Company ceased to be the manager of the Direct Line Investment Funds Investment Company with Variable Capital, has not traded since then and does not have plans to become active in the future Therefore, while not all the risks summarised are applicable in the current year these have been included for completeness as they were applicable in the prior year

2 1 Financial risk

The Company is a member of the Insurance Division of The Royal Bank of Scotland Group plc As such, the Company benefits from services provided by specialist teams and risk management procedures and controls which are applied consistently across the Division The disclosures below relate to the Insurance Division as a whole

The Group has put in place a comprehensive risk management framework comprising

- leadership, strategy and culture set by the board and put into effect through Executive Management,
- policies, procedures, processes and systems to execute effective risk management throughout the Group,
- a comprehensive committee structure operating at Group level to direct, approve and review actions taken to manage risk Where appropriate this is replicated at a divisional level,
- risk management functions that are independent of the business management to enforce agreed policy

A number of high-level committees support the Board in the effective measurement and management of risk

NOTES TO THE FINANCIAL STATEMENTS
FOR THE YEAR ENDED 31 DECEMBER 2009

2. MANAGEMENT OF FINANCIAL RISK (Continued)

2.1.1 Market risk

Market risk encompasses any adverse movement in the value of assets and liabilities as a consequence of market movements such as interest rates, credit spreads, foreign exchange rates, equity prices and property valuations

The Company was exposed to market risk in both the value of its assets and the value of liabilities held

Interest rate risk

The Company had exposure to cashflow interest rate risk as a result of its investment portfolio which comprises short-term deposits with credit institutions

A table showing the sensitivity of profits to changes in interest rates is included below

Equity prices

The Company was exposed to equity securities price risk because its income and operating cashflows were substantially dependant on changes in equity securities prices

NOTES TO THE FINANCIAL STATEMENTS
FOR THE YEAR ENDED 31 DECEMBER 2009

2. MANAGEMENT OF FINANCIAL RISK (Continued)

2 1 1 Market risk (Continued)

Sensitivity Analysis

The results of sensitivity testing are set out below The impact of a reasonably possible change in a single factor is shown, with other assumptions left unchanged

Sensitvity factor	Description of sensitivity analysis
Interest rate	The impact of a change in market interest rates by +/- 1% (e g if a current interest rate is 5%, the impact of an immediate change to 4% or 6%)

Sensitivity at 31 December 2009

	Variability	Impact on profit after tax £'000	Impact on shareholders equity £'000
Interest rates	+1 0%	-	-
Interest rates	-1 0%	-	-
Equity prices	+10 0%	-	-
Equity prices	-10 0%	-	-

Sensitivity at 31 December 2008

	Variability	Impact on profit after tax £'000	Impact on shareholders equity £'000
Interest rates	+1 0%	2	2
Interest rates	-1 0%	(2)	(2)
Equity prices	+10 0%	-	-
Equity prices	-10 0%	-	-

Limitations of sensitivity analysis

The above tables show the effect of a change in a key assumption while other assumptions remain unchanged In reality, there is a correlation between the assumptions and other factors It should also be noted that these sensitivities are non-linear, and larger or smaller impacts should not be interpolated or extrapolated from these results

2 1 2 Credit Risk

Credit risk arises from the potential that losses are incurred from the failure of a counterparty to meet its credit obligations The main source of credit risk for the Company is loans and receivables

The objective of the Credit Risk Policy and supporting Minimum Standards is to document the control processes by which the Company is able to identify, monitor, measure, manage, control and mitigate the level of credit risk effectively against the risk appetite The credit risk control environment is summarised below in the key elements of the policy

Credit Risk Governance

A credit Risk Management Framework must be in place that is appropriate for the agreed credit risk appetite that is established and maintained by adequately skilled credit risk professionals and is supported by appropriate minimum standards, tools, techniques, and credit systems and reporting

2. MANAGEMENT OF FINANCIAL RISK (Continued)

2.1 2 Credit Risk (Continued)

Credit risk assessment and credit limits approvals

A credit risk assessment is a process to determine the credit worthiness of a counterparty prior to entering into a transaction or contract with that counterparty A credit limit is used to define the level of credit risk that the Company is prepared to accept by counterparty

Where appropriate, the Company must access credit risk and set a credit limit prior to entering into a transaction or contract with the counterparty Each assessment and credit limit must be approved in accordance with Credit Authorities

Credit Authority

Credit risk assessments and limits must be approved by an individual or committee that has been provided with formally documented credit approval authority Approval authorities must be reviewed and renewed at least annually

2 1 3 Liquidity risk

Liquidity risk is the potential that obligations cannot be met as they fall due as a consequence of having a timing mismatch

The management of liquidity risk within the RBS Insurance Division is undertaken within the limits and other policy parameters set out in the Liquidity Risk Policy Compliance is monitored both in respect of the internal policy where appropriate

2 1.4 Operational risk

Effective operational risk management requires the Company to identify, assess, manage, monitor and report operational risk Operational risk is inherent in all of RBS Group's business processes, systems and products Therefore, it is important to have a framework in place to ensure that operational risks are identified and managed to an acceptable level

Effective operational risk management helps the Company to achieve its objectives, including

- more focus on doing things the right way, leading to fewer surprises,
- fewer operational errors and losses, leading to increased customer satisfaction and higher quality earnings,
- achieving processes efficiencies,
- better informed risk-taking which creates greater rewards, and
- increased management attention on the risks and issues that really matter

3. CAPITAL RISK MANAGEMENT

The Company defines capital in accordance with the legal and statutory requirements and manages its capital in accordance with the generally accepted processes and principles In particular, its objectives when managing capital are

- To comply with the legal and regulatory obligations and maintain capital resources commensurate with the nature, scale and risk profile of the Company, and
- To provide a framework for monitoring the capital position of the Company, including the procedures to be followed during periods of general financial stress, either due to internal or external events

NOTES TO THE FINANCIAL STATEMENTS
FOR THE YEAR ENDED 31 DECEMBER 2009

4 ADMINISTRATION EXPENSES

	2009 £'000	2008 £'000
Marketing and administrative expenses	-	6
Expenses for asset management services rendered	-	(10)
Total expenses for marketing and administration	**-**	**(4)**

5. INVESTMENT INCOME

	2009 £'000	2008 £'000
Interest income from deposits with credit institutions	-	21
	-	**21**

6. TAX CHARGE

	2009 £'000	2008 £'000
Current taxation		
Charge for the period	-	8
Tax charge for the period	**-**	**8**

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 £'000	2008 £'000
Profit before tax	-	25
Expected tax charge	-	7
Effects of		
Other timing differences		1
Tax charge	**-**	**8**

There is no deferred taxation (2008 none)

NOTES TO THE FINANCIAL STATEMENTS
FOR THE YEAR ENDED 31 DECEMBER 2009

7 CLASSIFICATION OF FINANCIAL INSTRUMENTS

Financial assets and financial liabilities are measured on an ongoing basis either at fair value or at amortised cost The summary of significant accounting policies in note 1 describes how the classes of financial instruments are measured and how income and expenses of the financial assets and liabilities by category are defined in IAS39 and by the balance sheet heading

As at 31 December 2009

	Held for trading £'000	Loans and receivables £'000	Other (amortised costs) £'000	Non-financial assets / liabilities £'000	Total £'000
Financial assets					
Loans and receivables	-	869	-	-	869
Cash and cash equivalents	-	-	-	-	-
	-	869	-	-	869
Trade and other payables and deferred income	-	-	-	-	-
Current tax liabilities	-	-	-	-	-
	-	-	-	-	-
Equity					869
					869

As at 31 December 2008

	Held for trading £'000	Loans and receivables £'000	Other (amortised costs) £'000	Non-financial assets / liabilities £'000	Total £'000
Financial assets					
Loans and receivables	-	869	-	-	869
Cash and cash equivalents	-	-	-	-	-
	-	869	-	-	869
Trade and other payables and deferred income	-	-	-	-	-
Current tax liabilities	-	-	-	-	-
	-	-	-	-	-
Equity					869
					869

NOTES TO THE FINANCIAL STATEMENTS
FOR THE YEAR ENDED 31 DECEMBER 2009

8 LOANS AND RECEIVABLES

	2009 £'000	2008 £'000
Due from related parties (note 12)	869	869
	869	869

9. SHARE CAPITAL

	2009 £'000	2008 £'000
Authonsed		
Equity shares		
Ordinary shares of £1 each at 1 January and at 31 December	10,000	10,000
Issued and fully paid		
Equity shares		
Ordinary shares of £1 each at 1 January and at 31 December	9,250	9,250

10. CONTINGENT LIABILITIES

There are no contingent liabilities that require disclosure in these financial statements

11. COMMITMENTS

There was no capital expenditure contracted for at the balance sheet date

12 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 Companys ultimate holding company is The Royal Bank of Scotland Group plc which is incorporated in Great Britain and registered in Scotland Its immediate parent company is RBS Insurance Group Limited which is incorporated in Great Britain and registered in England and Wales

As at 31 December 2009, The Royal Bank of Scotland Group plc heads the largest and smallest group in which the Company is consolidated Copies of the consolidated accounts of The Royal Bank of Scotland Group plc may be obtained from The Secretary, The Royal Bank of Scotland Group plc, Gogarburn, PO Box 1000, Edinburgh EH12 1HQ

The following transactions were carried out with related parties, who were all members of The Royal Bank of Scotland Group plc

NOTES TO THE FINANCIAL STATEMENTS
FOR THE YEAR ENDED 31 DECEMBER 2009

12 RELATED PARTIES (Continued)

i. Year-end balances arising from sales and purchases of products/services

Receivables from related parties	**2009**	**2008**
	£000	**£000**
Receivables from related parties (note 8)		
- RBS Insurance Group Limited	869	869
	869	**869**

ii. Balances with UK Government

There were no transactions with the UK Government during the year As at 31 December 2009, there were no balances held with the UK Government and affiliated bodies