

Company Registered No: 03112015

R. B. LEASING (SHAFTESBURY) LIMITED

DIRECTORS' REPORT AND FINANCIAL STATEMENTS

For the year ended 30 September 2011



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

DIRECTORS' REPORT AND FINANCIAL STATEMENTS 2011

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OFFICERS AND PROFESSIONAL ADVISERS

DIRECTORS:

S J Caterer
J E Rogers
P D J Sullivan
R F Warren

SECRETARY.

C J Down

REGISTERED OFFICE:

The Quadrangle
The Promenade
Cheltenham
GL50 1PX

AUDITOR:

Deloitte LLP
3 Rivergate
Temple Quay
Bristol
BS1 6GD

Registered in England and Wales.

DIRECTORS' REPORT

The directors present their report and the audited financial statements for the year ended 30 September 2011

ACTIVITIES AND BUSINESS REVIEW

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

Activity

The principal activity of the company was the provision of fixed asset finance, usually involving structured facilities. The company's lease terminated during the prior period and the company has ceased to trade.

It is the intention of the directors that the company will be wound up.

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.

Financial performance

The retained profit for the year was £96,000 (2010 retained loss £640,000) and this was transferred to reserves.

Dividends

The company paid a dividend of £1,000,000 during the period (year ended 30 September 2010 £nil).

Principal risks and uncertainties

The company's financial risk management objectives and policies regarding the use of financial instruments are set out in note 12 to these financial statements.

The company seeks to minimise its exposure to external financial risks other than credit risk, further information on financial risk management policies and exposures is disclosed in notes 11 and 12.

Going concern

The directors, having made such enquiries as they considered appropriate, including regarding the continuing availability of sufficient resources - from The Royal Bank of Scotland Group plc, have prepared the financial statements on a basis other than that of a going concern. It is the intention of the directors that the company will be wound up within the next 12 months.

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

The present directors and secretary, who have served throughout the year, are listed on page 2

DIRECTORS' RESPONSIBILITIES STATEMENT

The directors are responsible for preparing the annual report and the financial statements in accordance with applicable law and regulations

Company law requires the directors to prepare a directors' report and financial statements for each financial year and the directors have elected to prepare them in accordance with International Financial Reporting Standards ("IFRSs") as adopted by the European Union. Under company law the directors must not approve the financial statements unless they are satisfied that they give a true and fair view of the state of affairs at the end of the year and the profit or loss for the financial year of the company. In preparing these financial statements, under International Accounting Standard 1, the directors are required to

- select suitable accounting policies and then apply them consistently,
- present information, including accounting policies, in a manner that provides relevant, reliable, comparable and understandable information,
- provide additional disclosures when compliance with the specific requirements in IFRSs are insufficient to enable users to understand the impact of particular transactions, other events and conditions of the entity's financial position and performance, and
- make an assessment of the company's ability to continue as a going concern

The directors are responsible for keeping adequate accounting records that are sufficient to show and explain the company's transactions and disclose with reasonable accuracy at any time the financial position of the company and to enable them to ensure that the directors' report and financial statements comply with the requirements of the Companies Act 2006. They are also responsible for safeguarding the assets of the company and hence for taking reasonable steps for the prevention and detection of fraud and other irregularities.

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 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 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 behalf of the Board

S J Caterer
Director



Date 30 April 2012

INDEPENDENT AUDITOR'S REPORT TO THE MEMBERS OF R. B. LEASING (SHAFTESBURY) LIMITED

We have audited the financial statements of R B Leasing (Shaftesbury) Limited ('the company') for the year ended 30 September 2011 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 15. These financial statements have been prepared on a basis other than that of going concern under the accounting policies set out therein. The financial reporting framework that has been applied in their preparation is applicable law and International Financial Reporting Standards ("IFRSs") as adopted by the European Union.

This report is made solely to the company's members, as a body, in accordance with Chapter 3 of Part 16 of the Companies Act 2006. Our audit work has been undertaken so that we might state to the company's members those matters we are required to state to them in an auditor's report and for no other purpose. To the fullest extent permitted by law, we do not accept or assume responsibility to anyone other than the company and the company's members as a body, for our audit work, for this report, or for the opinions we have formed.

Respective responsibilities of directors and auditor

As explained more fully in the Directors' Responsibilities Statement, the directors are responsible for the preparation of the financial statements and for being satisfied that they give a true and fair view. Our responsibility is to audit and express an opinion on the financial statements in accordance with applicable law and International Standards on Auditing (UK and Ireland). Those standards require us to comply with the Auditing Practices Board's Ethical Standards for Auditors.

Scope of the audit of the financial statements

An audit involves obtaining evidence about the amounts and disclosures in the financial statements sufficient to give reasonable assurance that the financial statements are free from material misstatement, whether caused by fraud or error. This includes an assessment of whether the accounting policies are appropriate to the company's circumstances and have been consistently applied and adequately disclosed, the reasonableness of significant accounting estimates made by the directors, and the overall presentation of the financial statements. In addition, we read all the financial and non-financial information in the annual report to identify material inconsistencies with the audited financial statements. 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 30 September 2011 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.

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 R. B. LEASING
(SHAFTESBURY) 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, or
- the directors were not entitled to take advantage of the small companies' exemption in preparing the directors' report



Simon Cleveland, FCA (Senior Statutory Auditor)
for and on behalf of Deloitte LLP
Chartered Accountants and Statutory Auditor,
Bristol, United Kingdom

2 May 2012

STATEMENT OF COMPREHENSIVE INCOME
for the year ended 30 September 2011

	Notes	2011 £'000	2010 £'000
Revenue	2	-	366
Operating income	3	-	2
Operating expenses	4	-	(6)
Operating profit		-	362
Finance income	5	131	114
Profit before tax		131	476
Tax charge	6	(35)	(1,116)
Profit/(loss) and total comprehensive income/(expense) for the year		96	(640)

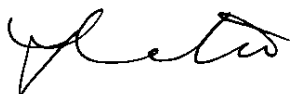
The accompanying notes form an integral part of these financial statements

BALANCE SHEET
as at 30 September 2011

	Notes	2011 £'000	2010 £'000
Assets			
Current assets			
Prepayments, accrued income and other assets	9	1	1
Cash	8	20,464	25,641
Total assets		20,465	25,642
Current liabilities			
Current tax liabilities		44	-
Accruals, deferred income and other liabilities	10	-	4,317
Total liabilities		44	4,317
Equity			
Share capital	13	19,775	19,775
Retained earnings		646	1,550
Total equity		20,421	21,325
Total liabilities and equity		20,465	25,642

The accompanying notes form an integral part of these financial statements

The financial statements were approved and authorised for issue by the Board of Directors on 30 April 2012 and signed on its behalf by



S J Caterer
Director

STATEMENT OF CHANGES IN EQUITY
for the year ended 30 September 2011

	Share capital £'000	Retained earnings £'000	Total £'000
At 1 October 2009	19,775	2,190	21,965
Loss for the year	-	(640)	(640)
At 30 September 2010	19,775	1,550	21,325
Profit for the year	-	96	96
Dividends paid	-	(1,000)	(1,000)
At 30 September 2011	19,775	646	20,421

Total comprehensive income for the year of £96,000 (2010 expense £640,000) was wholly attributable to the owners of the company

The accompanying notes form an integral part of these financial statements

CASH FLOW STATEMENT
for the year ended 30 September 2011

	2011 £'000	2010 £'000
Operating activities		
Profit for the year before tax	131	476
Adjustments for:		
Finance income – immediate parent company	(131)	(114)
Operating cash flows before movements in working capital	-	362
Decrease in finance lease receivables	-	21,725
Decrease in trade and other payables	-	(2)
Decrease in accruals, deferred income and other liabilities	-	(2)
Net cash from operating activities before tax	-	21,721
Group relief paid	(4,308)	(1,422)
Net cash flows from operating activities	(4,308)	20,661
Investing activities		
Interest received	131	113
Net cash flows from investing activities	131	113
Financing activities		
Dividends paid	(1,000)	-
Net cash flows from financing activities	(1,000)	-
Net (decrease)/ increase in cash and cash equivalents	(5,177)	20,774
Cash and cash equivalents at beginning of year	25,641	4,867
Cash and cash equivalents at end of year	8	25,641

The accompanying notes form an integral part of these financial statements

NOTES TO THE FINANCIAL STATEMENTS**1. Accounting policies****a) Presentation of accounts**

The accounts are prepared in accordance with International Financial Reporting Standards issued by the International Accounting Standards Board ("IASB") and interpretations issued by the International Financial Reporting Interpretations Committee of the IASB as adopted by the European Union (EU) (together "IFRS") The company's accounts are presented in accordance with the Companies Act 2006

The company is incorporated in the UK and registered in England and Wales The accounts are prepared on the historical cost basis

The company ceased to trade during the previous financial year These events did 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 a going concern basis No material adjustment arose as a result of ceasing to apply the going concern basis

There are no material contractual commitments or future costs of terminating the business that require amounts to be provided at the balance sheet date

Adoption of new and revised standards

There are a number of changes to IFRS that were effective from 1 January 2011 They have had no material effect on the company's financial statements for the year ended 30 September 2011

b) Foreign currencies

The company's financial statements are presented in sterling which is the functional currency of the company

c) Revenue recognition

Interest income on financial assets that are classified as loans and receivables is 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

d) Taxation

Provision is made for taxation at current enacted rates on taxable profits, arising in income or equity, taking into account relief for overseas taxation where appropriate Deferred taxation is accounted for in full for all temporary differences between the carrying amount of an asset or liability for accounting purposes and its carrying amount for tax purposes, except in relation of amounts accrued is recognised immediately

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

NOTES TO THE FINANCIAL STATEMENTS (continued)**1 Accounting policies (continued)****e) Leases**

Contracts to lease assets are classified as finance leases if they transfer substantially all the risks and rewards of ownership of the asset to the customer. Other contracts to lease assets are classified as operating leases.

Finance lease receivables are stated in the balance sheet at the amount of the net investment in the lease being the minimum lease payments and any unguaranteed residual value discounted at the interest rate implicit in the lease.

f) Financial assets

On initial recognition, financial assets are classified into loans and receivables.

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 less any impairment losses.

g) Leases

Contracts to lease assets are classified as finance leases if they transfer substantially all the risks and rewards of ownership of the asset to the customer. Other contracts to lease assets are classified as operating leases.

Finance lease receivables are stated in the balance sheet at the amount of the net investment in the lease being the minimum lease payments and any unguaranteed residual value discounted at the interest rate implicit in the lease.

h) Financial liabilities

On initial recognition, financial liabilities are classified at amortised cost using the effective interest method.

i) Cash and cash equivalents

In the cash flow statement, cash and cash equivalents comprises cash 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.

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

The IASB issued 'Improvements to IFRS' in May 2010, implementing minor changes to IFRS, making non-urgent but necessary amendments to standards, primarily to remove inconsistency and to clarify wording. The revisions are effective for annual periods beginning on or after 1 July 2010 and are not expected to have a material effect on the company.

The IASB issued IFRS 9 'Financial Instruments' in October 2010, simplifying the classification and measurement requirements in IAS 39 'Financial Instruments: Recognition and Measurement' in respect of financial assets and liabilities. The standard reduces the measurement categories for financial assets to two: fair value and amortised cost, while keeping categories for liabilities broadly the same. Only financial assets with contractual terms that give rise to cash flows on specified dates that are solely payments of principal and interest on the principal amount outstanding and which are held within a business model whose objective is to hold assets in order to collect contractual cash flows are classified as amortised cost. All other financial assets are measured at fair value with changes in value generally taken to profit or loss. The IASB will add impairment and hedging requirements to the standard before it becomes effective for annual periods beginning on or after 1 January 2013; early application is permitted.

This standard makes major changes to the framework for the classification and measurement of financial assets and will not have a significant effect on the company's financial statements. The company is assessing the effect which also depends on the outcome of the other phases of IASB's IAS 39 replacement project.

The IASB issued 'Disclosures - Transfers of Financial Assets' (Amendments to IFRS 7) in October 2010 to extend the standard's disclosure requirements about derecognition to align with US GAAP. The revisions are effective for annual periods beginning on or after 1 July 2011 and will not affect the financial position or reported performance of the company.

The International Financial Reporting Interpretations Committee issued interpretation IFRIC 19 'Extinguishing Financial Liabilities with Equity Instruments' in December 2009.

The interpretation clarifies that the profit or loss on extinguishing liabilities by issuing equity instruments should be measured by reference to fair value, preferably of the equity instrument. The interpretation, effective for the company for annual periods beginning on or after 1 January 2011, is not expected to have a material effect on the company.

The IASB issued IFRS 10 'Consolidated Financial Statements' in May 2011; it establishes principles for the presentation and preparation of consolidated financial statements when an entity controls one or more other entities. IFRS 10 will supersede the current IAS 27 'Consolidated and Separate Financial Statements' and SIC 12 'Consolidation - Special Purpose Entities'. A new IAS 27 'Separate Financial Statements' has been published. The new IAS 27 now only contains the accounting and disclosure requirements for investments in subsidiaries, joint ventures and associates in the parent company's separate financial statements.

The IASB issued IFRS 11 'Joint Arrangements' in May 2011; it establishes the distinction between joint operations and joint ventures and the principles for financial reporting of them. IFRS 11 supersedes IAS 31 'Interests in Joint Ventures'. There are some consequential changes to IAS 28 'Investments in Associates', which is renamed IAS 28 'Investments in Associates and Joint Ventures'.

NOTES TO THE FINANCIAL STATEMENTS (continued)

1. Accounting policies (continued)

h) Accounting developments (continued)

The IASB issued IFRS 12 'Disclosure of Interests in Other Entities' in May 2011. IFRS 12 brings the disclosure requirements in consolidated financial statements for interests in subsidiaries, joint arrangements, associates and unconsolidated structures under one standard. Disclosures required in separate financial statements are dealt with in IAS 27 Separate Financial Statements.

IFRS 10, IFRS 11 and IFRS 12 as well as revised IAS 27 and IAS 28, are effective for annual periods beginning on or after 1 January 2013. Earlier application is permitted. If adopted early all standards must be adopted together (IFRS 12 may be adopted early without having to adopt the other standards).

The IASB issued IFRS 13 'Fair Value Measurement' in May 2011, setting out a single IFRS framework for defining and measuring fair value and requiring disclosures about fair value measurements. IFRS 13 is effective for annual periods beginning on or after 1 January 2013. Earlier application is permitted.

2. Revenue

	2011 £'000	2010 £'000
Finance lease income		
Rents receivable	-	22,316
Amortisation	-	(21,950)
	-	366

3. Operating income

	2011 £'000	2010 £'000
Profit on disposal of leases	-	2

4. Operating expenses

	2011 £'000	2010 £'000
Management fees	-	5
Other charges	-	1
	-	6

2010 Included in operating expenses is £5,000 for management charges due to the immediate parent company.

Staff costs, number of employees and directors' emoluments

All staff and directors were employed by The Royal Bank of Scotland plc, the accounts for which 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.

NOTES TO THE FINANCIAL STATEMENTS (continued)

4. Operating expenses (continued)

Auditor's remuneration

There was no charge in either the current or prior year's financial statements for auditor's remuneration as the fees of £5,000 (2010 £5,000) were charged in the financial statements of Royal Bank Leasing Limited

Management recharge

Management charges relate to the company's share of group resources such as the use of IT platforms, staff and a share of central resources. These are re-charged on an annual basis by the immediate parent company.

5 Finance income

	2011 £'000	2010 £'000
On loans and receivables		
From group undertakings – immediate parent company	<u>131</u>	<u>114</u>

6. Tax

	2011 £'000	2010 £'000
Current taxation		
UK corporation tax charge for the year	<u>35</u>	<u>5,653</u>
	35	5,653
Deferred taxation		
Credit for the year	<u>-</u>	<u>(4,537)</u>
	-	-
Tax charge for the year	<u>35</u>	<u>1,116</u>

The current tax charge includes amounts payable to group companies for group relief.

The actual tax charge differs from the expected tax charge computed by applying the blended rate of UK corporation tax of 27% (2010 standard tax rate 28%) as follows

	2011 £'000	2010 £'000
Expected tax charge	35	133
Other non-deductible items	-	983
Actual tax charge for the year	<u>35</u>	<u>1,116</u>

The changes to tax rates and capital allowances proposed in the Budget on 22 June 2010, 23 March 2011 and 21 March 2012 are not expected to have a material effect on the company.

NOTES TO THE FINANCIAL STATEMENTS (continued)

7. Ordinary dividends

	2011 £'000	2010 £'000
Interim dividend paid	1,000	-

8. Cash and cash equivalents

	2011 £'000	2010 £'000
Deposits with banks placed at within three months original maturity		
- Group immediate parent company	20,464	25,641
Cash and cash equivalents per cash flow statement	20,464	25,641

9. Prepayments, accrued income and other assets

	2011 £'000	2010 £'000
Accrued income – to immediate parent	1	1

10. Accruals, deferred income and other liabilities

	2011 £'000	2010 £'000
Group relief payable – immediate parent company	-	4,317

11. Financial instruments**Categories of financial instruments**

There is no difference between the fair value of financial instruments carried on the balance sheet and their carrying value

The fair value of loans and receivables is estimated by discounting expected future cash flows using current interest rates and making adjustments for credit

All financial assets are classed as loans and receivables All financial liabilities are classed as amortised cost

NOTES TO THE FINANCIAL STATEMENTS (continued)

12. Risk management

The principal risks associated with the company's business are as follows

Market risk

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

The principal market risk to which the company is exposed is the interest rate, however, this is deemed significant as the balances are all with other group companies

Interest rate risk

Structural interest rate risk arises where assets and liabilities have different re-pricing maturities

The following tables indicate financial assets and liabilities that are exposed to interest rate risk together with the corresponding range of applicable interest rates

The interest profile of the company's assets and liabilities is as follows

	Fixed rate £'000	Variable rate £'000	Non-interest earning £'000	Total £'000
2011				
Financial assets				
Prepayments, accrued income and other assets	-	-	1	1
Cash and cash equivalents	-	20,464	-	20,464
	-	20,464	1	20,465
Financial liabilities				
Accruals, deferred income and other liabilities	-	-	(44)	(44)
	-	-	(44)	(44)
Net financial assets/(liabilities)	-	20,464	(43)	20,421
	Fixed rate £'000	Variable rate £'000	Non-interest earning £'000	Total £'000
2010				
Financial assets				
Prepayments, accrued income and other assets	-	-	1	1
Cash and cash equivalents	-	25,641	-	25,641
	-	25,641	1	25,642
Financial liabilities				
Accruals, deferred income and other liabilities	-	-	(4,317)	(4,317)
	-	-	(4,317)	(4,317)
Net financial assets/(liabilities)	-	25,641	(4,316)	21,325

NOTES TO THE FINANCIAL STATEMENTS (continued)**12. Risk management (continued)****Interest rate risk (continued)**

The sensitivity analysis below has been determined based on the exposure to interest rates at the balance sheet date. The analysis is prepared on the assumption that the balances receivable and/or payable at the balance sheet date moved in equal instalments across the year.

If interest rates had been 0.5% higher and all other variables were held constant, the company's profit before tax for the year would have increased by £102,320 (2010 £76,000). This is mainly due to the company's exposure to interest rates on its variable rate cash balances. There would be no other impact on equity.

Currency risk

The company has no currency risk as all transactions and balances are denominated in sterling.

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 group'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 dictated 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.
- 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 has no significant concentration of credit risk, based on counterparty history. The company considers all financial assets to be of good credit quality.

Liquidity risk

Liquidity risk is the risk that the company is unable to meet its obligations as they fall due. The company has no material liquidity risk as it has access to group funding.

NOTES TO THE FINANCIAL STATEMENTS (continued)

13. Share capital

		2011 £'000	2010 £'000
Authorised:			
1,000	Class A ordinary shares of £1	1	1
20,000,000	Class B ordinary shares of £1	20,000	20,000
		20,001	20,001
Allotted, called up and fully paid:			
2	Class A ordinary shares of £1	-	-
19,775,000	Class B ordinary shares of £1	19,775	19,775
		19,775	19,775

The company has two classes of ordinary shares which carry no right to fixed income

14. Capital resources

The company's capital consists of equity comprising issued share capital, retained earnings, loans from group undertakings and subordinated loans. The company is a member of The Royal Bank of Scotland group of companies which has regulatory disciplines over the use of capital. In the management of capital resources, the company is governed by the group's policy which is to maintain a strong capital base. It is not separately regulated. The group has complied with the FSA's capital requirements throughout the year.

15. Related parties

On 1 December 2008, the UK Government through HM Treasury became the ultimate controlling party of The Royal Bank of Scotland Group plc. The UK Government's shareholding is managed by UK Financial Investments Limited, a company wholly-owned by the UK Government. As a result, the UK Government and UK Government controlled bodies became related parties of the company.

The company's ultimate holding company is The Royal Bank of Scotland Group plc, a company incorporated in Great Britain and registered in Scotland. Its immediate parent company is Royal Bank Leasing Limited which is incorporated in Great Britain and registered in England and Wales.

As at 30 September 2011, Royal Bank of Scotland Group plc heads the largest group in which the company is consolidated. 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, Edinburgh, EH12 1HQ.

Capital support deed

The company, together with other members of 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.

NOTES TO THE FINANCIAL STATEMENTS (continued)

15. Related parties (continued)

Key management

The company is a subsidiary of The Royal Bank of Scotland Group plc whose policy is for companies to bear the costs of their full time staff. The time and costs of executives and other staff who are primarily employed by the group are not specifically recharged. However, the group recharges subsidiaries for management fees which include an allocation of certain staff and administrative support costs.

In the company and the group, key management comprise directors of the company and members of the Group Executive Management Committee. The emoluments of the directors of the company are met by the group.

The directors of the company do not receive remuneration for specific services provided to the company.