

Company Registered No: 03112015

R. B. LEASING (SHAFTESBURY) LIMITED

DIRECTORS' REPORT AND FINANCIAL STATEMENTS

For the year ended 30 September 2013

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

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DIRECTORS' REPORT AND FINANCIAL STATEMENTS 2013

CONTENTS	Page
OFFICERS AND PROFESSIONAL ADVISERS	1
DIRECTORS' REPORT	2
INDEPENDENT AUDITOR'S REPORT TO THE MEMBERS OF R B LEASING (SHAFTESBURY) LIMITED	5
STATEMENT OF COMPREHENSIVE INCOME	7
BALANCE SHEET	8
STATEMENT OF CHANGES IN EQUITY	9
CASH FLOW STATEMENT	10
NOTES TO THE FINANCIAL STATEMENTS	11

OFFICERS AND PROFESSIONAL ADVISERS

DIRECTORS:

S J Caterer
J E Rogers
R F Warren

SECRETARY:

RBS Secretarial Services Limited

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 of R B Leasing (Shaftesbury) Limited ("the company") present their report and the audited financial statements for the year ended 30 September 2013

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 2011 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 ("the group") 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 group review these matters on a group basis. Copies can be obtained from RBS Secretariat, RBS Gogarburn, Edinburgh, EH12 1HQ, the Registrar of Companies or through the group's website at www.rbs.com.

Financial performance

The company's financial performance is presented in the Statement of Comprehensive Income. The retained profit for the year was £nil (2012 £55,000).

Dividends

The company paid an interim dividend of 3.29p per share totalling £650,000 on 3 October 2012.

Principal risks and uncertainties

The company's financial risk management objectives and policies regarding the use of financial instruments are set out in notes 7 and 8 to these financial statements.

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 except where noted below, are listed on page 1

From 1 October 2012 to date the following changes have taken place

Secretary	Appointed	Resigned
RBS Secretarial Services Limited	31 October 2012	-
C J Down	-	31 October 2012
 Directors		
P D J Sullivan	-	31 December 2013

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, (EU) 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

- in 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

A handwritten signature in black ink, appearing to be 'R F Warren', written over the printed name.

R F Warren

Director

Date 28 March 2014

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 2013 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 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 ("IFRS") 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 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 30 September 2013 and of its result 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

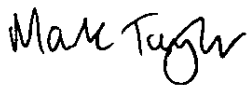
In our opinion the information given in the Directors' Report for the financial year for which the financial statements are prepared is consistent with the financial statements.

**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
- the directors were not entitled to take advantage of the small companies exemption from preparing a Strategic Report or in preparing the Directors' Report



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

28 March 2014

STATEMENT OF COMPREHENSIVE INCOME
For the year ended 30 September 2013

	Notes	2013 £'000	2012 £'000
Finance income	3	-	73
Profit before tax		-	73
Tax charge	4	-	(18)
Profit and total comprehensive income for the year		-	55

The accompanying notes form an integral part of these financial statements

BALANCE SHEET

As at 30 September 2013

	Notes	2013 £'000	2012 £'000
Assets			
Current assets			
Loan receivables	6	19,826	20,494
Total assets		19,826	20,494
Liabilities			
Current liabilities			
Current tax liabilities		-	18
Total liabilities		-	18
Equity			
Share capital	9	19,775	19,775
Retained earnings		51	701
Total equity		19,826	20,476
Total liabilities and equity		19,826	20,494

The accompanying notes form an integral part of these financial statements

The financial statements were approved by the Board of Directors on 28 March 2014 and signed on its behalf by



R F Warren
Director

STATEMENT OF CHANGES IN EQUITY
For the year ended 30 September 2013

	Note	Share capital £'000	Retained earnings £'000	Total £'000
At 1 October 2011		19,775	646	20,421
Profit for the year		-	55	55
At 30 September 2012		19,775	701	20,476
Profit for the year		-	-	-
Dividend paid	5	-	(650)	(650)
At 30 September 2013		19,775	51	19,826

Total comprehensive income for the year of £nil (2012 £55,000) 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 2013

	2013 £'000	2012 £'000
Operating activities		
Profit for the year before tax	-	73
Adjustments for		
Finance income – immediate parent company	-	(73)
Net cash flows from operating activities before tax	-	-
Tax paid	(18)	(44)
Net cash flows used in operating activities	(18)	(44)
Investing activities		
Interest received	-	74
Net cash flows from investing activities	-	74
Financing activities		
Dividends paid	(650)	-
Net cash flows used in financing activities	(650)	-
Net (decrease)/increase in cash and cash equivalents	(668)	30
Cash and cash equivalents at beginning of year	20,494	20,464
Cash and cash equivalents at end of year	19,826	20,494

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 on a basis other than going concern (see the Directors' Report) basis and in accordance with IFRS 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") The company's accounts are presented in accordance with the Companies Act 2006

The accounts are prepared on the historical cost basis

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

The company is incorporated in the UK and registered in England and Wales

The company ceased to trade during 2011 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 October 2012 They have had no material effect on the company's financial statements for the year ended 30 September 2013

b) 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

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

Income tax expense or income, comprising current tax and deferred tax, is recorded in the income statement 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 a 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

d) 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

e) Financial liabilities

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

f) Cash and cash equivalents

In the cash flow statement, cash and cash equivalents comprise 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

g) Accounting developments

The company has considered all recent IASB announcements and none of these are expected to have a significant impact on the company's accounting policies and financial statements

NOTES TO THE FINANCIAL STATEMENTS (continued)

2. Operating expenses

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

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 were charged in the financial statements of The Royal Bank of Scotland plc (2012 £5,000 charged in the financial statements of Royal Bank Leasing Limited).

3. Finance income

	2013 £'000	2012 £'000
On loans and receivables		
From group undertakings – immediate parent company	-	73

4. Tax

	2013 £'000	2012 £'000
Current taxation:		
UK corporation tax charge for the year	-	18

Where appropriate current tax consists of sums payable or receivable for group relief.

The actual tax charge matches the expected tax charge computed by applying the blended rate of UK corporation tax of 23.50% (2012 blended tax rate 25%).

5. Ordinary dividends

	2013 £'000	2012 £'000
Interim dividend paid 3.29p per share	650	-

The company paid an interim dividend amounting to £650,000 (3.29p per share) on 3 October 2012.

6. Loan receivables

	2013 £'000	2012 £'000
Short term deposits with group undertakings – immediate parent company	19,826	20,494

NOTES TO THE FINANCIAL STATEMENTS (continued)**7. 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

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

8. 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

None of the company's assets present in the Balance Sheet as at 30 September 2013 are subject to market risk

Interest rate risk

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

The Company has no interest rate risk

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

NOTES TO THE FINANCIAL STATEMENTS (continued)

8. Risk management (continued)

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.

9. Share capital

	2013 £'000	2012 £'000
Authorised:		
1,000 Ordinary shares of £1	1	1
20,000,000 Redeemable ordinary shares of £1	20,000	20,000
	20,001	20,001
Allotted, called up and fully paid:		
2 Ordinary shares of £1	-	-
19,775,000 Redeemable 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.

10. 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 Prudential Regulation Authority's capital requirements throughout the year.

11. 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.

Group undertakings

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

As at 30 September 2013, The Royal Bank of Scotland Group plc heads the largest group in which the company is consolidated and The Royal Bank of Scotland plc heads the smallest group in which the company is consolidated. Copies of the consolidated accounts of both companies may be obtained from RBS Secretariat, The Royal Bank of Scotland Group plc, Gogarburn, PO Box 1000, Edinburgh, EH12 1HQ.

NOTES TO THE FINANCIAL STATEMENTS (continued)**11. Related parties (continued)****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.

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.

12. Post balance sheet events

There have been no significant events between the year end and the date of approval of the financial statements which would require a change or additional disclosure in the financial statements.