

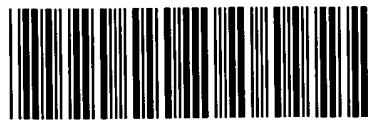
Company Registered No: 03177095

R.B. ASSET VALUE LIMITED

ANNUAL REPORT AND FINANCIAL STATEMENTS

For the year ended 30 September 2015

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OFFICERS AND PROFESSIONAL ADVISERS

DIRECTORS:

S J Caterer
T D Crome
A P Johnson

SECRETARY:

RBS Secretarial Services Limited

REGISTERED OFFICE:

The Quadrangle
The Promenade
Cheltenham
GL50 1PX

INDEPENDENT AUDITOR:

Deloitte LLP
Chartered Accountants and Statutory Auditor
3 Rivergate
Temple Quay
Bristol
United Kingdom
BS1 6GD

Registered in England and Wales

DIRECTORS' REPORT

The directors of R.B. Asset Value Limited ("the Company") present their annual report together with the audited financial statements for the year ended 30 September 2015.

ACTIVITIES AND BUSINESS REVIEW

This directors' report has been prepared in accordance with the provisions applicable to companies entitled to the small companies exemption and therefore does not include a strategic report.

Principal activity

The principal activity of the Company is the provision of remarketing and residual value support services to the holding company, Royal Bank Leasing Limited and any of its subsidiary leasing companies, for leasing and asset finance facilities.

Review of the year**Business review**

The Company has no active leases; however it provides remarketing and residual value support services to the holding company Royal Bank Leasing Limited and any of its subsidiary leasing companies. The directors are satisfied with the Company's performance in the year.

FINANCIAL PERFORMANCE

The retained profit for the year was £nil (2014: retained profit £nil). The directors do not recommend the payment of a dividend for the year ended 30 September 2015 (2014: no dividend paid).

PRINCIPAL RISKS AND UNCERTAINTIES

The Company seeks to minimise its exposure to financial risks other than equity and credit risk.

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

The Company has exposure to asset risk on the residual value of property, plant and equipment which is held in fellow group companies. In respect of the residual value positions in the companies' leases, an annual impairment of the residual value positions is undertaken at 31 October. This review assesses the recoverability of the residual value positions at the lease end and recommends impairment if necessary. All the underlying assets on residual value leases have economic lives beyond the terms of the leases they are on, and there are no concerns as to the recoverability of the residual amounts.

Interest rate risk

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

None of the Company's assets are subject to interest rate risk as they do not attract interest.

Credit risk

Credit risk is the risk that companies, financial institutions, individuals and other counterparties will be unable to meet their obligations to the Company.

All loans receivable are with group undertakings. Although credit risk arises this is not considered to be significant and no amounts are past due.

**DIRECTORS' REPORT
PRINCIPAL RISKS AND UNCERTAINTIES (continued)****Liquidity risk**

The company has no material liquidity risk as it has access to group funding.

Operational risk

Operational risk is the risk of unexpected losses attributable to human error, systems failures, fraud or inadequate internal financial controls and procedures. The Company manages this risk, in line with the RBS group framework, through systems and procedures to monitor transactions and positions, the documentation of transactions and periodic review by internal audit. The Company also maintains contingency facilities to support operations in the event of disasters.

GOING CONCERN

The Company's current obligation to provide remarketing and residual value support is expected to lapse in March 2016. In light of this it is expected to be wound up within the next 12 months. As required by IAS 1 – presentation of Financial Statements, management has prepared the financial statements on a basis other than that of going concern. No material adjustments arose as a result of ceasing to apply the going concern basis.

DIRECTORS AND SECRETARY

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

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

	Appointed	Resigned
Directors		
N T J Clibbens	-	27 February 2015
A P Gadsby	-	11 May 2015
A P Johnson	11 May 2015	-

DIRECTORS' REPORT**DIRECTORS' RESPONSIBILITIES STATEMENT**

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

Company law requires the directors to prepare a Directors' Report and financial statements for each financial year. Under that law, the directors have elected to prepare the financial statements in accordance with Financial Reporting Standard 101 Reduced Disclosure Framework (FRS 101) and must not approve the financial statements unless they are satisfied that they give a true and fair view of the state of affairs at the end of the year and the profit or loss of the Company for that period. In preparing these financial statements, the directors are required to:

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

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

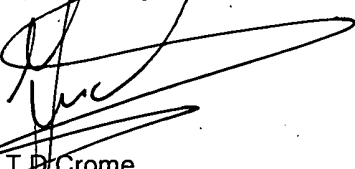
DISCLOSURE OF INFORMATION TO AUDITOR

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

- so far as they are aware, there is no relevant audit information of which the Company's auditor is unaware; and
- the director has taken all the steps that they ought to have taken to make themselves aware of any relevant audit information, and to establish that the Company's auditor is aware of that information.

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

Approved by the Board of Directors and signed on its behalf:



T. D. Crome
Director
Date: 5 April 2016

INDEPENDENT AUDITOR'S REPORT TO THE MEMBERS OF R.B. ASSET VALUE LIMITED

We have audited the financial statements of R.B. Asset Value Limited ('the Company') for the year ended 30 September 2015 which comprise the Profit and Loss Account, the Balance Sheet, the Statement of Changes in Equity and the related notes 1 to 10. The financial reporting framework that has been applied in their preparation is applicable law and Financial Reporting Standard 101 Reduced Disclosure Framework.

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

Respective responsibilities of directors and auditor

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

Scope of the audit of the financial statements

An audit involves obtaining evidence about the amounts and disclosures in the financial statements sufficient to give reasonable assurance that the financial statements are free from material misstatement, whether caused by fraud or error. This includes an assessment of: whether the accounting policies are appropriate to the Company's circumstances and have been consistently applied and adequately disclosed; the reasonableness of significant accounting estimates made by the directors; and the overall presentation of the financial statements. In addition, we read all the financial and non-financial information in the annual report to identify material inconsistencies with the audited financial statements and to identify any information that is apparently materially incorrect based on, or materially inconsistent with, the knowledge acquired by us in the course of performing the audit. If we become aware of any apparent material misstatements or inconsistencies we consider the implications for our report.

Opinion on financial statements

In our opinion the financial statements:

- give a true and fair view of the state of the Company's affairs as at 30 September 2015 and of its result for the year then ended;
- have been properly prepared in accordance with Financial Reporting Standard 101 Reduced Disclosure Framework; and
- have been prepared in accordance with the requirements of the Companies Act 2006.

Opinion on other matter prescribed by the Companies Act 2006

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

INDEPENDENT AUDITOR'S REPORT TO THE MEMBERS OF R.B. ASSET VALUE LIMITED

Matters on which we are required to report by exception

We have nothing to report in respect of the following matters where the Companies Act 2006 requires us to report to you if, in our opinion:

- adequate accounting records have not been kept, or returns adequate for our audit have not been received from branches not visited by us; or
- the financial statements are not in agreement with the accounting records and returns; or
- certain disclosures of 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 from preparing a Strategic Report or in preparing the Directors' Report.

Mark Taylor

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

11 April 2016

PROFIT AND LOSS ACCOUNT

for the year ended 30 September 2015

The Company received no income and incurred no expenditure during the current year and the preceding year. Consequently, during these years the Company made neither a profit nor a loss.

The Company has no other recognised income or expenses in the current year or the preceding reporting year. Accordingly no profit or loss account is presented.

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

BALANCE SHEET
as at 30 September 2015

	Note	2015 £'000	2014 £'000
Current assets			
Loans receivable	4	77	77
Total assets		<u>77</u>	<u>77</u>
Equity: capital and reserves			
Called up share capital	6	-	-
Profit and loss account		77	77
Total shareholders' funds		<u>77</u>	<u>77</u>
Total liabilities and shareholders' funds		<u>77</u>	<u>77</u>

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

The financial statements of the Company were approved by the Board of Directors on 5 April 2016 and signed on its behalf by:


T D Crome
Director

STATEMENT OF CHANGES IN EQUITY
for the year ended 30 September 2015

	Share capital £'000	Profit and loss account £'000	Total £'000
At 1 October 2013 and 30 September 2014	-	77	77
At 30 September 2015	-	77	77

Total comprehensive income for the year of £nil (2014: £nil) was wholly attributable to the equity holders of the Company.

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

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

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

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

The financial statements are prepared on the historical cost basis.

The Company's financial statements are presented in Sterling which is the functional currency of the Company.

The Company is incorporated in the UK and registered in England and Wales. The Company's financial statements are presented in accordance with the Companies Act 2006.

Adoption of new and revised accounting standards

There are a number of changes to IFRS that were effective from 1 October 2014. They have had no material effect on the Company's financial statements for the year ended 30 September 2015.

b) Taxation

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

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

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

c) Financial assets

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

Loans and receivables

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

NOTES TO THE FINANCIAL STATEMENTS**1. Accounting policies (continued)****d) Impairment of financial assets**

The Company assesses at each balance sheet date whether there is any objective evidence that a financial asset or group of financial assets classified as held-to-maturity, available-for-sale or loans and receivables is impaired. A financial asset or portfolio of financial assets is impaired and an impairment loss incurred if there is objective evidence that an event or events since initial recognition of the asset have adversely affected the amount or timing of future cash flows from the asset.

e) Derecognition

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

A financial liability is removed from the Balance Sheet when the obligation is discharged, cancelled or expires.

2. Critical accounting policies and key sources of estimation uncertainty

The reported results of the Company are sensitive to the accounting policies, assumptions and estimates that underlie the preparation of its financial statements. UK company law and IFRS require the directors, in preparing the Company's financial statements, to select suitable accounting policies, apply them consistently and make judgements and estimates that are reasonable and prudent. In the absence of an applicable standard or interpretation, IAS 8 'Accounting Policies, Changes in Accounting Estimates and Errors' requires management to develop and apply an accounting policy that results in relevant and reliable information in the light of the requirements and guidance in IFRS dealing with similar and related issues and the IASB's Framework for the Preparation and Presentation of Financial Statements. The judgements and assumptions involved in the Company's accounting policies that are considered by the directors to be the most important to the portrayal of its financial condition are discussed below. The use of estimates, assumptions or models that differ from those adopted by the Company would affect its reported results.

Guaranteed residual values

The Company has entered into a number of remarketing agreements with its parent company, Royal Bank Leasing Limited. According to the provisions contained within these agreements, the Company provides guarantees of the residual values of the assets, the majority of which will be realised within 12 months (note 8). The directors have made an assumption, based on present information available, that the estimated future value of the assets included in the remarketing agreements will not be less than their guaranteed future residual value. Accordingly, the directors are of the opinion that the Company does not have a future liability in this respect.

3. Operating expenses**Staff costs, number of employees and directors' emoluments**

All staff and directors were employed by group companies and the financial statements of The Royal Bank of Scotland Group plc contain full disclosure of employee benefit expenses incurred in the period including share-based payments and pensions. The Company has no employees and the management fee for services provided by other group companies is borne by Royal Bank Leasing Limited. 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 (2014: £5,000) were charged in the financial statements of Royal Bank Leasing Limited.

NOTES TO THE FINANCIAL STATEMENTS

4. Loans and receivables

	2015 £'000	2014 £'000
Due within one year		
Amounts owed by group undertakings	<u>77</u>	<u>77</u>

5. Financial instruments and risk management

(i) Fair value of financial instruments not carried at fair value

The directors consider that the carrying amounts of financial assets recognised in the financial statements are equal to their fair values.

All financial assets are classed as loans and receivables.

(ii) Financial risk management

The principal risks associated with the Company's businesses are as follows:

Interest rate risk

The amounts due from group undertakings do not have any significant interest rate risk as they are primarily repayable on demand.

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

	Non-interest earning £'000
2015	
Financial assets	
Loans receivable	<u>77</u>
	Non-interest earning £'000
2014	
Financial assets	
Loans receivable	<u>77</u>

Credit risk

The table below provides details of credit exposures for those financial assets neither past due nor impaired:

	2015 £'000	2014 £'000
Group undertakings	<u>77</u>	<u>77</u>
Maximum credit exposure	<u>77</u>	<u>77</u>

Based on counterparty payment history the Company considers all the above financial assets to be of good credit quality.

NOTES TO THE FINANCIAL STATEMENTS

6. Share capital

	2015 £	2014 £
Authorised:		
51 'RBL' ordinary shares of £1	51	51
49 'HB' ordinary shares of £1	49	49
	<u>100</u>	<u>100</u>
Allotted, called up and fully paid:		
Equity shares:		
51 'RBL' ordinary shares of £1	51	51
49 'HB' ordinary shares of £1	49	49
	<u>100</u>	<u>100</u>

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

The 'RBL' and 'HB' shares rank on a pari passu basis.

7. Capital resources

The Company's capital consists of equity comprising issued share capital and retained earnings. 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.

8. Commitments and contingent liabilities

The Company has entered into a number of asset remarketing agreements with its holding company, Royal Bank Leasing Limited. According to the provisions of these agreements the Company has provided guarantees of the future residual value of the assets concerned, the majority of which will be released within 12 months.

The total value of the residual values guaranteed to Royal Bank Leasing Limited at the year end is £980,000 (2014:£980,000). In the opinion of the directors, it is unlikely that the assets will be brought into the ownership of the Company as the remarketing agreement contains provisions for the marketing of the assets prior to the expiration of the lease term. Accordingly, based on present information available, it is the directors' opinion that, on an overall basis, the guarantees will not lead to a loss to the Company.

9. Related parties

UK Government

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

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

NOTES TO THE FINANCIAL STATEMENTS**9. Related parties (continued)****Group undertakings**

The Company's immediate parent company is Royal Bank Leasing Limited, a company incorporated in the UK and registered in England and Wales.

As at 30 September 2015, The Royal Bank of Scotland plc heads the smallest group in which the Company is consolidated. Copies of the consolidated financial statements may be obtained from Corporate Governance and Secretariat, The Royal Bank of Scotland Group plc, Gogarburn, PO Box 1000, Edinburgh EH12 1HQ.

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

Capital support deed

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

10. Post balance sheet events

On 15 February 2016 the directors approved payment of an interim dividend of £77,000 for the year ended 30 September 2016. There have been no other significant events between the year end and the date of approval of these financial statements which would require a change to or disclosure in the financial statements.