

Company Registered No: 04305753

RBS EQUITY PRODUCTS (UK) LIMITED

DIRECTOR'S REPORT AND FINANCIAL STATEMENTS

For the year ended 31 December 2012

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COMPANIES HOUSE

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

DIRECTOR'S REPORT AND FINANCIAL STATEMENTS 2012

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RBS EQUITY PRODUCTS (UK) LIMITED

04305753

OFFICERS AND PROFESSIONAL ADVISERS

DIRECTORS: S J Mould

SECRETARY: K L A Fernandes

REGISTERED OFFICE: 250 Bishopsgate
London
EC2M 4AA

AUDITOR: Deloitte LLP
2 New Street Square
London
EC4A 3BZ

Registered in England and Wales

DIRECTOR'S REPORT

The sole director of RBS Equity Products (UK) Limited ("the Company") presents his report and the audited financial statements for the year ended 31 December 2012

ACTIVITIES AND BUSINESS REVIEW**Principal activity**

The Company ceased active trading in 2009 and since then the principal activity has been the receipt of interest on outstanding cash and intercompany balances

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 director believes 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 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

Business review

The director is satisfied with the Company's performance in the year

Financial performance

The Company's financial performance is presented in the Profit and Loss account on page 7. The profit before taxation for the year was £450k (2011 £446k). The retained profit for the year was £340k (2011 loss of £45k).

At the end of the year the Balance Sheet showed total assets of £33,522k (2011 £33,879k)

Dividends

The director does not recommend the payment of a dividend (2011 £nil)

Preparation and presentation of accounts

As explained in the note 1, in the year ended 31 December 2012 the Company has changed from reporting under International Financial Reporting Standards adopted by the European Union to FRS 101 as issued by the Financial Reporting Council which the Company has adopted early. This change has not had a material effect on the financial statements.

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 Group Asset and Liability Management Committee (GALCO).

The principal risks associated with the Company are as follows:

Interest rate risk

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

The Company has no interest rate risk.

DIRECTOR'S EPORT (continued)**Principal risks and uncertainties (continued)****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 delegated by the Board and specifically granted in writing to all individuals involved in the granting of credit approval. In exercising credit authority, the individuals act independently of any related business revenue origination
- All credit exposures, once approved, are effectively monitored and managed and reviewed periodically against approved limits. Lower quality exposures are subject to a greater frequency of analysis and assessment

The Company's exposure to credit risk is not considered to be significant as the credit exposures are with Group companies. At 31 December 2012 there were no outstanding or impaired loans due to the Company (2011: £nil)

Liquidity risk

Liquidity risk arises where assets and liabilities have different contractual maturities

The Company has no liquidity risk

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

Going concern

The director, having a reasonable expectation that the Company has adequate resources to continue in operational existence for the foreseeable future, has prepared the financial statements on a going concern basis

Directors and Secretary

The present director and secretary, who have served throughout the year, are listed on page 1

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

	Appointed	Resigned
Directors		
M Cramer-Hoeben		23 April 2012

DIRECTOR'S REPORT (continued)**DIRECTOR'S RESPONSIBILITIES STATEMENT**

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

Company law requires the director to prepare a director's report and financial statements for each financial year and the director has elected to prepare them in accordance with Financial Reporting Standards 101 Reduced Disclosure Framework, and must not approve the financial statements unless he is satisfied that they give a true and fair view of the state of affairs at the end of the year and the profit for the financial year of the Company. In preparing these financial statements, the director is required to

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

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

DISCLOSURE OF INFORMATION TO AUDITOR

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

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

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

AUDITOR

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

Approved by the Sole Director and signed on behalf of the Board



S J Mould
Director

Date 26th September 2013

INDEPENDENT AUDITOR'S REPORT TO THE MEMBERS OF RBS EQUITY PRODUCTS (UK) LIMITED

We have audited the financial statements of RBS Equity Products (UK) Limited ("the Company") for the year ended 31 December 2012 which comprise the Profit and Loss Account, the Balance Sheet, the Statement of Changes in Equity, and the related notes 1 to 12. The financial reporting framework that has been applied in their preparation is applicable law and Financial Reporting Standards (FRS) 101 Reduced Disclosure Framework.

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

Respective responsibilities of directors and auditor

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

Scope of the audit of the financial statements

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

Opinion on financial statements

In our opinion the financial statements

- give a true and fair view of the state of the Company's affairs as at 31 December 2012 and of its profit for the year then ended,
- have been properly prepared in accordance with Financial Reporting Standard 101 Reduced Disclosure Framework, and
- have been prepared in accordance with the requirements of the Companies Act 2006.

Opinion on other matter prescribed by the Companies Act 2006

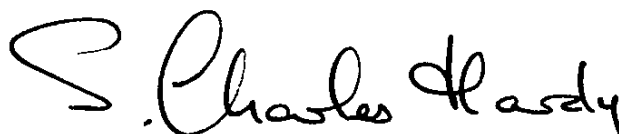
In our opinion the information given in the Director's Report for the financial year for which the financial statements are prepared is consistent with the financial statements.

INDEPENDENT AUDITOR'S REPORT TO THE MEMBERS OF RBS EQUITY PRODUCTS (UK) 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 director's remuneration specified by law are not made, or
- we have not received all the information and explanations we require for our audit

A handwritten signature in black ink that reads "S. Charles Hardy". The signature is written in a cursive, flowing style.

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

26 September 2013

PROFIT AND LOSS ACCOUNT

For the year ended 31 December 2012

		2012	2011
	Notes	£'000	£'000
Income from continuing operations			
Interest receivable	3	450	446
Profit on ordinary activities before tax		450	446
Taxation	4	(110)	(491)
Profit/(loss) and total comprehensive profit/(loss) for the financial year		340	(45)

The accompanying notes form an integral part of these financial statements

BALANCE SHEET

As at 31 December 2012

	Notes	2012 £'000	2011 £'000
Current assets			
Amounts due from Group undertakings	5	33,522	33,780
Prepayments, accrued income and other assets	6	-	98
Cash at bank	7	-	1
Total assets		33,522	33,879
Creditors: amount falling due within one year			
Amounts due to Group undertakings	8	-	109
Current tax liabilities		110	617
Trade and other payables	9	-	81
Total liabilities		110	807
Equity, capital and reserves			
Called up share capital	10	10,000	10,000
Profit and loss account		23,412	23,072
Total shareholders' funds		33,412	33,072
Total liabilities and shareholders' funds		33,522	33,879

The accompanying notes form an integral part of these financial statements

The financial statements were approved by the Sole Director on 26th September 2013 and signed on its behalf by



S J Mould
Director

STATEMENT OF CHANGES IN EQUITY

For the year ended 31 December 2012

	Share capital £'000	Profit and Loss Account £'000	Total £'000
At 1 January 2011	10,000	23,117	33,117
Loss for the year	-	(45)	(45)
At 31 December 2011	10,000	23,072	33,072
Profit for the year	-	340	340
At 31 December 2012	10,000	23,412	33,412

Total comprehensive profit for the year of £450k (2011 loss of £45k) was wholly attributable to the owners 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**

These financial statements have been prepared on a going concern basis and 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 EU (together IFRS) and under Financial Reporting Standard 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.

Accordingly, in the year ended 31 December 2012 the Company has undergone transition from reporting under IFRS adopted by the EU to FRS 101 as issued by the Financial Reporting Council which the Company has adopted early. This change has not had a material effect on the financial statements.

As permitted by FRS 101, the Company has taken advantage of the disclosure exemptions available under that standard in relation to financial instruments, presentation of a Cash Flow Statement, capital management, standards not yet effective, impairment of assets and related party transactions. Where required, equivalent disclosures are given in the group accounts of The Royal Bank of Scotland Group plc, these accounts are available to the public and can be obtained as set out in note 11.

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 standards

There are a number of changes to IFRS that were effective from 1 January 2012. They have had no material effect on the Company's financial statements for the year ended 31 December 2012.

b) Foreign currencies

Transactions in foreign currencies are translated into Sterling at the foreign exchange rate ruling at the date of the transaction. Monetary assets and liabilities denominated in foreign currencies are translated into Sterling at the rates of exchange ruling at the balance sheet date.

c) Revenue recognition

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

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

Income tax expense on 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 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

e) Financial assets

On initial recognition, financial assets are classified as 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, 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 (see accounting policy 1(c)) less any impairment losses

f) Cash and cash equivalents

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) Financial liabilities

On initial recognition all financial liabilities are classified at amortised cost

Amortised cost

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

NOTES TO THE FINANCIAL STATEMENTS (continued)

2 Staff costs, number of employees and director's 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 director of the Company does not receive remuneration for specific services provided to the Company.

The auditor's remuneration for statutory audit work for the Company totalling £7,000 was borne by The Royal Bank of Scotland plc (2011 £15,000 borne by RBS Management Services (UK) Limited). Remuneration paid to the auditor for non-audit work for the Company was £nil (2011 £nil).

3. Interest receivable

	2012 £'000	2011 £'000
Interest receivable from Group undertakings	450	446

4. Taxation

	2012 £'000	2011 £'000
Current taxation:		
UK corporation tax charge for the year	110	118
Under provision in respect of prior periods	-	373
Tax charge/(credit) for the year	110	491

The actual tax charge differs from the expected tax charge computed by applying the approximate blended rate of UK corporation tax of 24.5% (2011 blended rate of 26.5%) as follows:

	2012 £'000	2011 £'000
Profit before tax:	450	446
Expected tax charge	110	118
Under provision in respect of prior periods	-	373
Actual tax charge for the year	110	491

5. Amount due from Group undertakings

	2012 £'000	2011 £'000
Amount due from Group undertaking	33,522	33,780

6. Prepayments, accrued income and other assets

	2012 £'000	2011 £'000
Prepayments	-	98

NOTES TO THE FINANCIAL STATEMENTS (continued)

7. Cash at bank

	2012 £'000	2011 £'000
Cash at bank- Group	-	1

8. Amount due to Group undertakings

	2012 £'000	2011 £'000
Amount due to Group undertaking	-	109

9. Trade and other payables

	2012 £'000	2011 £'000
Trade and other payables	-	81

10. Share capital

	2012 £'000	2011 £'000
Authorised		
50,000,000 Ordinary shares of £1 each	50,000	50,000
Allotted, called up and fully paid		
10,000,000 Allotted, called up and fully paid ordinary shares of £1 each	10,000	10,000

11 Related parties

UK Government

The UK Government through HM Treasury is 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 enters into transactions with these bodies on an arm's length basis, they consisted solely of UK corporation tax which is separately disclosed in note 4.

Group undertakings

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

The Company's ultimate holding company is The Royal Bank of Scotland Group plc, a company incorporated in United Kingdom and registered in Scotland.

As at 31 December 2012, The Royal Bank of Scotland Group plc heads the largest and the smallest group in which the Company is consolidated. Copies of the consolidated accounts may be obtained from The Secretary, The Royal Bank of Scotland Group plc, Gogarburn, Edinburgh EH12 1HQ.

12. Post balance sheet events

There have been no 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.