

Company Registered No: 04422287

PRIMEMODERN LIMITED

DIRECTORS' REPORT AND FINANCIAL STATEMENTS

For the year ended 31 December 2012



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

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PRIMEMODERN LIMITED

04422287

OFFICERS AND PROFESSIONAL ADVISERS

DIRECTORS

A R Aitken
A C Davidson
R Sivaraman

SECRETARY:

RBS Secretarial Services Limited

REGISTERED OFFICE:

135 Bishopsgate
London
EC2M 3UR

AUDITOR:

Deloitte LLP
London

Registered in England and Wales

DIRECTORS' REPORT

The directors of Primemodern Limited ("the Company") present their report and the audited financial statements for the year ended 31 December 2012

ACTIVITIES AND BUSINESS REVIEW**Principal activity**

The principal activity of the Company continues to be investment in property owning companies

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

Business review

The directors are satisfied with the Company's performance in the year. The Company will be guided by the Group in seeking further opportunities for growth.

Financial performance

The Company's financial performance is presented in the Profit and Loss Account on page 8. The profit before tax for the year was £210,353 (2011 £203,421). The retained profit for the year was £158,822 (2011 £165,654).

At the end of the year total assets were £5,566,046 (2011 £4,803,272). There was an increase of 16% in value of assets mainly due to increase in fair value of available-for-sale investments (note 9).

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 IFRSs 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.

Dividends

The directors do not recommend the payment of a dividend (2011 £nil).

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

Interest rate risk arises where assets and liabilities have different repricing maturities. The Company manages interest rate risk by monitoring the consistency in the interest rate profile of its assets and liabilities, and limiting any re-pricing mismatches.

DIRECTORS' REPORT (continued)**Principal risks and uncertainties (continued)****Currency risk**

The Company is exposed to currency risk due to its investment in available for sale financial assets and loan from the intermediate parent company in Singapore Dollars

The Company's policy is normally to match foreign currency receivables with borrowings in the same currency. Any open position would be as a result of fair value adjustments to the financial assets. This exposure would not be hedged as it is not structural in nature.

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 (see note 14). At 31 December 2012 there were no outstanding or impaired loans due to the Company (2011: £nil).

Liquidity risk

Liquidity risk is the risk that the Company is unable to meet its obligations as they fall due. Liquidity risk is mitigated by the routine monitoring of key management information.

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.

The Company is exposed to market risk due to assets and liabilities present in its Balance Sheet.

Market sensitivity analysis

The sensitivity analysis below has been determined based on the Company's assets and liabilities present in the balance sheet as at the balance sheet date and by reference to a movement in market interest rates, price and currency rates reasonably possible in the Company's next financial reporting period.

Interest rate risk - sensitivity analysis

If interest rates for the current year had been 50 basis points lower and this movement applied to the assets and liabilities as at the balance sheet date, the pre-tax profit for the year ended 31 December 2012 would have been £25,357 higher (2011: £24,963 higher). This would have mainly resulted from lower financing costs in respect of its loans and lower interest income in respect of cash balances held. The inverse is equally true for the current year if interest rates had been 50 basis points higher.

DIRECTORS' REPORT (continued)**Principal risks and uncertainties (continued)****Market risk (continued)****Currency risk - sensitivity analysis**

If the Pound Sterling had been 5% weaker against its currency positions at balance sheet date, the pre-tax profit for the year ended 31 December 2012 would have been £356,847 (2011 £348,586 lower) This would have resulted in lower foreign exchange gain on loans

The inverse is equally true for the current year if the Pound Sterling had been 5% stronger against its currency positions

Price risk - sensitivity analysis

The Company has a quoted security A 5% decrease in the year end quoted price would decrease the fair value reserve and the investment value by £191,241 (2011 £156,499)

The inverse is equally true for the current year if the quoted security traded 5% stronger

Going concern

The directors, having made such enquiries as they considered appropriate, have prepared the financial statements on a going concern basis They considered the accounts of The Royal Bank of Scotland Group plc for the year ended 31 December 2012, approved on 27 February 2013, which were prepared on a going concern basis

Directors and Secretary

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

Directors	Appointed	Resigned
A C Davidson	8 June 2012	-
R J Lawrence	-	8 June 2012
S B Eighteen	-	11 October 2012
Secretary	Appointed	Resigned
R E Fletcher	-	27 April 2012
RBS Secretarial Services Limited	27 April 2012	-

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 Financial Reporting Standards 101 Reduced Disclosure Framework, 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 for the financial year of the Company 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 Financial Reporting Standard 101 has been followed,
- 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

DIRECTORS' REPORT (continued)

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 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

AUDITOR

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

Approved by the Board of Directors and signed on its behalf

A handwritten signature in black ink, consisting of several overlapping loops and a final horizontal stroke, representing the signature of A R Aitken.

A R Aitken
Director

Date 19 August 2013

INDEPENDENT AUDITOR'S REPORT TO THE MEMBERS OF PRIMEMODERN LIMITED

We have audited the financial statements of Primemodern Limited ('the Company') for the year ended 31 December 2012 which comprises the Profit and Loss Account, the Statement of Comprehensive Income, the Balance Sheet, the Statement of Changes in Equity and the related notes 1 to 15. 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. 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

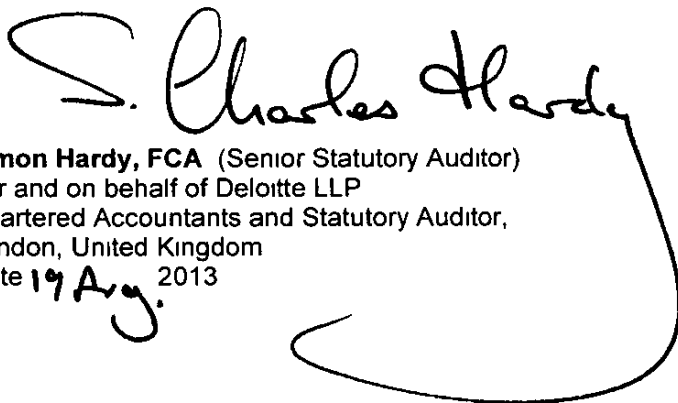
In our opinion the information given in the Directors' Report for the financial year for which the financial statements are prepared is consistent with the financial statements.

INDEPENDENT AUDITOR'S REPORT TO THE MEMBERS OF PRIMEMODERN 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

A large, stylized handwritten signature in black ink that reads "S. Charles Hardy". The signature is written in a cursive, flowing style. A long, sweeping underline extends from the end of the signature, curving back towards the left and then down towards the printed text below.

Simon Hardy, FCA (Senior Statutory Auditor)
For and on behalf of Deloitte LLP
Chartered Accountants and Statutory Auditor,
London, United Kingdom
Date 19 Aug. 2013

PROFIT AND LOSS ACCOUNT

For the year ended 31 December 2012

		2012	2011
	Notes	£	£
Income from continuing operations			
Turnover	3	407,590	196,510
Operating expenses	4	(39,753)	(35,104)
Operating profit before tax		367,837	161,406
Foreign exchange (loss)/gain		(128,973)	58,113
Other interest income	5	6,977	6,476
Other interest expense	6	(35,488)	(22,574)
Non-operating (expenses)/income		(157,484)	42,015
Profit before tax		210,353	203,421
Tax charge	7	(51,531)	(37,767)
Profit for the financial year		158,822	165,654

The accompanying notes form an integral part of these financial statements

STATEMENT OF COMPREHENSIVE INCOME
For the year ended 31 December 2012

	Notes	2012 £	2011 £
Profit for the financial year		158,822	165,654
Other comprehensive income:			
Increase/(decrease) in fair value of investments available-for-sale	9	694,844	(5,093,834)
Other comprehensive income/(loss) before tax		694,844	(5,093,834)
Tax (charge)/credit		(170,218)	1,349,517
Other comprehensive income/(loss) after tax		524,626	(3,744,317)
Total comprehensive income/(loss) for the year		683,448	(3,578,663)

The accompanying notes form an integral part of these financial statements

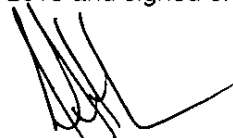
BALANCE SHEET

As at 31 December 2012

	Notes	2012 £	2011 £
Assets			
Fixed Assets			
Investments in Group undertakings	8	24,531	24,531
Investments – available-for-sale investments	9	3,824,816	3,129,972
		3,849,347	3,154,503
Current assets			
Cash at bank		1,716,699	1,648,769
Total assets		5,566,046	4,803,272
Creditors: amounts falling due within one year			
Current tax liabilities		221,749	289,081
Amounts due to Group undertakings	10	8,000	18,316
		229,749	307,397
Creditors: amounts falling due after more than one year			
Amounts due to Group undertakings	10	6,780,105	6,623,131
Total liabilities		7,009,854	6,930,528
Equity: capital and reserves			
Called up share capital	12	1	1
Available-for-sale reserve		977,946	453,320
Profit and loss account		(2,421,755)	(2,580,577)
Total shareholders' funds		(1,443,808)	(2,127,256)
Total liabilities and shareholders' funds		5,566,046	4,803,272

The accompanying notes form an integral part of these financial statements

The financial statements were approved by the Board of Directors on 19 August 2013 and signed on its behalf by



A R Aitken
Director

STATEMENT OF CHANGES IN EQUITY
For the year ended 31 December 2012

	Share capital £	Available- for-sale reserve £	Profit and loss account £	Total £
At 1 January 2011	1	4,197,638	(2,746,231)	1,451,408
Profit for the year	-	-	165,654	165,654
Decrease in the fair value of investments available-for-sale	-	(5,093,834)	-	(5,093,834)
Tax charge on items taken to equity	-	1,349,517	-	1,349,517
At 31 December 2011	1	453,320	(2,580,577)	(2,127,256)
Profit for the year	-	-	158,822	158,822
Increase in the fair value of investments available-for-sale	-	694,844	-	694,844
Tax charge on items taken to equity	-	(170,218)	-	(170,218)
At 31 December 2012	1	977,946	(2,421,755)	(1,443,808)

Total comprehensive income for the year of £683,448 (2011 loss of £3,578,663) 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 European Union to FRS 101 as issued by the Financial reporting Council which the Company has adopted early. This transition 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 presentation of a cash flow statement, standards not yet effective, 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 14.

The financial statements are prepared on the historical cost basis except that the available-for-sale financial assets are stated at their fair value.

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) Consolidated financial statements

The financial statements contain information about Primemodern Limited as an individual company and do not contain consolidated financial information as the parent of a group. The Company is exempt under IAS 27 Consolidated and Separate Financial Statements and section 400 of the Companies Act 2006 from the requirement to prepare consolidated financial statements as the Company and its subsidiaries are included by full consolidation in the IFRS consolidated financial statements of its parent, The Royal Bank of Scotland Group plc, a public company registered in Scotland.

c) 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. Foreign exchange differences arising on translation are recognised in profit or loss. Non-monetary items denominated in foreign currencies that are stated at fair value are translated into Sterling at foreign exchange rates ruling at the dates the values were determined and exchange differences on such items are recognised in equity.

NOTES TO THE FINANCIAL STATEMENTS (continued)

1. Accounting policies (continued)

d) Revenue recognition

Interest income on financial assets that are classified as loans and receivables or available-for-sale and interest expense on financial liabilities other than those at fair value through profit or loss 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.

Dividend income is recognised when the paying entity is obliged to make the payment.

e) 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 liability in a transaction (other than a business combination) that at the time of the transaction affects neither accounting nor taxable profit nor 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.

f) Investment in Group undertakings

The Company's interests in Group undertakings are stated at cost less provision for any impairment.

g) Financial assets

On initial recognition, financial assets are classified into loans and receivables, 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 (see accounting policy c) less any impairment losses.

Available-for-sale

Financial assets that are not classified as held-to-maturity, held-for-trading, designated as at fair value through profit or loss, or loans and receivables, are classified as available-for-sale. Financial assets can be designated as available-for-sale on initial recognition. Available-for-sale financial assets are initially recognised at fair value plus directly related transaction costs. They are subsequently measured at fair value. Impairment losses and exchange differences resulting from retranslating the amortised cost of foreign currency monetary available-for-sale financial assets are recognised in profit or loss together with interest calculated using the effective interest method (see accounting policy 1(d)). Other changes in the fair value of available-for-sale financial assets are reported in a separate component of shareholders' equity until disposal, when the cumulative gain or loss is recognised in profit or loss.

NOTES TO THE FINANCIAL STATEMENTS (continued)

1. Accounting policies (continued)

h) 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.

i) Financial liabilities

On initial recognition financial liabilities are classified into amortised cost

Amortised cost

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

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.

Fair value - financial instruments

Financial instruments classified as available-for-sale are recognised in the financial statements at fair value. Unrealised gains and losses on available-for sale financial assets are recognised directly in equity unless an impairment loss is recognised.

Fair value is the amount for which an asset could be exchanged, or a liability settled, between knowledgeable, willing parties in an arm's length transaction. Fair values are determined by reference to observable market prices where available and reliable. Where representative market prices for an instrument are not available or are unreliable because of poor liquidity, the fair value is derived from prices for its components using appropriate pricing or valuation models.

3. Turnover

	2012	2011
	£	£
Dividend received on equity investments	407,590	196,510

NOTES TO THE FINANCIAL STATEMENTS (continued)

4. Operating expenses

	2012 £	2011 £
Management fees	24,753	35,104
Other expenses	15,000	-
	39,753	35,104

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 Royal Bank of Scotland plc ("RBS").

Staff costs, number of employees and directors' emoluments

All staff and directors were employed by RBS, 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.

The auditor's remuneration of £8,000 for statutory audit work was borne by the Company. In 2011, the auditor's remuneration of £7,000 for statutory audit work was borne by The Royal Bank of Scotland plc.

5. Other interest income

	2012 £	2011 £
Interest receivable on deposits	6,977	6,476

6. Other interest expense

	2012 £	2011 £
Interest payable on loan from parent	35,488	22,574

NOTES TO THE FINANCIAL STATEMENTS (continued)

7. Taxation

	2012 £	2011 £
Current taxation:		
UK corporation tax charge for the year	51,531	53,893
Over provision in respect of prior periods	-	(16,126)
Tax charge for the year	51,531	37,767

The actual tax charge does not differs from the expected tax charge computed by applying the blended rate of UK corporation tax of 24.5% (2011 blended tax rate 26.5%) as follows

	2012 £	2011 £
Profit before tax:	210,353	203,421
Expected tax charge	51,531	53,893
Adjustments in respect of prior periods	-	(16,126)
Actual tax charge for the year	51,531	37,767

In recent years the UK Government has steadily reduced the rate of UK corporation tax, with the latest enacted rate standing at 23% with effect from 1 April 2013. Further reductions of the rate to 21% with effect from 1 April 2014 and 20% from 1 April 2015 were announced on 5 December 2012 and 20 March 2013 respectively, but not substantively enacted at the balance sheet date.

8 Investment in subsidiaries

	2012 £	2011 £
As at 1 January and 31 December	24,531	24,531

Details of investment in which the Company holds greater than 20% of share capital are as follows

Name of company	Country of registration	Ordinary Share holding	Nature of business
Rose Barn Securities SAS	France	100%	Property investment

The Company is the sole guarantor for £1 of Libra No 1 Limited a company limited by guarantee

9 Investments – available-for-sale

Movements during the year were as follows

	2012 £	2011 £
At 1 January	3,129,972	8,223,806
Fair value adjustment		
- Increase/(decrease) in fair value	637,470	(5,007,956)
- Foreign exchange adjustment	57,374	(85,878)
At 31 December	3,824,816	3,129,972

The balances above at 31 December 2012 and 31 December 2011 relate to an investment in 125,887,500 equity shares of China New Town Development, a company listed on Singapore Stock Exchange. The notional currency in which the investments are traded is Singapore Dollars. The fair value of these investments is based on a quoted market price. This investment was translated at spot exchange rate at year end. The quoted market price of share as at 31 December 2012 was SGD 0.06 (2011 SGD 0.05).

NOTES TO THE FINANCIAL STATEMENTS (continued)

10. Amounts due to Group undertakings

	2012 £	2011 £
Loan from intermediate parent company	6,780,105	6,623,131
Accruals – Management fees	8,000	18,316
	6,788,105	6,641,447

The loan from the Company's intermediate parent has been issued in Singapore Dollars. The balance of £6,780,101 (2011: £6,623,131) is the year end translated value of the Singapore Dollar loan. The loan is a three-month rolling loan with a maturity date of 30 December 2013. The effective interest rate on the Singapore Dollar loan during the year ended 31 December 2012 varied between 0.29% and 0.70%. The carrying value of the loan as at year end approximates to its fair value.

11. Financial instruments

The following tables analyse the Company's financial assets and liabilities in accordance with the categories of financial instruments in IAS 39 "Financial Instruments, Recognition and Measurement". Assets and liabilities outside the scope of IAS 39 are shown separately.

2012	Available- for-sale £	Loans and receivables £	At amortised cost £	Non financial assets/ liabilities £	Total £
Assets					
AFS investments	3,824,816	-	-	-	3,824,816
Investment in Group undertakings	-	-	-	24,531	24,531
Cash at bank	-	1,716,699	-	-	1,716,699
	3,824,816	1,716,699	-	24,531	5,566,046
Liabilities					
Amounts due to Group undertakings	-	-	6,788,105	-	6,788,105
Current tax liability	-	-	-	221,749	221,749
	-	-	6,788,105	221,749	7,009,854
Shareholders' funds					(1,443,808)
					5,566,046
2011	Available- for-sale £	Loans and receivables £	At amortised cost £	Non financial assets/ liabilities £	Total £
Assets					
AFS investments	3,129,972	-	-	-	3,129,972
Investments in Group undertakings	-	-	-	24,531	24,531
Cash at bank	-	1,648,769	-	-	1,648,769
	3,129,972	1,648,769	-	24,531	4,803,272
Liabilities					
Amounts due to Group undertakings	-	-	6,641,447	-	6,641,447
Current tax liability	-	-	-	289,081	289,081
	-	-	6,641,447	289,081	6,930,528
Shareholders' funds					(2,127,256)
					4,803,272

There are no material differences between the carrying value and the fair value of the financial instruments.

NOTES TO THE FINANCIAL STATEMENTS (continued)

11. Financial instruments (continued)

Valuation hierarchy

Financial assets and liabilities have been classified above according to a valuation hierarchy that reflects the valuation techniques used to determine fair value

Level 1 valued by reference to unadjusted quoted prices in active markets for identical assets and liabilities

Level 2 valued by reference to observable market data, other than quoted market prices

Level 3 valuation is based on inputs other than observable market data

The following tables show the financial instruments carried at fair value by hierarchy – level 1, level 2 and level 3

	Level 1 £	Level 2 £	Level 3 £
2012			
Assets			
Available-for-sale investments	3,824,816	-	-
	Level 1 £	Level 2 £	Level 3 £
2011			
Assets			
Available-for-sale investments	3,129,972	-	-

12. Share capital

	2012 £	2011 £
Authorised		
1000 Ordinary Shares of £1	1,000	1,000
Allotted, called up and fully paid		
1 Ordinary Shares of £1	1	1

The Company has one class of Ordinary Shares which carry no right to fixed income

13. Capital resources

The Company's capital consists of equity comprising issued share capital, retained earnings and loans from Group undertakings. 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 Financial Services Authority's (FSA) capital requirements throughout the year.

NOTES TO THE FINANCIAL STATEMENTS (continued)**14. Related parties**

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 arm's length basis. They include the payment of taxes including UK corporation tax and value added tax, national insurance contributions, local authority rates, regulatory fees and levies, together with banking loans and deposits undertaken in the normal course of banker-customer relationships.

Group undertakings

The Company's immediate parent company is RBS Specialised Property Investments Limited which is incorporated in UK and registered in England and Wales. As at 31 December 2012, The Royal Bank of Scotland plc heads the smallest group in which the Company is consolidated, a company incorporated in the UK and registered in Scotland. Copies of the consolidated accounts may be obtained from RBS Secretariat, Gogarburn, PO Box 1000, Edinburgh EH12 1HQ.

The Company's ultimate holding company is The Royal Bank of Scotland Group plc, a company incorporated in the UK and registered in Scotland. As at 31 December 2012, The Royal Bank of Scotland Group plc heads the largest 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, PO Box 1000, Edinburgh EH12 1HQ.

Capital Support Deed

The Company, together with other members of the 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 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.

15. Post balance sheet events

The Company's subsidiary, Rose Barn Securities SAS was dissolved with effect from 18 February 2013 for a consideration of € 61,004.