

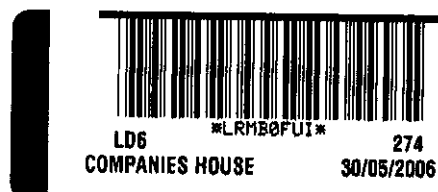
Company Registration No: 05404150

PREMIER AUDIT COMPANY LIMITED

DIRECTORS' REPORT AND FINANCIAL STATEMENTS

For the Period 24 March 2005 to 31 December 2005

**Group Secretariat
The Royal Bank of Scotland Group plc
3 Princess Way
Redhill
Surrey
RH1 1NP**



PREMIER AUDIT COMPANY LIMITED

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PREMIER AUDIT COMPANY LIMITED

OFFICERS AND PROFESSIONAL ADVISERS

DIRECTORS:

N J Bradley
J A Morgan
F M Semple

SECRETARY:

A M Cunningham

REGISTERED OFFICE:

Smith House
P.O. Box 343
Elmwood Avenue
Feltham
Middlesex
TW13 7WH

AUDITORS:

Deloitte & Touche LLP
London

Registered in England and Wales.

PREMIER AUDIT COMPANY LIMITED

DIRECTORS' REPORT

The directors present their report and the first audited financial statements for the period from 24 March 2005 to 31 December 2005.

INCORPORATION DATE

The Company was incorporated on 24 March 2005.

REGISTERED OFFICE

On the 18 April 2005, the Company changed its Registered Office from 1 High Street Mews, Wimbledon Village, London SW19 7RG to Smith House, P.O. Box 343, Elmwood Avenue, Feltham, Middlesex TW13 7WH.

ACTIVITIES AND BUSINESS REVIEW

The principal activity of the company is auditing and debtor verification.

The retained profit for the period was £4,000 and this was transferred to reserves. An interim dividend was not paid during the year. The directors do not recommend that a final dividend be paid.

The directors do not anticipate any material change in either the type or level of activities of the company.

DIRECTORS AND SECRETARY

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

From 24 March 2005 to date the following changes have taken place:

	Appointed	Resigned
Directors		
M A Childs	24 March 2005	31 March 2005
B J Payne	24 March 2005	31 March 2005
N J Bradley	31 March 2005	
L E D L Nichols	31 March 2005	22 September 2005
D B Wilcox	31 March 2005	17 March 2006
J A Morgan	1 September 2005	
F M Semple	26 January 2006	
Secretary		
M A Childs	24 March 2005	31 March 2005
A M Cunningham	31 March 2005	

DIRECTORS' RESPONSIBILITIES

The Directors are required by the Companies Act 1985 to prepare accounts for each financial year and have elected to prepare them in accordance with International Financial Reporting Standards. They are responsible for preparing accounts that present fairly the financial position, financial performance, and cash flows of the company. In preparing those accounts, the directors are required to:

- select suitable accounting policies and then apply them consistently;
- make judgements and estimates that are reasonable and prudent;

PREMIER AUDIT COMPANY LIMITED

DIRECTORS' REPORT (continued)

- state whether applicable accounting standards have been followed, subject to any material departures disclosed and explained in the accounts; and
- prepare the financial statements on the going concern basis unless it is inappropriate to presume that the company will continue in business.

The directors are responsible for keeping proper accounting records which disclose with reasonable accuracy at any time the financial position of the company and to enable them to ensure that the Annual report and accounts complies with the Companies Act 1985. 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' INTERESTS

No director had any interests in the shares of the company.

The interests of N J Bradley, J A Morgan and D B Wilcox in the share capital of The Royal Bank of Scotland Group plc are disclosed in the financial statements of RBS Invoice Finance (Holdings) Limited.

Other than as disclosed, none of the directors in office at 31 December 2005 held any interests in the share or loan capital of the company or any other group company.

POLICY AND PRACTICE ON PAYMENT OF CREDITORS

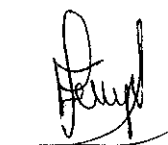
The company follows the policy and practice on payment of creditors determined by The Royal Bank of Scotland Group plc ('RBSG'), as outlined below.

In the year ending 31 December 2006, RBSG will adhere to the following payment policy in respect of all suppliers. RBSG is committed to maintaining a sound commercial relationship with its suppliers. Consequently, RBSG's policy to negotiate and agree terms and conditions with its suppliers, which includes the giving of an undertaking to pay suppliers within 30 days of receipt of a correctly prepared invoice submitted in accordance with the terms of the contract or such other payment period as may be agreed.

AUDITORS

Deloitte & Touche LLP have expressed their willingness to continue in office as auditors and a resolution to re-appoint them will be proposed at the forthcoming Annual General Meeting.

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



F M Semple
Director

Date: 25th May 2006

PREMIER AUDIT COMPANY LIMITED

INDEPENDENT AUDITORS' REPORT TO THE MEMBERS OF PREMIER AUDIT COMPANY LIMITED

We have audited the financial statements of Premier Audit Company Limited for the period 24 March 2005 to 31 December 2005 which comprise the income statement, the statement of changes in equity, the balance sheet, the cash flow statement, the accounting policies and the related notes 1 to 11. The financial statements have been prepared under the accounting policies set out therein.

This report is made solely to the company's members, as a body, in accordance with section 235 of the Companies Act 1985. 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 the auditors' 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 auditors

As described in the directors' report, the company's directors are responsible for the preparation of the financial statements in accordance with applicable United Kingdom law and International Financial Reporting standards ("IFRS") as adopted for use in the European Union. Our responsibility is to audit the financial statements in accordance with relevant United Kingdom legal and regulatory requirements and International Standards on Auditing (U.K. and Ireland).

We report to you our opinion as to whether the financial statements give a true and fair view in accordance with the relevant framework and whether the financial statements have been properly prepared in accordance with the Companies Act 1985. We also report to you if, in our opinion, the directors' report is not consistent with the financial statements, if the company has not kept proper accounting records, if we have not received all the information and explanations we require for our audit, or if information specified by law regarding directors' remuneration and transactions with the company and other members of the group is not disclosed.

We read the directors' report for the above year and consider the implications for our report if we become aware of any apparent misstatements or material inconsistencies with the financial statements.

Basis of audit opinion

We conducted our audit in accordance with International Standards on Auditing (U.K. and Ireland) issued by the Auditing Practices Board. An audit includes examination, on a test basis, of evidence relevant to the amounts and disclosures in the financial statements. It also includes an assessment of the significant estimates and judgements made by the directors in the preparation of the financial statements and of whether the accounting policies are appropriate to the circumstances of the company, consistently applied and adequately disclosed.

We planned and performed our audit so as to obtain all the information and explanations which we considered necessary in order to provide us with sufficient evidence to give reasonable assurance that the financial statements are free from material misstatement, whether caused by fraud or other irregularity or error. In forming our opinion, we also evaluated the overall adequacy of the presentation of information in the financial statements.

Opinion

In our opinion the financial statements give a true and fair view of the state of the company's affairs as at 31 December 2005 and of its profit for the period then ended in accordance with International Financial Reporting Standards as adopted for use in the European Union and have been properly prepared in accordance with the Companies Act 1985.

Opinion in relation to IFRS

As explained in note 1 the company, in addition to complying with its legal obligation to comply with IFRS's as adapted for use in the European Union, has also complied with IFRS's as issued by the International Accounting Standards Board. Accordingly, in our opinion the financial statements give a true and fair view, in accordance with IFRS's, of the state of the company's affairs as at 31 December 2005 and its profit for the year then ended.

Deloitte & Touche LLP

Deloitte & Touche LLP

Chartered Accountants and Registered Auditors

London

Date: 30th May 2006

COMPANY INCOME STATEMENT
FOR THE PERIOD 24 MARCH TO 31 DECEMBER 2005

		Period ended 31 December 2005
	Notes	£'000
Revenue	2	106
Operating expenses	3	(100)
Operating profit		6
Income tax expense	4	(2)
Net profit attributable to equity holders of the parent		<u>4</u>

COMPANY STATEMENT OF CHANGES IN EQUITY

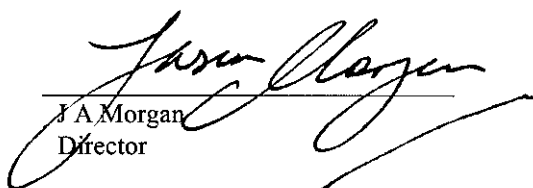
	Share Capital £'000	Retained Earnings £'000	Equity £'000
Profit for the period	—	4	4
Total recognised income and expense	—	4	4
Dividends	—	—	—
Balance as at 31 December 05	<u>—</u>	<u>4</u>	<u>4</u>

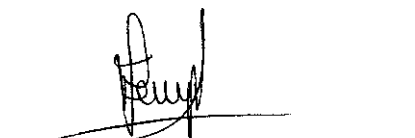
COMPANY BALANCE SHEET

AS AT 31 DECEMBER 2005

		2005
	Notes	£'000
<u>Current Assets</u>		
Trade and other receivables	5	<u>106</u>
Total assets		<u>106</u>
<u>Current Liabilities</u>		
Trade and other payables	6	<u>102</u>
Total liabilities		<u>102</u>
Net assets		<u>4</u>
 EQUITY		
Called up share capital	7	-
Retained earnings	8	<u>4</u>
Equity attributable to equity holders of the parent		<u>4</u>

The financial statements were approved by the Board of Directors and authorised for issue on 25th May 2006.
They were signed on its behalf by:


J A Morgan
Director


F M Semple
Director

The notes on pages 8 to 12 form part of these financial statements.

COMPANY CASH FLOW STATEMENT

FOR THE PERIOD 24 MARCH TO 31 DECEMBER 2005

	2005
	£'000
OPERATING ACTIVITIES	
Operating profit	<u>6</u>
Net cash flow from trading activities	6
Changes in operating assets and liabilities:	
Decrease in receivables/debtors	(106)
Increase in payables/creditors	<u>100</u>
Net cash flow from operating activities before tax	(6)
Taxes paid	<u>-</u>
Net cash flows from operating activities	<u>-</u>
INVESTING ACTIVITIES	
Net cash flows from investing activities	<u>-</u>
FINANCING ACTIVITIES	
Net cash flows from financing activities	<u>-</u>
Net increase / decrease in cash and cash equivalents	-
Cash and cash equivalents at 1 January	-
Cash and cash equivalents at 31 December	<u>-</u>

PREMIER AUDIT COMPANY LIMITED

NOTES TO THE ACCOUNTS FOR THE YEAR ENDED 31 DECEMBER 2005

1. ACCOUNTING POLICIES

(a) Adoption of International Financial Reporting Standards

The financial statements have, been prepared in accordance with International Financial Reporting Standards (IFRS) adopted by the International Accounting Standards Board (IASB), and interpretations issued by the International Financial Reporting interpretations Committee of the IASB (together IFRS) as endorsed by the European Union (EU).

The financial statements have been prepared upon the basis of historical cost and in accordance with applicable United Kingdom law. The principle accounting policies adopted are set out below:

(b) Revenue

Revenue represents charges to clients, all of which arises in the United Kingdom from continuing activities, and is recognised on an accruals basis.

(c) Trade receivables

Trade receivables are measured at initial recognition at fair value, and are subsequently measured at amortised cost using the effective interest rate method. Appropriate allowances for estimated irrecoverable amounts are recognised in profit or loss when there is objective evidence that the asset is impaired. The allowance recognised is measured as the difference between the asset's carrying amount and the present value of estimated future cash flows discounted at the effective interest rate computed at initial recognition.

(d) Taxation

The tax expense represents the sum of the tax currently payable and deferred tax.

The tax currently payable is based on the taxable profit for the year. Taxable profit differs from net profit as reported in the income statement because it excludes items of income or expense that are taxable or deductible in other years and it further excludes items that are never taxable or deductible. The company's liability for current tax is calculated using tax rates that have been enacted or substantively enacted by the balance sheet date.

Deferred tax is the tax expected to be payable or recoverable on differences between the carrying amounts of assets and liabilities in the financial statements and the corresponding tax bases used in the computation of taxable profit, and is accounted for using the balance sheet liability method. 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 taxable profits will be available against which deductible temporary differences can be utilised. Such assets and liabilities are not recognised if the temporary differences arise from goodwill or from the initial recognition (other than in a business combination) of other assets and liabilities in a transaction that affects neither the tax profit nor the accounting profit.

Deferred tax liabilities are recognised for taxable temporary differences arising on investments in subsidiaries and associates, and interests in joint ventures, except where the company is able to control the reversal of the temporary difference and it is probable that the temporary difference will not reverse in the foreseeable future.

The carrying amount of deferred tax assets is reviewed at each balance sheet date and reduced to the extent that it is no longer probable that sufficient taxable profits will be available to allow all or part of the asset to be recovered.

Deferred tax is calculated at the tax rates that are expected to apply in the period when the liability is settled or the asset is realised. Deferred tax is charged or credited in the income statement, except when it relates to items charged or credited directly to equity, in which case the deferred tax is also dealt with in equity.

PREMIER AUDIT COMPANY LIMITED

NOTES TO THE ACCOUNTS (continued)

(e) Trade payables

Trade payables are initially measured at fair value, and are subsequently measured at amortised cost, using the effective interest rate method.

(f) Related Parties

IFRS requires all entities to disclose related party transactions.

2. REVENUE

Revenue represents charges to clients, all of which arises in the United Kingdom from continuing activities, and is recognised on an accruals basis.

**Period ended
31 December 2005**

£'000

Debt verification and audit fees	<u>106</u>
	<u>106</u>

3. OPERATING EXPENSES

**Period ended
31 December 2005**

£'000

Inter-company charge	<u>100</u>
Total operating expenses	<u>100</u>

The current period audit fee was borne by another group company.

PREMIER AUDIT COMPANY LIMITED

NOTES TO THE ACCOUNTS (continued)

4. INCOME TAX EXPENSE

**Period ended
31 December 2005**

£'000

Current tax	2
Deferred tax	<u>-</u>
	<u>2</u>

Corporation tax is calculated at 30% (2004: 30%) of the estimated assessable profit for the year. Taxation for other jurisdictions is calculated at the rates prevailing in the respective jurisdictions.

The charge for the year can be reconciled to the profit per the income statement as follows:

	2005
	£'000
Profit before tax	<u>6</u>
Tax at the UK corporation tax rate of 30% (2004: 30%)	<u>2</u>
Tax expense for the year	<u>2</u>

5. TRADE AND OTHER RECEIVABLES

2005

£'000

Amounts falling due within one year:

Amounts due from The Royal Bank of Scotland Group plc undertakings	<u>106</u>
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The carrying amount of these assets approximates their fair value.

The company's principal financial assets are trade and other receivables. The amounts presented in the balance sheet are net of allowances for impairment where there is an identified loss event which is evidence of a reduction in the recoverability of the cash flows. The credit risk on liquid funds is limited because the counterparties are banks with high credit-ratings assigned by international credit rating agencies.

PREMIER AUDIT COMPANY LIMITED

NOTES TO THE ACCOUNTS (continued)

6. TRADE AND OTHER PAYABLES

	2005
	£'000
Amounts falling due within 1 year:	
Amounts owed to The Royal Bank of Scotland Group plc undertakings	100
Group relief payable	<u>2</u>
	<u>102</u>

7. CALLED UP SHARE CAPITAL

	2005
	£
Authorised:	
1,000 Ordinary shares of £1 each	<u>1,000</u>
Allotted, called up and fully paid:	
2 Ordinary shares of £1 each	<u>2</u>
The share capital was issued and fully paid on 24 March 2005.	

8. RETAINED EARNINGS

	£'000
Retained profit for the period	<u>4</u>
As at 31 December 2005	<u>4</u>

9. IMMEDIATE AND ULTIMATE PARENT COMPANY

The company's immediate parent company is RBS Invoice Finance (Holdings) Limited.

The company's ultimate holding company, ultimate controlling party, and the parent of the largest group into which the company is consolidated is The Royal Bank of Scotland Group plc which is incorporated in Great Britain and registered in Scotland. Financial statements for The Royal Bank of Scotland Group plc can be obtained from The Royal Bank of Scotland Group plc, Gogarburn, Edinburgh, EH12 1HQ.

The smallest subgroup into which the company is consolidated has as its parent company The Royal Bank of Scotland plc, a company incorporated in Great Britain and registered in Scotland. Copies of the consolidated financial statements for this subgroup can be obtained from The Royal Bank of Scotland Group plc, Gogarburn, Edinburgh, EH12 1HQ.

PREMIER AUDIT COMPANY LIMITED

NOTES TO THE ACCOUNTS (continued)

10. RELATED PARTY TRANSACTIONS

In addition to the immediate parent and ultimate controlling party disclosed in note 9, the company has related party relationships with the following fellow subsidiaries of the group:

RBS Invoice Finance Limited
The Royal Bank of Scotland Invoice Discounting Limited
Royal Bank Invoice Finance Limited
Euro Sales Finance Plc

At the year end the company had the following balances with related parties.

	2005
	£'000
Non-banking members of the Group:	
Subsidiaries	<u>6</u>
Total	<u><u>6</u></u>

The amounts outstanding are unsecured and will be settled in cash. No guarantees have been given or received.

The company is funded by RBS Invoice Finance Limited.

Other related party transactions

Management charges of £6,024 were paid on behalf of RBS Invoice Finance Limited and then recharged to RBS Invoice Finance Limited. As at 31 December 2005 £nil was outstanding.

11. COMPENSATION OF KEY MANAGEMENT PERSONNEL

The directors received no emoluments (2004: £nil) in respect of their services to the company during the year.