

**Company Registration No: 05404150**

**PREMIER AUDIT COMPANY LIMITED**

**DIRECTORS' REPORT AND FINANCIAL STATEMENTS**

**31 December 2006**

FRIDAY



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29/06/2007

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COMPANIES HOUSE

**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:** M J Hannay  
S Saville  
N A Sculley

**SECRETARY:** A M Cunningham

**REGISTERED OFFICE:** Smith House  
PO 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 audited financial statements for the year ended 31 December 2006

### **ACTIVITIES AND BUSINESS REVIEW**

The principal activity of the Company continues to be auditing and debtor verification

The Company is a member of The Royal Bank of Scotland Group plc 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 Royal Bank of Scotland Group plc review these matters on a group basis. Copies can be obtained from Group Secretariat, RBS Gogarburn, Edinburgh, EH12 1HQ, the Registrar of Companies or through the Group's web site at rbs.com

#### **Review of the year**

The directors are satisfied with the development of the Company's activities during the year. The Company will be guided by its ultimate parent Company in seeking further opportunities for growth.

The Company's financial performance is presented in the Income Statement on Page 7. At the end of the year, the financial position showed total assets of £282,000 and equity of £11,000.

The Company is funded by facilities from The Royal Bank of Scotland plc and National Westminster Bank plc. It seeks to minimise its exposure to external financial risks.

### **DIRECTORS AND SECRETARY**

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

From 1 January 2006 to date the following changes have taken place

	<b>Appointed</b>	<b>Resigned</b>
<b>Directors</b>		
F M Semple	26 January 2006	1 March 2007
D B Wilcox		17 March 2006
N J Bradley		29 December 2006
J A Morgan		1 March 2007
N A Sculley	2 January 2007	
M J Hannay	1 March 2007	
S Saville	1 March 2007	

## **PREMIER AUDIT COMPANY LIMITED**

### **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 these accounts, 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 applicable accounting standards have been followed, 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 directors' report and financial statement complies with the requirements of 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.

### **DISCLOSURE OF INFORMATION TO AUDITORS**

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

- a) so far as he/she is aware there is no relevant audit information of which the Company's auditors are unaware, and
- b) the director has taken all the steps that he/she ought to have taken to make himself/herself aware of any relevant audit information and to establish that the Company's auditors are aware of that information

This confirmation is given and shall be interpreted in accordance with the provisions of section 234ZA of the Companies Act 1985.

### **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 2007, 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. The Company had 41 creditor days in 2006 (2005: 37 days).

## **PREMIER AUDIT COMPANY LIMITED**

### **ELECTIVE RESOLUTIONS**

The Company has elected to dispense with the requirement to hold annual general meetings, lay directors' report and financial statements before a general meeting and re-appoint of auditors annually

### **AUDITORS**

Deloitte & Touche LLP have expressed their willingness to continue in office as auditors

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

A handwritten signature in black ink, appearing to be 'S Saville', written over a horizontal line.

S Saville  
Director

Date 29<sup>th</sup> June 2007

## **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 ("the Company") for the year ended 31 December 2006 which comprise the income statement, the statement of changes in equity, the balance sheet, the Company cash flow statement, the accounting policies and the related Notes 1 to 11. These 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 an 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 directors' report and the financial statements in accordance with applicable law and International Financial Reporting Standards ("IFRS") as adopted by the European Union. Our responsibility is to audit the financial statements in accordance with relevant legal and regulatory requirements and International Standards on Auditing (UK and Ireland).

We report to you our opinion as to whether the financial statements give a true and fair view and whether the financial statements have been properly prepared in accordance with the Companies Act 1985. We also report to you whether, in our opinion, the information given in the directors' report is consistent with the financial statements. In addition we report to you if, in our opinion, 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 other transactions is not disclosed.

We read the directors' report for the above year and consider whether it is consistent with the audited financial statements. We consider the implications for our report if we become aware of any apparent misstatements or material inconsistencies with the financial statements. Our responsibilities do not extend to any information outside the directors' report.

#### **Basis of audit opinion**

We conducted our audit in accordance with International Standards on Auditing (UK 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.

## PREMIER AUDIT COMPANY LIMITED

### 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 2006 and of its profit for the year then ended in accordance with International Financial Reporting Standards as adopted by the European Union,
- the financial statements have been properly prepared in accordance with the Companies Act 1985, and
- the information given in the directors' report is consistent with the financial statements

*Deloitte & Touche LLP*

Deloitte & Touche LLP  
Chartered Accountants and Registered Auditors  
London, United Kingdom  
29<sup>th</sup> June 2007



**PREMIER AUDIT COMPANY LIMITED**

**COMPANY INCOME STATEMENT**

**FOR THE YEAR ENDED 31 DECEMBER 2006**

		<b>2006</b>	<b>2005</b>
	<b>Notes</b>	<b>£'000</b>	<b>£'000</b>
Revenue	2	176	106
Operating expenses	3	<u>(166)</u>	<u>(100)</u>
Operating profit		10	6
Income tax expense	4	<u>(3)</u>	<u>(2)</u>
Net profit attributable to equity holders of the		<u><u>7</u></u>	<u><u>4</u></u>
All of the above relate to continuing operations			

**COMPANY STATEMENT OF CHANGES IN EQUITY**

	<b>Share Capital</b>	<b>Retained Earnings</b>	<b>Equity</b>
	<b>£'000</b>	<b>£'000</b>	<b>£'000</b>
Balance as at 24 March 2005	<u>-</u>	<u>4</u>	<u>4</u>
Total recognised income and expense	<u>-</u>	<u>4</u>	<u>4</u>
Balance as at 31 December 2005	<u>-</u>	<u>4</u>	<u>4</u>
Total recognised income and expense	<u>-</u>	<u>7</u>	<u>7</u>
Balance as at 31 December 2006	<u><u>-</u></u>	<u><u>11</u></u>	<u><u>11</u></u>

**PREMIER AUDIT COMPANY LIMITED**

**COMPANY BALANCE SHEET**

**AS AT 31 DECEMBER 2006**

	Notes	2006 £'000	2005 £'000
<u>Current Assets</u>			
Trade and other receivables	5	<u>282</u>	<u>106</u>
<b>Total assets</b>		<u>282</u>	<u>106</u>
<u>Current Liabilities</u>			
Trade and other payables	6	<u>271</u>	<u>102</u>
<b>Total liabilities</b>		<u>271</u>	<u>102</u>
<b>Net assets</b>		<u>11</u>	<u>4</u>
 <b>EQUITY</b>			
Called up share capital	7	-	-
Retained earnings	8	<u>11</u>	<u>4</u>
<b>Equity attributable to equity holders of the parent</b>		<u>11</u>	<u>4</u>

The financial statements were approved by the Board of Directors and authorised for issue on 29<sup>th</sup> June 2007

They were signed on its behalf by



S Saville  
Director

The notes on pages 10 to 15 form part of these financial statements

**PREMIER AUDIT COMPANY LIMITED**

**COMPANY CASH FLOW STATEMENT**

**FOR THE YEAR ENDED 31 DECEMBER 2006**

	<b>2006</b>	<b>2005</b>
	<b>£'000</b>	<b>£'000</b>
<b>OPERATING ACTIVITIES</b>		
Operating profit	<u>10</u>	<u>6</u>
Net cash flow from trading activities	10	6
Changes in operating assets and liabilities		
Increase in receivables/debtors	(176)	(106)
Increase in payables/creditors	<u>168</u>	<u>100</u>
Net cash flow from operating activities before tax	(8)	(6)
Taxes paid	<u>(2)</u>	<u>-</u>
Net cash flows from operating activities	<u>-</u>	<u>-</u>
Cash and cash equivalents at 1 January	-	-
Cash and cash equivalents at 31 December	<u>-</u>	<u>-</u>

# **PREMIER AUDIT COMPANY LIMITED**

## **NOTES TO THE ACCOUNTS FOR THE YEAR ENDED 31 DECEMBER 2006**

### **1. ACCOUNTING POLICIES**

#### **(a) General Information**

Premier Audit Company Limited is a Company incorporated under the Companies Act 1985. The address of the registered office is on page 1. The nature of the Company's principal activities are set out in the Directors' Report.

At the date of authorisation of these financial statements, the following Standards and Interpretations which have not been applied in these financial statements were in issue but not yet effective:

IFRS 7 Financial Instruments Disclosures, and the related amendment to IAS 1 on capital disclosures.

The directors anticipate that the adoption of these Standards in future periods will have no material impact on the financial statements of the Group except for additional disclosures on capital and financial instruments when the relevant standards come into effect for periods commencing on or after 1 January 2007.

#### **(b) 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 principal accounting policies adopted are set out below.

#### **(c) Revenue**

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

#### **(d) Trade receivables**

Trade receivables are measured at initial recognition at fair value. Appropriate allowances for estimated irrecoverable amounts are recognised in the income statement when there is objective evidence that the asset is impaired.

**NOTES TO THE ACCOUNTS (continued)**

**(e) 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.

**(f) Trade payables**

Trade payables are measured at fair value.

**(g) Auditors' remuneration**

Fees payable to the Company's auditors for the audit of the Company's annual accounts are £3,000 (2005 £3,000).

## **PREMIER AUDIT COMPANY LIMITED**

### **NOTES TO THE ACCOUNTS (continued)**

#### **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

	<b>2006</b>	<b>2005</b>
	<b>£'000</b>	<b>£'000</b>
Debt verification and audit fees	<u>176</u>	<u>106</u>

#### **3. OPERATING EXPENSES**

	<b>2006</b>	<b>2005</b>
	<b>£'000</b>	<b>£'000</b>
Inter-Company charge	<u>166</u>	<u>100</u>

There was no charge in either the current or prior year's financial statements for auditors' remuneration as the fees were charged in the financial statements of another group Company

The directors received no emoluments (2005 £nil) in respect of their services to the Company during the year

The Company had no employees in the current year (2005 nil)

# **PREMIER AUDIT COMPANY LIMITED**

## **NOTES TO THE ACCOUNTS (continued)**

### **4. INCOME TAX EXPENSE**

	<b>2006</b>	<b>2005</b>
	<b>£'000</b>	<b>£'000</b>
Current tax	<u>3</u>	<u>2</u>
	<u>3</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:

	<b>2006</b>	<b>2005</b>
	<b>£'000</b>	<b>£'000</b>
Profit before tax	<u>10</u>	<u>6</u>
Tax at the UK corporation tax rate of 30% (2004 30%)	<u>3</u>	<u>2</u>
Tax expense for the year	<u>3</u>	<u>2</u>

### **5. TRADE AND OTHER RECEIVABLES**

	<b>2006</b>	<b>2005</b>
	<b>£'000</b>	<b>£.000</b>
Amounts falling due within one year		
Amounts due from		
The Royal Bank of Scotland Group plc undertakings	<u>282</u>	<u>106</u>

The carrying amount of these assets approximates to 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**

	2006	2005
	£'000	£'000
Amounts falling due within 1 year		
Amounts owed to The Royal Bank of Scotland Group plc undertakings	268	100
Group relief payable	<u>3</u>	<u>2</u>
	<u>271</u>	<u>102</u>

**7. CALLED UP SHARE CAPITAL**

	2006	2005
<b>Authorised:</b>		
1,000 Ordinary shares of £1 each	<u>1,000</u>	<u>1,000</u>
<b>Allotted, called up and fully paid:</b>		
2 Ordinary shares of £1 each	<u>2</u>	<u>2</u>

The share capital was issued and fully paid on 24 March 2005

**8. RETAINED EARNINGS**

	£'000
As at 31 December 2005	4
Retained profit for the financial year	<u>7</u>
As at 31 December 2006	<u>11</u>

**9. CONTINGENT LIABILITIES**

	2006	2005
	£'000	£'000
Joint liability for VAT registration – RBS Invoice Finance group	<u>3,934</u>	<u>3,327</u>

The Royal Bank of Scotland Group plc has agreed to compensate UK members for any adjustments in respect of UK UK transfer pricing that may arise under paragraph 1A of Schedule 28AA, Income and Corporation Taxes Act 1988



## PREMIER AUDIT COMPANY LIMITED

### NOTES TO THE ACCOUNTS (continued)

#### 10. 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

#### 11. 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

	Opening balance £'000	Net (receipts) / payments £'000	Net interest (paid) / received £'000	Foreign Exchange £'000	Closing balance £'000
Non-banking members of the Group					
Subsidiaries	<u>6</u>	<u>4</u>	<u>-</u>	<u>-</u>	<u>10</u>
Total	<u>6</u>	<u>4</u>	<u>-</u>	<u>-</u>	<u>10</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 £10,000, (2005 £6,000) were paid on behalf of RBS Invoice Finance Limited and then recharged to RBS Invoice Finance Limited. As at 31 December 2006 £nil was outstanding.