

Company Registration No: 05404150

PREMIER AUDIT COMPANY LIMITED

DIRECTORS' REPORT AND FINANCIAL STATEMENTS

31 December 2008

**Group Secretariat
The Royal Bank of Scotland Group plc
Gogarburn
P.O. Box 1000
Edinburgh
EH12 1HQ**

TUESDAY



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PREMIER AUDIT COMPANY LIMITED

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PREMIER AUDIT COMPANY LIMITED

OFFICERS AND PROFESSIONAL ADVISERS

DIRECTORS:

**A D Barnard
J H Wood**

SECRETARY:

R E Fletcher

REGISTERED OFFICE:

**Smith House
PO Box 343
Elmwood Avenue
Feltham
Middlesex
TW13 7WH**

AUDITORS:

**Deloitte 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 2008.

ACTIVITIES AND BUSINESS REVIEW

This directors' report has been prepared in accordance with the special provisions relating to small companies under section 417(1) of the Companies Act 2006.

Activity

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

Review of the year

The profit for the year was £19,000 (2007: profit of £15,000) and this was transferred to reserves. No dividend was paid during the year (2007: £nil).

Other matters

The directors, having made such enquiries as they considered appropriate, including regarding the continuing availability of sufficient resources from the Group, have prepared the financial statements on a going concern basis. They considered the financial statements of The Royal Bank of Scotland Group plc for the year ended 31 December 2008, approved on 25 February 2009, which were prepared on a going concern basis.

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 year except where noted below, are listed on page 1.

From 1 January 2008 to date the following changes have taken place:

Directors	Appointed	Resigned
D E Snelling		17 December 2008
J H Wood	31 December 2008	
S Saville		19 March 2009
M J Hannay		6 April 2009
A D Barnard	6 April 2009	

PREMIER AUDIT COMPANY LIMITED

DIRECTORS' REPORT (Continued)

DIRECTORS' RESPONSIBILITIES

The directors are required by the Companies Acts 1985 and 2006 to prepare a directors' report and financial statements for each financial year and have elected to prepare them in accordance with International Financial Reporting Standards as adopted by the European Union. They are responsible for preparing financial statements that present fairly the financial position, financial performance and cash flows 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 applicable accounting standards have been followed, subject to any material departures disclosed and explained in the financial statements; 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 statements comply with the requirements of the Companies Acts 1985 and 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.

USE OF FINANCIAL INSTRUMENTS

The Company's financial risk management policies and exposure in relation to the respective risks are detailed in note 13 of the financial statements.

DISCLOSURE OF INFORMATION TO AUDITORS

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

- (a) so far as he 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 ought to have taken to make himself 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.

PREMIER AUDIT COMPANY LIMITED

DIRECTORS' REPORT (Continued)

AUDITORS

Deloitte 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 read 'A D Barnard'.

A D Barnard
Director

Date: 17 JUN 2009

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 2008 which comprise the income statement, the statement of changes in equity, the balance sheet, the cash flow statement and the related notes 1 to 17. 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

The directors' responsibilities for preparing the Directors' Report and the financial statements in accordance with applicable law and International Financial Reporting Standards (IFRSs) as adopted by the European Union are set out in the Directors' Report.

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.

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

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 2008 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 LLP
Chartered Accountants and Registered Auditors
London, United Kingdom
Date: 17/6/09

PREMIER AUDIT COMPANY LIMITED

INCOME STATEMENT
for the year ended 31 December 2008

	Note	2008 <u>£'000</u>	2007 <u>£'000</u>
Continuing operations			
Revenue	4	263	228
Other operating charges	5	(239)	(207)
Operating profit		24	21
Finance income	6	2	-
Profit before tax		26	21
Tax	7	(7)	(6)
Profit for the year attributable to the equity holders of the Company	12	19	15

The notes on pages 11 to 18 form a part of these financial statements.

PREMIER AUDIT COMPANY LIMITED

STATEMENT OF CHANGES IN EQUITY
for the year ended 31 December 2008

	Share capital <u>£'000</u>	Retained earnings <u>£'000</u>	Total equity <u>£'000</u>
At 1 January 2007	-	11	11
Profit for the year	-	15	15
At 31 December 2007	<u>-</u>	<u>26</u>	<u>26</u>
At 1 January 2008	-	26	26
Profit for the year	-	19	19
At 31 December 2008	<u>-</u>	<u>45</u>	<u>45</u>

The notes on pages 11 to 18 form a part of these financial statements.

PREMIER AUDIT COMPANY LIMITED

BALANCE SHEET at 31 December 2008

	Note	2008 <u>£'000</u>	2007 <u>£'000</u>
Current assets			
Trade and other receivables	9	<u>52</u>	<u>35</u>
Current liabilities			
Trade and other payables	10	<u>7</u>	<u>9</u>
Net assets		<u><u>45</u></u>	<u><u>26</u></u>
Equity			
Share capital	11	-	-
Reserves	12	<u>45</u>	<u>26</u>
Total equity attributable to the equity holders of the Company		<u><u>45</u></u>	<u><u>26</u></u>

The financial statements were approved by the board of directors and authorised for issue on 17 JUN 2009 and were signed on its behalf by:



A D Barnard
Director

The notes on pages 11 to 18 form a part of these financial statements.

PREMIER AUDIT COMPANY LIMITED

CASH FLOW STATEMENT

for the year ended 31 December 2008

	Note	2008 £'000	2007 £'000
Operating activities			
Profit/loss before tax		26	21
<i>Adjustments for:</i>			
Finance income	6	(2)	-
Operating profit before changes in working capital		24	21
(Increase)/decrease in trade and other receivables		(17)	247
Decrease in trade and other payables		-	(268)
Net cash generated from the operations		7	-
Interest received		2	-
Tax paid		(9)	-
Net cash from operating activities		-	-
Net cash from investing activities		-	-
Net cash from financing activities		-	-
Net increase in cash and cash equivalents		-	-
Cash and cash equivalents at 1 January		-	-
Cash and cash equivalents at 31 December		-	-

The notes on pages 11 to 18 form a part of these financial statements.

PREMIER AUDIT COMPANY LIMITED

NOTES TO THE FINANCIAL STATEMENTS **for the year ended 31 December 2008**

1 General information

Premier Audit Company Limited is a company incorporated in Great Britain 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.

2 Adoption of new and revised Standards

In the current year the Company has not adopted any additional Standards as none have become effective for this reporting period.

Three Interpretations issued by the International Financial Reporting Interpretations Committee are effective for the current year. These are: IFRIC 11 *IFRS2 - Group and Treasury Share Transactions*, IFRIC 12 *Service Concession Arrangements* and IFRIC 14 *IAS 19 The Limit on a Defined Benefit Asset, Minimum Funding Requirements and their Interaction*. The adoption of these has not led to any changes in the Company's accounting policies.

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 8 *Operating Segments*, IFRIC 13 *Customer Loyalty Programmes*, IFRIC 15 *Agreements for the Construction of Real Estate*, IFRIC 16 *Hedges of a Net Investment in a Foreign Operation*, IFRIC 17 *Distributions of Non-cash Assets to Owners* and IFRIC 18 *Transfers of Assets from Customers*. The directors anticipate that the adoption of these Standards and Interpretations in future periods will have no material impact on the financial statements of the Company.

3 Accounting policies

a. Accounting convention

The financial statements, which should be read in conjunction with the Directors' Report, are prepared on a going concern basis and in accordance with International Financial Reporting Standards issued by the International Accounting Standards Board (IASB) and interpretations issued by the International Financial Reporting Interpretations Committee of the IASB (together IFRS) as adopted by the European Union.

The financial statements have been prepared upon the basis of historical cost except as noted in the following accounting policies and are presented in accordance with applicable United Kingdom law.

b. Revenue recognition

Revenue arises in the United Kingdom from continuing activities and represents charges to clients. Revenue is measured at the fair value of the consideration received or receivable and is recognised when the services are delivered.

PREMIER AUDIT COMPANY LIMITED

NOTES TO THE FINANCIAL STATEMENTS (Continued) for the year ended 31 December 2008

3 Accounting policies (continued)

c. Trade and other receivables

Trade and other 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.

d. Trade and other payables

Trade and other payables are measured at fair value.

e. Taxation

Provision is made for taxation at current enacted rates on taxable profits, arising in income or in equity.

Deferred taxation is accounted for in full for all temporary differences between the carrying amount of an asset or liability for accounting purposes and its carrying amount for tax purposes.

Deferred tax assets are only recognised to the extent that it is probable that they will be recovered.

f. Other operating charges

Other operating charges are accounted for on an accruals basis.

4 Revenue

	2008 <u>£'000</u>	2007 <u>£'000</u>
Debt verification and audit fees	<u>263</u>	<u>228</u>

PREMIER AUDIT COMPANY LIMITED

NOTES TO THE FINANCIAL STATEMENTS (Continued)
for the year ended 31 December 2008

5 Other operating charges

	2008	2007
	<u>£'000</u>	<u>£'000</u>
Management fees	<u>239</u>	<u>207</u>

The Company had no employees in the current year (2007 – none).

Employee costs are incurred by a related undertaking, RBS Invoice Finance Limited and allocated together with other overheads by way of a management charge to the Company.

6 Finance income

	2008	2007
	<u>£'000</u>	<u>£'000</u>
On loans and receivables:		
From group undertakings	<u>2</u>	<u>-</u>

7 Tax charge on profit before tax

A) Analysis of charge for the year

	2008	2007
	<u>£'000</u>	<u>£'000</u>
Current taxation:		
Income tax charge for the year	<u>7</u>	<u>6</u>
Tax charge for the year	<u>7</u>	<u>6</u>

B) Factors affecting the tax charge for the year

The actual tax charge in the current and prior year does not differ from the expected tax charge computed by applying the average rate of UK corporation tax of 28.5% (2007: 30%).

The applicable rate for the year has changed from 30% to 28.5% following a reduction in the rate of UK corporation tax from 30% to 28% on 1 April 2008.

PREMIER AUDIT COMPANY LIMITED

NOTES TO THE FINANCIAL STATEMENTS (Continued)
for the year ended 31 December 2008

8 Auditors' remuneration

Fees payable to the Company's auditors for the audit of the Company's annual financial statements are £3,000 (2007: £3,000). 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 a related undertaking, RBS Invoice Finance Limited.

9 Trade and other receivables

	2008	2007
	<u>£'000</u>	<u>£'000</u>
Amounts owed by group undertakings	<u>52</u>	<u>35</u>

10 Trade and other payables

	2008	2007
	<u>£'000</u>	<u>£'000</u>
Current liabilities		
Group relief	<u>7</u>	<u>9</u>

11 Share capital

	2008	2007
	<u>£</u>	<u>£</u>
Authorised:		
1,000 (2007: 1,000) ordinary shares of £1 each	<u>1,000</u>	<u>1,000</u>
Allotted, called up and fully paid:		
2 (2007: 2) ordinary shares of £1 each	<u>2</u>	<u>2</u>

12 Reserves

	Retained earnings <u>£'000</u>
At 1 January 2007	11
Profit for the year	15
At 31 December 2007	<u>26</u>
At 1 January 2008	26
Profit for the year	19
At 31 December 2008	<u>45</u>

PREMIER AUDIT COMPANY LIMITED

NOTES TO THE FINANCIAL STATEMENTS (Continued) **for the year ended 31 December 2008**

13 Financial instruments and risk management

Capital risk management

The Company considers its capital to consist of equity attributable to the equity holders of the Company, comprising issued share capital and retained earnings as disclosed in notes 11 and 12. The Company is a member of the Royal Bank of Scotland group of companies which has regulatory disciplines over the use of its capital. The Company operates controls and policies put in place by the group to ensure that the Company can continue as a going concern and to ensure that the group complies with these regulatory disciplines.

Accounting Policies

Details of the accounting policies and methods adopted, including the criteria for recognition, the basis of measurement and the basis on which income and expenses are recognised, in respect of each class of financial asset and financial liability are disclosed in note 3.

Categories of financial instruments

The carrying value of each category of financial instruments, as defined in IAS 39, is disclosed in the following table:

	2008 £'000	2007 £'000
Financial assets:		
Loans and receivables	<u>52</u>	<u>35</u>
Non financial liabilities	<u>7</u>	<u>9</u>

Risk management

The Company uses a comprehensive framework for managing risks established by the RBS Invoice Finance group of companies and the Royal Bank of Scotland group of companies.

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

Interest rate risk

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

The Company has no significant interest rate risk as all amounts owed from group undertakings are due primarily on demand.

PREMIER AUDIT COMPANY LIMITED

NOTES TO THE FINANCIAL STATEMENTS (Continued) **for the year ended 31 December 2008**

13 Financial instruments and risk management (continued)

Currency risk

The Company has no currency risk as all transactions and balances are denominated in Sterling.

Credit risk

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

The Company has no significant credit risk as all loans and receivables are with group undertakings.

Liquidity risk

Liquidity risk arises where assets and liabilities have different contractual maturities. The Company manages liquidity risk through applying the established framework put in place within the group.

The Company has no significant liquidity risk as it has access to financing facilities and support provided by fellow group companies.

Operational risk

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

14 Contingent liabilities

	2008	2007
	<u>£'000</u>	<u>£'000</u>
Joint liability for VAT registration - RBS Invoice Finance group	<u>-</u>	<u>4,606</u>

The Royal Bank of Scotland group has agreed to compensate UK members for any adjustments in respect of UK:UK Transfer Pricing that may arise under paragraph 1A of Schedule 28 AA, Income and Corporation Taxes Act 1988.

PREMIER AUDIT COMPANY LIMITED

NOTES TO THE FINANCIAL STATEMENTS (Continued) **for the year ended 31 December 2008**

15 Post balance sheet events

There have been no significant events between the year end and the approval of these financial statements which would require a change to the disclosures in the accounts.

16 Related parties

The Company's immediate parent and ultimate controlling party is described in note 17.

The table below details balances and transactions with group undertakings.

	At 1 January 2008 £'000	Net receipts £'000	Net interest received £'000	At 31 December 2008 £'000
Non-banking members of the group:				
Other RBS Group undertakings	35	15	2	52

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

The corporation tax balance is group relieved as stated in note 10.

Other related party transactions

Expenses of £239,000 (2007: £207,000) were paid by other members of the group and then recharged to the Company by way of management charges.

No emoluments were paid to any director by the Company during the year (2007 - £nil).

None of the directors had any material interest in any contract of significance in relation to the business of the Company (2007 - none).

PREMIER AUDIT COMPANY LIMITED

NOTES TO THE FINANCIAL STATEMENTS (Continued) for the year ended 31 December 2008

17 Parent companies

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

The ultimate holding company 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. Copies of the 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.

On 1 December 2008, the UK Government through HM Treasury acquired a controlling shareholding in The Royal Bank of Scotland Group plc. The UK Government has announced that its shareholdings in banks will be managed by UK Financial Investments Limited, a company wholly-owned by the UK Government.