

Company Registered Number: 05404150

PREMIER AUDIT COMPANY 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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PREMIER AUDIT COMPANY LIMITED

05404150

OFFICERS AND PROFESSIONAL ADVISERS

DIRECTORS:

M Bardrick
M J Morrin
O D Watts
J H Wood

SECRETARY

RBS Secretarial Services Limited

REGISTERED OFFICE:

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

AUDITOR:

Deloitte LLP
London

Registered in England and Wales

DIRECTORS' REPORT

The directors of Premier Audit Company Limited ("the Company") present their report together with the audited financial statements for the year ended 31 December 2012. The financial statements are prepared in accordance with applicable law and Financial Reporting Standard 101 Reduced Disclosure framework.

ACTIVITIES AND BUSINESS REVIEW

The Directors' Report has been prepared in accordance with special provisions available to companies entitled to the small companies exemption.

Principal activity

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

The Company is a subsidiary of The Royal Bank of Scotland Group plc (the "RBS 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 RBS 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.

Financial performance

The Company's financial performance is presented in the Statement of Comprehensive Income on page 8. The operating profit before taxation for the year was £11k (2011: £8k). The retained profit for the year was £8k (2011: £6k).

At the end of the year total assets were £32k (2011: £23k).

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.

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 RBS Group Asset and Liability Management Committee (GALCO).

The major risk associated with the Company's business is credit risk. The Company's exposure to credit risk is not considered to be significant as the credit exposures are with Group companies.

Going concern

The directors, having a reasonable expectation that the Company has adequate resources to continue in operational existence for the foreseeable future, have prepared the financial statements 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 2.

DIRECTORS' REPORT (continued)**DIRECTORS AND SECRETARY (continued)**

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

Secretary	Appointed	Resigned
R E Fletcher RBS Secretarial Services Limited	27 April 2012	27 April 2012

STATEMENT OF DIRECTORS' RESPONSIBILITIES

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. Under that law, the directors have elected to prepare the financial statements in accordance with Financial Reporting Standard 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 or loss of the Company for that period. 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, and
- 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' DISCLOSURE TO AUDITORS

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

- 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

DIRECTORS' REPORT (continued)

AUDITOR

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

Approved by the Board of Directors and signed on its behalf



O D Watts

Director

Date 25 June 2013

Premier Audit Company Limited
05404150
Registered in England and Wales

INDEPENDENT AUDITOR'S 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 2012 which comprise the Statement of Comprehensive Income, the Balance Sheet, the Statement of Changes in Equity, and the related notes 1 to 9. 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 Statement of Directors' Responsibilities, 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 PREMIER AUDIT
COMPANY 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,
- the directors were not entitled to take advantage of the small companies' exemption in preparing the Directors' Report



Russell Davis, FCA (Senior Statutory Auditor)
for and on behalf of Deloitte LLP
Chartered Accountants and Statutory Auditor,
London, United Kingdom
Date 28 June 2013

STATEMENT OF COMPREHENSIVE INCOME
for the year ended 31 December 2012

		2012	2011
	Note	£'000	£'000
Continuing operations			
Turnover	3	200	149
Operating expenses	4	(189)	(141)
Operating profit before tax		11	8
 Tax charge	 5	 (3)	 (2)
 Profit and total comprehensive income for the year		 8	 6

The Company had no recognised income or expenses in the financial year or preceding financial year other than those dealt with in the Statement of Comprehensive Income

The accompanying notes on pages 11 to 14 form an integral part of these financial statements

BALANCE SHEET
as at 31 December 2012

	Note	2012 £'000	2011 £'000
Current assets			
Amounts owed by group undertakings	6	32	23
Total assets		32	23
Creditors: amounts falling due within one year			
Current tax liabilities		3	2
Total liabilities		3	2
Equity			
Called up share capital	7	-	-
Profit and loss account		29	21
Total shareholders' funds		29	21
Total liabilities and shareholders' funds		32	23

The accompanying notes on pages 11 to 14 form an integral part of these financial statements

The financial statements were approved by the Board of Directors on 25 June 2013 and signed on its behalf by



O D Watts
Director

Premier Audit Company Limited
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STATEMENT OF CHANGES IN EQUITY
for the year ended 31 December 2012

	Share capital £'000	Profit and loss account £'000	Total £'000
At 1 January 2011	-	15	15
Profit for the year	-	6	6
At 31 December 2011	-	21	21
Profit for the year	-	8	8
At 31 December 2012	-	29	29

Total comprehensive income for the year of £8k (2011 £6k) was wholly attributable to the equity holders of the Company

The accompanying notes on pages 11 to 14 form an integral part of these financial statements

NOTES TO THE FINANCIAL STATEMENTS**1. Accounting policies****a) Preparation and presentation of financial statements**

The financial statements are prepared in accordance with the recognition and measurement principles of 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 as adopted by the EU (together IFRS) and under Financial Reporting Standard 101 Reduced Disclosure Framework (FRS 101). The Company meets the definition of a qualifying entity under FRS 100 (Financial Reporting Standard 100) issued by the Financial Reporting Council.

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

As permitted by FRS 101, the Company has taken advantage of the disclosure exemptions available under that standard in relation to financial instruments, capital resources, presentation of a cash flow statement, standards not yet effective and related party transactions. Where required, equivalent disclosures are given in the group financial statements of the RBS Group, these financial statements are available to the public and can be obtained as set out in note 9.

The financial statements are prepared on the historical cost basis.

The Company's financial statements are presented in Sterling which is the functional currency of the Company.

The Company is incorporated in Great Britain and registered in England and Wales. The Company's accounts are presented in accordance with the Companies Act 2006.

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

b) Revenue recognition

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

Interest expense on financial liabilities other than those at fair value is 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.

c) Taxation

Income tax expense or income, comprising current tax and deferred tax, is recorded in the Statement of Comprehensive Income 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.

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

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 or loss. Deferred tax is calculated using tax rates expected to apply in the periods when the assets will be realised or the liabilities settled, based on tax rates and laws enacted, or substantively enacted, at the balance sheet date.

d) Financial assets

On initial recognition, financial assets are classified into loans and receivables.

Loans and receivables

Non-derivative financial assets with fixed or determinable repayments that are not quoted in an active market are classified as loans and receivables. 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 b) less any impairment losses.

e) 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 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.

f) Derecognition and offset

A financial asset is derecognised when it has been transferred and the transfer qualifies for derecognition.

A financial liability is removed from the Balance Sheet when the obligation is discharged, or cancelled, or expires.

Financial assets and financial liabilities are offset and the net amount presented in the Balance Sheet when, and only when, the company has a legally enforceable right to set off the recognised amounts and it intends either to settle on a net basis, or to realise the asset and settle the liability simultaneously.

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.

3. Turnover

	2012 £'000	2011 £'000
Debt verification and audit fees	200	149

4. Operating expenses

	2012 £'000	2011 £'000
Management charges	189	141

NOTES TO THE FINANCIAL STATEMENTS (continued)

4. Operating expenses (continued)

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 RBS Invoice Finance Limited.

The auditor's remuneration for statutory audit work for the Company of £5,000 (2011: £3,000) was charged in the financial statements of RBS Invoice Finance Limited in the current and previous year. Remuneration paid to the auditor for non-audit work for the Company was £nil (2010: £nil).

The directors of the Company do not receive remuneration for specific services provided to the Company.

The average number of persons employed by the Company during the year was nil (2011: nil).

5. Tax

	2012 £'000	2011 £'000
Current taxation:		
UK corporation tax charge for the year	3	2
Tax charge for the year	3	2

The actual tax charge matches the expected tax charge.

6. Amounts due from group undertakings

	2012 £'000	2011 £'000
RBS Invoice Finance Limited	32	23

7. Share capital

	2012 £	2011 £
Equity shares		
Authorised		
1,000 Ordinary Shares of £1	1,000	1,000
Allotted, called up and fully paid		
2 Ordinary Shares of £1	2	2

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

8. Commitments and contingent liabilities

The Company, together with other members of the RBS 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 available 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.

NOTES TO THE FINANCIAL STATEMENTS (continued)**9. Related parties****UK Government**

The UK Government through HM Treasury is the ultimate controlling party of the RBS Group. 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.

Transactions between the Company, the UK Government and UK Government controlled bodies consisted solely of corporation tax.

Group undertakings

The Company's immediate parent company is RBS Invoice Finance (Holdings) Limited, a company incorporated in Great Britain and registered in England and Wales. As at 31 December 2012 the Royal Bank of Scotland plc, a company incorporated in Great Britain and registered in Scotland, heads the smallest group in which the Company is consolidated. Copies of the consolidated accounts of The Royal Bank of Scotland plc may be obtained from The Secretary, The Royal Bank of Scotland Group plc, Gogarburn, Edinburgh, EH12 1HQ.

The Company's ultimate holding company is the RBS Group, a company incorporated in Great Britain and registered in Scotland. As at 31 December 2012, the RBS Group heads the largest group in which the Company is consolidated. Copies of the consolidated accounts for the RBS Group can be obtained from The Secretary, The Royal Bank of Scotland Group plc, Gogarburn, Edinburgh, EH12 1HQ.