

Company Registered No: 05404150

PREMIER AUDIT COMPANY LIMITED

ANNUAL REPORT AND FINANCIAL STATEMENTS

For the year ended 31 December 2015

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PREMIER AUDIT COMPANY LIMITED

05404150

OFFICERS AND PROFESSIONAL ADVISERS

DIRECTORS: I D Cowie
P Lord

SECRETARY: RBS Secretarial Services Limited

REGISTERED OFFICE: Smith House
PO Box 343
Elmwood Avenue
Feltham
Middlesex
England
TW13 7WH

INDEPENDENT AUDITOR: Deloitte LLP
Chartered Accountants and Statutory Auditor
London
United Kingdom

Registered in England and Wales

DIRECTORS' REPORT

The directors of Premier Audit Company Limited ("the Company") present their annual report together with the audited financial statements for the year ended 31 December 2015.

ACTIVITIES AND BUSINESS REVIEW

The directors' report has been prepared in accordance with the provisions applicable to companies entitled to the small companies exemption and therefore does not include a Strategic Report.

Principal activity

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

The Company is a subsidiary 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 Corporate Governance and Secretariat, The Royal Bank of Scotland Group plc, Gogarburn, Edinburgh, EH12 1HQ, the Registrar of Companies or at www.rbs.com.

Business review

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

FINANCIAL PERFORMANCE

The Company's financial performance is presented on page 7.

The operating profit before taxation for the year was £12,000 (2014: £12,000). The retained profit for the year was £10,000 (2014: £9,000).

The directors do not recommend the payment of a dividend (2014: £nil).

At the end of the year, total assets were £34,000 (2014: £25,000).

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 Asset and Liability Management Committee (RBS ALCO).

The principal risks associated with the Company are as follows:

Interest rate risk

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

The financial assets of the Company consist of amounts due from group undertakings which do not have any significant interest rate risk as they are repayable on demand.

Currency risk

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

DIRECTORS' REPORT**PRINCIPAL RISKS AND UNCERTAINTIES (continued)****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.

All loans and receivables are with the group undertaking. The Company's exposure to credit risk is not considered to be significant as the credit exposure are with group undertaking.

Liquidity risk

The Company has no material liquidity risk as it has access to group funding.

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.

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 Royal Bank of Scotland Group plc 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.

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 1.

From 1 January 2015 to date the following changes have taken place:

	Appointed	Resigned
Directors		
I D Cowie	31 March 2015	-
M J Morrin	-	31 March 2015
A Holden	-	1 July 2016
P Lord	1 July 2016	-

DIRECTORS' REPORT**DIRECTORS' RESPONSIBILITIES STATEMENT**

The directors are responsible for preparing the annual report and the financial statements in accordance with applicable laws and regulations.

Company law requires the directors to prepare 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 (FRS) 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 FRS 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.

DISCLOSURE OF INFORMATION TO AUDITOR

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
- director have 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.

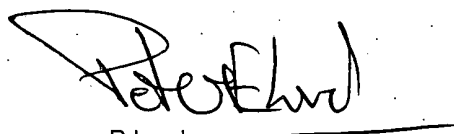
This confirmation is given and shall be interpreted in accordance with the provisions of section 418 of the Companies Act 2006.

INDEPENDENT AUDITOR

The Royal Bank of Scotland Group plc has appointed Ernst & Young LLP as auditor for the year ending 31 December 2016.

A resolution to appoint Ernst & Young LLP as the Company's auditor will be proposed at the forthcoming meeting of the Board of Directors.

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



P Lord
Director

Date: 5th August 2016

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 2015 which comprise the Profit and Loss Account, the Balance Sheet, the Statement of Changes in Equity and the related notes 1 to 8. The financial reporting framework that has been applied in their preparation is applicable law, International Financial Reporting Standard 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 and to identify any information that is apparently materially incorrect based on, or materially inconsistent with, the knowledge acquired by us in the course of performing the audit. 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 2015 and of its profit for the year then ended;
- have been properly prepared in accordance with International Financial Reporting Standards and 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

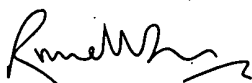
In our opinion the information given in the directors' report for the financial year for which the financial statements are prepared is consistent with the financial statements.

INDEPENDENT AUDITOR'S REPORT TO THE MEMBERS OF PREMIER AUDIT COMPANY LIMITED

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; or
- the directors were not entitled to take advantage of the small companies exemption from preparing a strategic report or 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
5 August 2016

PROFIT AND LOSS ACCOUNT
for the year ended 31 December 2015

	Notes	2015 £'000	2014 £'000
Income from continuing operations			
Turnover	3	208	204
Operating expenses	4	(196)	(192)
Operating profit before tax		12	12
Tax charge	5	(2)	(3)
Profit and total comprehensive income for the financial year		10	9

The accompanying notes form an integral part of these financial statements.

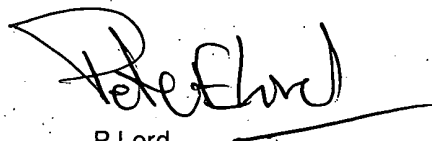
BALANCE SHEET

as at 31 December 2015

	Notes	2015 £'000	2014 £'000
Current assets			
Amounts due from group undertakings	6	34	25
Total assets		<u>34</u>	<u>25</u>
Creditors: amounts falling due within one year			
Current tax liabilities		2	3
Total liabilities		<u>2</u>	<u>3</u>
Equity: capital and reserves			
Called up share capital	7	-	-
Profit and loss account		32	22
Total shareholder's funds		<u>32</u>	<u>22</u>
Total liabilities and shareholder's funds		<u>34</u>	<u>25</u>

The accompanying notes form an integral part of these financial statements.

The financial statements were approved by the Board of Directors on 5th August 2016 and signed on its behalf by:



P Lord
Director

STATEMENT OF CHANGES IN EQUITY
for the year ended 31 December 2015

	Share capital £'000	Profit and loss account £'000	Total £'000
At 1 January 2014	-	13	13
Profit for the year	-	9	9
At 31 December 2014	-	22	22
Profit for the year	-	10	10
At 31 December 2015	-	32	32

Total comprehensive income for the year of £10,000 (2014: £9,000) was wholly attributable to the equity holders 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 International Accounting Standards Board (IASB) and interpretations issued by the International Financial Reporting Interpretations Committee of the IASB as adopted by the European Union (EU) (together IFRS) and under FRS 101 Reduced Disclosure Framework. The Company meets the definition of a qualifying entity under FRS 100 Application of Financial Reporting Requirements issued by the Financial Reporting Council.

As permitted by FRS 101, the Company has taken advantage of the disclosure exemptions available under that standard in relation to financial instruments, capital management, presentation of a cash-flow statement, standards not yet effective, impairment of assets 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 8.

The accounts 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 the UK and registered in England and Wales. The Company's accounts are presented in accordance with the Companies Act 2006.

The few changes to IFRS that were effective from 1 January 2015 have had no material effect on the Company's financial statement for the year ended 31 December 2015.

b) Revenue recognition

Revenue arises in the United Kingdom from continuing activities and represents charges to clients for verification services related to the facilitation of finance activity by the invoice financing businesses of RBS Invoice Finance Limited. Revenue is measured at the fair value of consideration received or receivable and is recognised when the services are delivered.

Interest income on financial assets that are classified as loans and receivables 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 cost. 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 Profit and Loss Account 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.

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 1(b)) less any impairment losses.

NOTES TO THE FINANCIAL STATEMENTS

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.

3. Turnover

	2015 £'000	2014 £'000
Debt verification and audit fees	<u>208</u>	<u>204</u>

4. Operating expenses

	2015 £'000	2014 £'000
Management charges	<u>196</u>	<u>192</u>

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 RBS Invoice Finance Limited.

Staff costs, number of employees and directors' emoluments

All staff and directors were employed by RBS Invoice Finance Limited, the accounts for which contain full disclosure of employee benefit expenses incurred in the period including share based payments and pensions. The directors of the Company do not receive remuneration for specific services provided to the Company (2014: £nil).

The auditor's remuneration for statutory audit work of £5,000 (2014: £5,000) for the Company was borne by RBS Invoice Finance Limited. Remuneration paid to the auditor for non-audit work for the Company was £nil (2014: £nil).

NOTES TO THE FINANCIAL STATEMENTS

5. Tax

	2015 £'000	2014 £'000
Current tax:		
UK corporation tax charge for the year	2	3
Tax charge for the year	<u>2</u>	<u>3</u>

The actual tax charge matches the expected tax charge computed by applying the blended rate of UK corporation tax of 20.25% (2014: 21.5%).

6. Amounts due from group undertakings

	2015 £'000	2014 £'000
RBS Invoice Finance Limited	<u>34</u>	<u>25</u>

7. Share capital

	2015 £	2014 £
Equity shares		
Authorised:		
1,000 ordinary shares of £1 each	<u>1,000</u>	<u>1,000</u>
Allotted, called up and fully paid:		
2 ordinary shares of £1 each	<u>2</u>	<u>2</u>

The Company has one class of ordinary shares which carry no right to fixed income.

8. Related parties

UK Government

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 arms' length basis; they include the payment of taxes including UK corporation tax and value added tax.

Group undertakings

The Company's immediate parent company is RBS Invoice Finance (Holdings) Limited, a company incorporated in the UK and registered in England and Wales. As at 31 December 2015, The Royal Bank of Scotland plc heads the smallest group in which the Company is consolidated. Copies of the consolidated accounts may be obtained from Corporate Governance and Secretariat, The Royal Bank of Scotland Group plc, Gogarburn, PO Box 1000, Edinburgh EH12 1HQ.

NOTES TO THE FINANCIAL STATEMENTS

8. Related parties (continued)

Group undertakings (continued)

The Company's ultimate holding company is The Royal Bank of Scotland Group plc, a company incorporated in UK heads the largest group in which the Company is consolidated. Copies of the consolidated accounts may be obtained from Corporate Governance and Secretariat, The Royal Bank of Scotland Group plc, Gogarburn, PO Box 1000, Edinburgh, EH12 1HQ.