

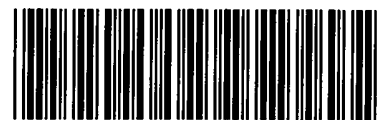
Company Registered No: 06364699

RBS INTERNATIONAL CORPORATE HOLDINGS (UK) LIMITED

ANNUAL REPORT AND FINANCIAL STATEMENTS

For the year ended 31 December 2015

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OFFICERS AND PROFESSIONAL ADVISERS

DIRECTORS:

P J Goodwin
R J Lawrence
N J Nunn

COMPANY SECRETARY:

RBS Secretarial Services Limited

REGISTERED OFFICE:

250 Bishopsgate
London
England
EC2M 4AA

INDEPENDENT AUDITOR:

Deloitte LLP
Chartered Accountants and Statutory Auditor
2 New Street Square
London
United Kingdom
EC4A 3BZ

Registered in England and Wales

STRATEGIC REPORT

The directors of RBS International Corporate Holdings (UK) Limited ("the Company") present their annual report together with the audited financial statements for the year ended 31 December 2015.

ACTIVITIES AND BUSINESS REVIEW**Principal activity**

The principal activity of the Company is to act as an investment holding company.

The Company is a subsidiary of The Royal Bank of Scotland Group plc ("RBS") 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 RBS review these matters on a group basis. Copies can be obtained from Corporate Governance and Secretariat, RBS Gogarburn, Edinburgh EH12 1HQ, the Registrar of Companies or at www.rbs.com.

FINANCIAL PERFORMANCE

The Company's financial performance is presented in the Profit and Loss Account on page 8.

The operating loss before taxation for the year was £74k (2014: £166k). The retained loss for the year was £74k (2014: £166k).

At the end of the year total assets were £494,512k (2014: £474,404k).

Dividends

The directors do not recommend the payment of a dividend (2014: £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 Asset and Liability Management Committee (RBS ALCO).

The principal risks associated with the Company are as follows:

Operational risk

Operational risks are inherent in the Company's business. Operational risk losses occur as the result of fraud, human error, missing or inadequately designed processes, failed systems, damage to physical assets, improper behaviour or from external events. The key mitigating processes and controls include risk and control assessment, scenario analysis, loss data collection, new product approval process, key risk indicators, notifiable events process and the self certification process. The implementation of these processes and controls is facilitated and overseen by operational risk teams, with internal audit providing independent evaluation of the control framework.

Market risk

Market risk is the potential for loss as a result of adverse changes in risk factors including interest rates and equity prices together with related parameters such as market volatilities.

The Company has no material market risk.

Interest rate risk

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

The financial liabilities of the Company consist of amounts due to Group undertakings. However, interest rate risk is mitigated as the Company pays fixed rate interest as disclosed in note 10.

STRATEGIC REPORT

PRINCIPAL RISKS AND UNCERTAINTIES (continued)

Liquidity risk

Liquidity risk arises where assets and liabilities have different contractual maturities.

Management focuses on risk arising from the mismatch of maturities across the balance sheet and from undrawn commitments and other contingent obligations.

The Company manages its liquidity risk by having access to group funding.

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



R J Lawrence
Director

Date: 11 AUGUST 2016

DIRECTORS' REPORT

The Strategic Report includes the activities and business review, financial performance and principal risks and uncertainties report.

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 COMPANY SECRETARY

From 1 January 2015 to date there have been no changes to the directors and secretary of the Company.

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

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 a Strategic Report, 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 (FRS 101) 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 Strategic Report, 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
- the directors 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.

DIRECTORS' REPORT

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:

A handwritten signature in black ink, appearing to be 'R J Lawrence', written over a horizontal line.

R J Lawrence
Director
Date: 11 AUGUST 2016

INDEPENDENT AUDITOR'S REPORT TO THE MEMBERS OF RBS INTERNATIONAL CORPORATE HOLDINGS (UK) LIMITED

We have audited the financial statements of RBS International Corporate Holdings (UK) 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 12. 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 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 loss 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 Strategic Report or 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 RBS INTERNATIONAL
CORPORATE HOLDINGS (UK) 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.



David Roberts (Senior Statutory Auditor)
for and on behalf of Deloitte LLP
Chartered Accountants and Statutory Auditor,
London, United Kingdom

11 August 2016

PROFIT AND LOSS ACCOUNT
for the year ended 31 December 2015

Continuing operations	Notes	2015 £'000	2014 £'000
Investment income	4	20,108	20,016
Finance cost	5	(20,182)	(20,182)
Loss on ordinary activities before tax		(74)	(166)
Tax credit	6	-	-
Loss and total comprehensive loss for the year		(74)	(166)

The Company had no recognised income or expenses in the financial year or preceding financial year other than those dealt with in the Profit and Loss Account.

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

BALANCE SHEET
as at 31 December 2015

	Notes	2015 £'000	2014 £'000
Fixed assets			
Investments in Group undertakings	7	371,200	371,200
Current assets			
Amounts due from Group undertakings	8	121,188	101,080
Cash at bank	9	2,124	2,124
Total assets		494,512	474,404
Creditors: amounts falling due within one year			
Amounts due to Group undertakings	10	492,702	101,520
Creditors: amounts falling due after more than one year			
Amounts due to Group undertakings	10	-	371,000
Total liabilities		492,702	472,520
Equity: capital and reserves			
Called-up share capital	11	300	300
Profit and loss account		1,510	1,584
Total shareholders' funds		1,810	1,884
Total liabilities and shareholders' funds		494,512	474,404

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

The financial statements of the Company were approved by the Board of Directors on 11 August 2016 and signed on its behalf by:



R J Lawrence
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	300	1,750	2,050
Loss for the year	-	(166)	(166)
At 31 December 2014	300	1,584	1,884
Loss for the year	-	(74)	(74)
At 31 December 2015	300	1,510	1,810

Total comprehensive loss for the year of £74k (2014: £166k) 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**

The financial statements are prepared on a going concern basis and have been prepared in accordance with the recognition and measurement principles of International Accounting Standards Board (IASB) and interpretations issued by the International Financial Reporting Interpretations Committee of the IASB as adopted by the European Union (together IFRS) and under FRS 101 (Reduced Disclosure Framework). The Company meets the definition of a qualifying entity under Financial Reporting Standard 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 and related party transactions. Where required, equivalent disclosures are given in the group financial statements of RBS; these financial statements are available to the public and can be obtained as set out in note 12.

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 the UK and registered in England and Wales. The Company's financial statements 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 statements for the year ended 31 December 2015.

b) Consolidated financial statements

The financial statements contain information about RBS International Corporate Holdings (UK) Limited as an individual company and do not contain consolidated financial information as the parent of a group. The Company is exempt under IFRS 10 Consolidated Financial Statements and section 400 of the Companies Act 2006 from the requirement to prepare consolidated financial statements as the Company and its subsidiaries are included by full consolidation in the IFRS consolidated financial statements of its parent, RBS, a public company registered in Scotland.

c) Revenue recognition

Interest income on financial assets that are classified as loans and receivables and interest expense on financial liabilities other than those at fair value 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 costs. All contractual terms of a financial instrument are considered when estimating future cash flows.

Dividend income is recognised when the paying company is obliged to make the payment.

d) 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.

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

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. 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.

e) Financial assets

On initial recognition all the 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, except those that are classified as available-for-sale or as held-for-trading, or designated as at fair value through profit or loss. 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(c)) less any impairment losses.

f) Cash at bank

Cash at bank comprises non-interest bearing deposits held with banks.

g) Financial liabilities

On initial recognition financial liabilities are classified at amortised cost.

All financial liabilities are measured at amortised cost using the effective interest method (see accounting policy 1(c)).

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.

Loans to Group undertakings

The Company has reviewed the carrying value of loans to Group undertakings and concluded that there are no indications of impairments.

NOTES TO THE FINANCIAL STATEMENTS

3. Staff costs, number of employees and directors' emoluments

All staff and directors were employed by the group and the financial statements of RBS contain full disclosure of employee benefit expenses incurred in the period including share based payments and pensions. The Company has no employees. The directors of the Company do not receive remuneration for specific services provided to the Company.

The auditor's remuneration for statutory audit work of £7,091 (2014: £7,000) for the Company was borne by The Royal Bank of Scotland plc. Remuneration paid to the auditor for non-audit work for the Company was £nil (2014: £nil).

4. Investment income

	2015 £'000	2014 £'000
Dividends receivable from investments in subsidiary	20,108	20,016

5. Finance cost

	2015 £'000	2014 £'000
Interest payable to Group undertakings	20,182	20,182

6. Tax

	2015 £'000	2014 £'000
Current tax:		
UK corporation tax credit for the year	(4,086)	(4,338)
Free group relief receivable	4,086	4,338
Tax credit for the year	-	-

The actual tax credit differs from the expected tax credit computed by applying the blended rate of UK corporation tax of 20.25% (2014: 21.5%) as follows:

	2015 £'000	2014 £'000
Loss on ordinary activities before tax	(74)	(166)
Expected tax credit	(15)	(36)
Non taxable items	(4,071)	(4,302)
Free Group relief receivable	4,086	4,338
Actual tax credit for the year	-	-

In recent years the UK Government has steadily reduced the rate of UK corporation tax, with the latest rates substantively enacted on 26 October 2015 now standing at 20% with effect from 1 April 2015, 19% from 1 April 2017 and 18% from 1 April 2020. The closing deferred tax assets and liabilities have been calculated taking into account that existing temporary differences may unwind in periods subject to the reduced rates.

NOTES TO THE FINANCIAL STATEMENTS

7. Investments in Group undertakings

Investments in Group undertakings are carried at cost less impairment. There were no movements during the year:

	2015 £'000	2014 £'000
At 1 January and 31 December	371,200	371,200

The subsidiary undertakings of the Company are shown below. Their capital consists of ordinary and preference shares.

Name of subsidiary	Country of incorporation and operation	Proportion of ownership interest	Principal activity
RBS Corporate Investments (UK) Limited	England and Wales	100%	Investment company
RBS Pan European Finance S.A.	Luxembourg	100%	Investment company

The registered office for RBS Corporate Investments (UK) Limited is 250 Bishopsgate, London, EC2M 4AA, United Kingdom. The registered office for RBS Pan European Finance is 46A, Avenue J.F. Kennedy, Luxembourg-Kirchberg, L-1855, Luxembourg.

8. Amounts due from Group undertakings

	2015 £'000	2014 £'000
Dividend receivable	121,188	101,080

9. Cash at bank

	2015 £'000	2014 £'000
Cash at bank-Group	2,124	2,124

10. Amounts due to Group undertakings

	2015 £'000	2014 £'000
Principal outstanding	371,000	371,000
Accrued interest	121,702	101,520
	492,702	472,520

The Company received a loan of £371,000,000 from its subsidiary, RBS Corporate Investments (UK) Limited, at the interest rate of 5.44% per annum that will be payable on maturity date of 29 September 2016.

Interest due to Group undertakings represents an accrual for interest on the £371,000,000 loan from RBS Corporate Investments (UK) Limited.

NOTES TO THE FINANCIAL STATEMENTS

11. Share capital

	2015 £'000	2014 £'000
Equity shares		
Authorised:		
300,000 Ordinary Shares of £1 each	300	300
Allotted, called up and fully paid:		
300,000 Ordinary Shares of £1 each	300	300

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

12. 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 arm's length basis; they consisted solely of UK corporation tax which is separately disclosed in note 6.

Group undertakings

The Company's immediate parent company is RBS Investments Holdings (UK) Limited, a company incorporated in the UK and registered in England and Wales.

The Company's ultimate holding company is The Royal Bank of Scotland Group plc, a company incorporated in the UK. As at 31 December 2015, The Royal Bank of Scotland Group plc heads the largest and smallest group in which the Company is consolidated. Copies of the consolidated financial statements may be obtained from Corporate Governance and Secretariat, The Royal Bank of Scotland Group plc, Gogarburn, PO Box 1000, Edinburgh EH12 1HQ.