

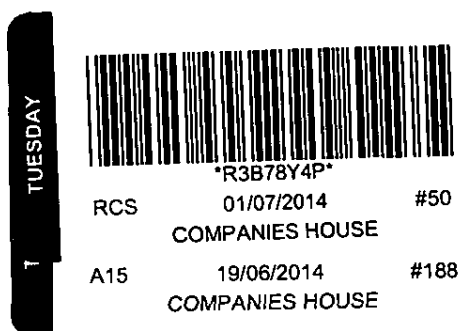
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Company Registered No: MC-135980  
Foreign Company Registered No: FC025279  
Branch Registered No: BR007635

**BLACKRIDGE FINANCE LIMITED**

**DIRECTORS' REPORT AND FINANCIAL STATEMENTS**

**For the year ended 31 December 2013**



**RBS Secretariat  
The Royal Bank of Scotland Group plc  
PO Box 1000  
Gogarburn  
Edinburgh  
EH12 1HQ**

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**OFFICERS AND PROFESSIONAL ADVISERS**

**DIRECTORS:**

P J Goodwin  
R J Lawrence

**SECRETARY:**

K L A Fernandes

**REGISTERED OFFICE:**

M&C Corporate Services Limited  
P O Box 309 GT  
Ugland House  
South Church Street  
George Town, Grand Cayman  
Cayman Islands

**Registered in Cayman Islands**

**BALANCE SHEET**  
as at 31 December 2013

	Note	2013 £'000	2012 £'000
<b>Non-current assets</b>			
Investments in Group undertakings	6	500,000	500,000
<b>Current assets</b>			
Cash at bank	10	302	302
<b>Total assets</b>		<b>500,302</b>	<b>500,302</b>
<b>Equity</b>			
Share capital	9	12	12
Share premium		503,828	503,828
Retained earnings		(3,538)	(3,538)
<b>Total equity</b>		<b>500,302</b>	<b>500,302</b>

The accompanying notes form an integral part of these financial statements

The financial statements have been prepared in accordance with Section 396 of the Companies Act 2006 applicable to overseas companies using generally accepted accounting standards in the United Kingdom

The company has taken advantage of the modifications and exemptions from disclosure that are set out in the Overseas Companies Regulations 2009, including the exemption from preparing audited financial statements

The financial statements were approved by the Board of Directors on 16<sup>th</sup> June 2014 and signed on its behalf by



R J Lawrence  
Director

**NOTES TO THE FINANCIAL STATEMENTS****1. Accounting policies****a) Presentation of financial statements**

The financial statements are prepared on a basis other than that of going concern and in accordance with the recognition and measurement principles of International Financial Reporting Standards issued by the IASB and interpretations issued by the International Financial Reporting Interpretations Committee of the IASB as adopted by the EU (together IFRS) and The Overseas Companies Regulations 2009

The financial statements have been 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 Cayman Islands

**Adoption of new accounting standards**

There are a number of changes to IFRS that were effective from 1 January 2013. They have had no material effect on the Company's financial statements for the year ended 31 December 2013.

**b) Financial assets**

On initial recognition, financial assets are classified as 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 less any impairment losses.

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) Cash and cash equivalents**

Cash and cash equivalents comprises cash and demand deposits with banks together with short-term highly liquid investments that are readily convertible to known amounts of cash and subject to insignificant risk of change in value.

**d) Accounting developments**

The Company has considered all recent IASB announcements and none of these are expected to have a material impact on the Company's accounting policies or financial statements.

**2. Statement of Comprehensive Income**

The Company has not traded during the financial year nor the preceding financial year. It received no income and incurred no expenditure and consequently has made neither a profit nor a loss. A Statement of Comprehensive Income is therefore not presented.

**3. Statement of Changes in Equity**

The Company did not trade during the financial year nor the preceding financial year. It received no income and incurred no expenditure. The Company has reserves but there has been no movement in the year. Share capital is disclosed in note 9. Consequently a Statement of Changes in Equity has not been prepared.

## NOTES TO THE FINANCIAL STATEMENTS (continued)

**4. Cash Flow Statement**

The Company did not trade during the financial year nor the preceding financial year. It received no income and incurred no expenditure. Consequently a Cash Flow Statement has not been prepared.

**5. Directors' remuneration**

No emoluments were received by the directors from the Company or any other third party for the performance of their duties (2012: £nil).

**6. Investments in Group undertakings**

Investments in Group undertakings are carried at cost less impairment.

	2013 £'000	2012 £'000
At 1 January and 31 December	500,000	500,000

The investment in group undertakings comprises 500m £1 non-voting ordinary shares in RBS Investments Holdings (UK) Limited. In the opinion of the directors, the value of the investment is not less than that stated in the financial statements.

**7. Financial instruments****Categories of financial instrument**

All financial assets are classified as loans and receivables. The Company has no financial liabilities.

There are no material differences between the carrying value and the fair value of financial instruments.

**8. Financial risk management**

The principal risk associated with the Company is operational risk.

**Operational risk**

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 Company manages this risk through systems and procedures to monitor transactions and positions, the documentation of transactions and periodic review by internal audit. The Company also maintains contingent facilities to support operations in the event of disaster.

As the Company is a holding company with no customers, it is not exposed to other risks such as market risk, interest risk, currency risk, liquidity risk or credit risk.

**9. Share capital**

	2013 £'000	2012 £'000
<b>Authorised share capital</b>		
10,000 voting ordinary shares of £1 each	10	10
5,000 non-voting ordinary shares of £1 each	5	5
5,000 fixed rate cumulative redeemable preference shares of £1 each	5	5
	<u>20</u>	<u>20</u>
<b>Issued share capital</b>		
6,810 allotted, called up and fully paid voting ordinary shares of £1 each	7	7
5,000 allotted, called up and fully paid non-voting ordinary shares of £1 each	5	5
	<u>12</u>	<u>12</u>

## NOTES TO THE FINANCIAL STATEMENTS (continued)

**10. Related Parties****UK Government**

On 1 December 2008, the UK Government through HM Treasury became the ultimate controlling party of The Royal Bank of Scotland Group plc. The UK Government's shareholding is managed by UK Financial Investments Limited, a company wholly owned by the UK Government. As a result, the UK Government and UK Government controlled bodies became related parties of the Company.

There have been no transactions between the Company and the UK Government and UK Government controlled bodies during current year or preceding year.

**Group Undertakings**

The Company's immediate parent company is Raingrove Limited, a company incorporated in United Kingdom and registered in England and Wales.

The Company's ultimate holding company is The Royal Bank of Scotland Group plc, a company incorporated in United Kingdom and registered in Scotland.

As at 31 December 2013, The Royal Bank of Scotland Group plc heads the largest and the smallest group in which the Company is consolidated. Copies of the consolidated accounts may be obtained from The Secretary, The Royal Bank of Scotland Group plc, Gogarburn, Edinburgh, EH12 1HQ.

Balances with other Group companies in the period 1 January to 31 December comprised

	<b>2013</b>	2012
<b>The Royal Bank of Scotland plc</b>	<b>£'000</b>	£'000
<b>Assets:</b>		
Cash at bank	<b>302</b>	302

**11. Post balance sheet events**

There are no significant events between the year end and the date of approval of these financial statements which would require a change to or disclosure in the financial statements.