

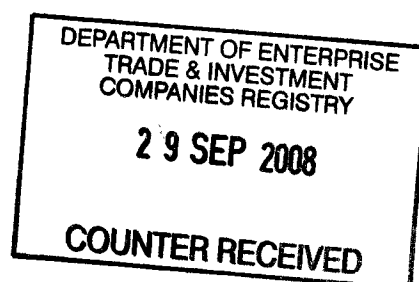


**00549249**

Registered Number: NI 21247

**ULSTER BANK INSURANCE SERVICES LIMITED**

**FINANCIAL STATEMENTS  
FOR THE YEAR ENDED  
30 NOVEMBER 2007**



# **ULSTER BANK INSURANCE SERVICES LIMITED**

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# **ULSTER BANK INSURANCE SERVICES LIMITED**

## **DIRECTORS AND OTHER INFORMATION**

### **Directors**

M Bamber  
T Breathnach  
D Peacock

### **Registered Office**

11 – 16 Donegall Square East  
Belfast  
BT1 5UB

### **Secretary**

M Mullen

### **Auditors**

Deloitte & Touche LLP  
Chartered Accountants and Registered Auditors  
19 Bedford St  
Belfast  
BT2 7EJ

### **Solicitors**

Carson McDowell  
Murray House  
Murray Street  
Belfast  
BT1 6US

### **Bankers**

Ulster Bank Limited  
11 – 16 Donegall Square East  
Belfast  
BT1 5UB

## **ULSTER BANK INSURANCE SERVICES LIMITED**

### **REPORT OF THE DIRECTORS**

The Directors of Ulster Bank Insurance Services Limited ("the Company") have pleasure in presenting their report, together with audited financial statements for the year ended 30 November 2007. The financial statements have been prepared in accordance with International Financial Reporting Standards (IFRSs).

### **ACTIVITY AND BUSINESS REVIEW**

#### **Activities**

The Company's principal activity was acting as agent in connection with the provision of insurance and certain investment related insurance services up to 29 February 1996, at which time the Company ceased writing new business and transferred its trade to its parent company Ulster Bank Limited.

#### **Review of the Year**

##### *Financial Performance*

The loss before tax of the Company was £7,000 (2006: profit before tax of £29,114). The retained loss for the year was £7,000 (2006: retained profit £20,380). The Company did not trade during the year, nor do the Directors expect that it will do so in the foreseeable future.

The Directors do not recommend the payment of a dividend.

##### *Risk Management*

The main risks associated with the Company's business are liquidity risk and operational risk. The Ulster Bank Group ("the Group"), whose policies operate in the Company, has established a comprehensive framework for managing this risk. The Group manages this risk through systems and procedures to monitor transactions and positions, the documentation of transactions and periodic review by internal audit. The Group also maintains contingency facilities to support operations in the event of disasters.

#### **Directors and Secretary**

The Directors and Secretary who held office during the year under review and at any time after the year end were:

M Bamber  
T Breathnach (appointed 30 April 2008)  
D Peacock

M Mullen (Secretary)

The current members of the Board are as shown on page 1. In accordance with the Articles of Association, the Directors do not retire by rotation.

#### **Interests of Directors and Secretary**

No Director or Secretary had at any time during the year a material interest in any contract that was significant in relation to the Company's business.

#### **Directors' Indemnities**

One Director has been granted Qualifying Third Party Indemnity Provisions (as defined in Section 234 of the Companies Act 2006) by the Royal Bank of Scotland ("RBS").

#### **Books of Account**

The measures taken by the Directors to ensure compliance with the Company's obligation to keep proper books of account are the use of appropriate systems and procedures and employment of competent persons. The books of account are located at the Company's registered office.

**ULSTER BANK INSURANCE SERVICES LIMITED**

**REPORT OF THE DIRECTORS (continued)**

**Events since the year end**

The Directors consider the state of affairs of the Company to be satisfactory and there has been no material change since the balance sheet date.

**Auditors**

Deloitte & Touche LLP have expressed their willingness to continue in office as auditors.

By Order of the Board

  
Secretary

11-16 Donegall Square East  
Belfast  
BT1 5UB

12 June 2008

## **ULSTER BANK INSURANCE SERVICES LIMITED**

### **STATEMENT OF DIRECTORS' RESPONSIBILITIES**

The Directors are required by the Companies (Northern Ireland) Order 1986 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 those 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 Companies (Northern Ireland) Order 1986. 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.

The Directors confirm that these financial statements comply with the aforementioned requirements.

By Order of the Board



Secretary

11-16 Donegall Square East  
Belfast  
BT1 5UB

12 June 2008

## **ULSTER BANK INSURANCE SERVICES LIMITED**

### **INDEPENDENT AUDITORS' REPORT TO THE MEMBERS OF ULSTER BANK INSURANCE SERVICES LIMITED**

We have audited the financial statements of Ulster Bank Insurance Services Limited ("the Company") for the year ended 30 November 2007 which comprise the Statement of Accounting Policies, the Income Statement, the Balance Sheet, the Cashflow Statement and the related Notes 1 to 12. These financial statements have been prepared under the accounting policies set out in the statement of accounting policies.

This report is made solely to the Company's members, as a body, in accordance with Article 243 of the Companies (Northern Ireland) Order 1986. 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 Director's responsibilities for preparing the financial statements in accordance with applicable law and International Financial Reporting Standards (IFRSs) as adopted for use in the European Union are set out in the Statement of Directors' Responsibilities.

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 (Northern Ireland) Order 1986. We also report to you if, in our opinion, the Directors' Report is not 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.

**ULSTER BANK INSURANCE SERVICES LIMITED**

**INDEPENDENT AUDITORS' REPORT TO THE MEMBERS OF ULSTER BANK INSURANCE SERVICES LIMITED (continued)**

**Opinion**

In our opinion

- the financial statements give a true and fair view, in accordance with IFRSs as adopted by the European Union, of the state of the Company's affairs as at 30 November 2007 and of its loss for the year then ended; and
- the financial statements have been properly prepared in accordance with the Companies (Northern Ireland) Order 1986, and
- the information given in the Directors' Report is consistent with the financial statements.



Deloitte & Touche LLP  
Chartered Accountants and Registered Auditors  
Belfast, United Kingdom

12 June 2008

## **ULSTER BANK INSURANCE SERVICES LIMITED**

### **STATEMENT OF ACCOUNTING POLICIES**

#### **1. Statement of compliance**

The financial statements have been prepared in accordance with International Financial Reporting Standards (IFRS) as adopted by the European Union, and interpretations issued by the International Financial Reporting Interpretations Committee (IFRIC) of the International Accounting Standards Board (IASB).

The Company has adopted IFRS 7 'Financial Instruments Disclosures' for the accounting period beginning 1 December 2006. This has not caused a restatement of the results, cash flows or financial position of the Company.

#### **2. Accounting convention**

The Company is incorporated and registered in Northern Ireland.

The financial statements have been prepared on the historical cost basis.

#### **3. Revenue recognition**

Interest income is determined using the effective interest rate method. The effective interest rate 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.

#### **4. Foreign currencies**

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

#### **5. Taxation**

Provision is made for taxation at current enacted rates on taxable profits, arising in income or in equity, taking into account relief for overseas taxation where appropriate. 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, except in relation to overseas earnings where remittance is controlled by the Company.

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

#### **6. Financial assets**

Financial assets comprise cash and cash equivalents, which consist of amounts lent to group companies 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 less any impairment losses.

#### **7. Capital**

The Company is a member of a group with regulatory disciplines over the use of its capital. The Company is not regulated.

## **ULSTER BANK INSURANCE SERVICES LIMITED**

### **STATEMENT OF ACCOUNTING POLICIES (continued)**

#### **Accounting Developments**

##### *International Financial Reporting Standards*

The Company has considered revisions to international accounting standards (IAS 23: Borrowing Costs; IAS1: Presentation of Financial Statements; IFRS3: Business Combinations and IAS 27: Consolidated and Separate Financial Statements) and new interpretations (IFRIC 13: Customer Loyalty Programmes and IFRIC 14: The Limit on a Defined Benefit Asset, Minimum Funding Requirement and their Interaction) issued during the year and has concluded these will not have a material effect on the Company.

## ULSTER BANK INSURANCE SERVICES LIMITED

### INCOME STATEMENT

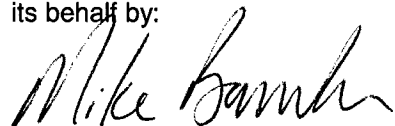
for the year ended 30 November 2007

	Notes	2007 £	2006 £
Net interest income		(7,000)	29,114
<b>(Loss)/profit before taxation</b>	1	<b>(7,000)</b>	29,114
Tax	3	-	(8,734)
<b>(Loss)/profit after tax for the year</b>		<b>(7,000)</b>	20,380
<b>(Loss)/profit attributable to:</b>			
Ordinary shareholders	6	(7,000)	20,380
<b>Retained (loss)/profit for the year</b>		<b>(7,000)</b>	20,380

There were no other recognised income or expenses in the financial year or the preceding financial year other than those dealt with in the income statement, therefore a statement of recognised income and expense is not presented.

The notes on pages 12 to 15 form an integral part of these financial statements.

These financial statements were approved by the Board of Directors on 12 June 2008 and signed on its behalf by:



Director

## ULSTER BANK INSURANCE SERVICES LIMITED

### BALANCE SHEET

as at 30 November 2007

	Notes	2007 £	2006 £
<b>Current assets</b>			
Cash and cash equivalents	4	596,217	603,217
<b>Total assets</b>		<b>596,217</b>	<b>603,217</b>
<b>Current liabilities</b>			
Current taxation		-	8,734
Amounts due to group undertakings		25,495	16,761
<b>Total liabilities</b>		<b>25,495</b>	<b>25,495</b>
<b>Net assets</b>		<b>570,722</b>	<b>577,722</b>
<b>Equity</b>			
Called up share capital	5	100,000	100,000
Reserves	6	470,722	477,722
<b>Total equity</b>		<b>570,722</b>	<b>577,722</b>

These financial statements were approved by the Board of Directors on 12 June 2008 and signed on its behalf by:



Director

# **ULSTER BANK INSURANCE SERVICES LIMITED**

## **CASH FLOW STATEMENT**

*for the year ended 30 November 2007*

	Notes	2007 £	2006 £
<b>Operating activities</b>			
(Loss)/profit before taxation		(7,000)	29,114
<i>Adjustments for:</i>			
Non-cash items		-	-
<b>Net cash (outflow)/inflow from operating activities</b>		<b>(7,000)</b>	<b>29,114</b>
Changes in operating assets and liabilities		-	-
<b>Net cash flows from operating activities before tax</b>		<b>(7,000)</b>	<b>29,114</b>
Taxes paid		-	-
<b>Cash flow from operating activities after tax</b>		<b>(7,000)</b>	<b>29,114</b>
<b>Cash flow from investing activities</b>		<b>-</b>	<b>-</b>
<b>Cash flow from financing activities</b>	7	<b>-</b>	<b>-</b>
<b>Net (decrease)/ increase in cash and cash equivalents</b>		<b>(7,000)</b>	<b>29,114</b>
Cash and cash equivalents 1 December		<b>603,217</b>	<b>574,103</b>
Cash and cash equivalents 30 November	8	<b>596,217</b>	<b>603,217</b>

## ULSTER BANK INSURANCE SERVICES LIMITED

### NOTES TO THE FINANCIAL STATEMENTS - for the year ended 30 November 2007

#### 1. (Loss)/profit before taxation

	2007 £	2006 £
<b>Interest</b>		
Interest on amounts due (to)/from parent undertaking	(7,000)	29,114
<b>Net interest (expense)/income</b>	<b>(7,000)</b>	<b>29,114</b>

The auditors' remuneration for statutory audit work was borne by Ulster Bank Limited.

The Company has no employees.

#### 2. Emoluments of Directors

There were no emoluments paid by this Company to the Directors of the Company.

#### 3. Taxation on (loss)/profit

	2007 £	2006 £
<b>Current taxation</b>		
United Kingdom Corporation tax at 30% (2006: 30%) for the year	-	8,734
(Over)/under provision for prior years	-	-
<b>Total current taxation</b>	<b>-</b>	<b>8,734</b>
<b>Deferred taxation charge</b>		
Charge for the year	-	-
(Over)/under provision for prior years	-	-
<b>Tax charge for the year</b>	<b>-</b>	<b>8,734</b>

The actual tax charge differs from the expected tax charge computed by applying the standard rate of UK Corporation tax of 30% as follows:

	2007 £	2006 £
<b>Tax on (loss)/profit at the standard rate of UK Corporation tax (expected tax charge)</b>	<b>(2,100)</b>	<b>8,734</b>
<i>Factors affecting the charge for the year:</i>		
Other reconciling items	2,100	-
<b>Actual tax charge for the year</b>	<b>-</b>	<b>8,734</b>

The effective tax rate for the year was nil % (2006: 30%)

# ULSTER BANK INSURANCE SERVICES LIMITED

## NOTES TO THE FINANCIAL STATEMENTS - for the year ended 30 November 2007

### 4. Cash and cash equivalents

Financial instruments comprise cash and cash equivalents being amounts due from the parent company of £596,217 (2006: £603,217). These balances are repayable on demand.

There is no material difference between the carrying value and fair value of financial instruments.

### 5. Called up share capital

	Allotted, called up and fully paid		Authorised	
	2007 £	2006 £	2007 £	2006 £
<b>Equity shares</b>				
Ordinary shares of £1 each	100,000	100,000	100,000	100,000
<b>Total share capital</b>	<b>100,000</b>	<b>100,000</b>	<b>100,000</b>	<b>100,000</b>

Number of shares	Allotted, called up and fully paid		Authorised	
	2007	2006	2007	2006
<b>Equity shares</b>				
Ordinary shares of £1 each	100,000	100,000	100,000	100,000
<b>Total share capital</b>	<b>100,000</b>	<b>100,000</b>	<b>100,000</b>	<b>100,000</b>

### 6. Reserves

	2007 £	2006 £
<b>Profit and loss account</b>		
At 1 December	477,722	457,342
(Loss)/profit attributable to ordinary shareholders	(7,000)	20,380
At 30 November	470,722	477,722
<b>Closing shareholders' equity reserves</b>	<b>470,722</b>	<b>477,722</b>

# ULSTER BANK INSURANCE SERVICES LIMITED

## NOTES TO THE FINANCIAL STATEMENTS - for the year ended 30 November 2007

### 7. Analysis of changes in financing during the year

	Share capital	
	2007	2006
	£	£
At 1 December	100,000	100,000
Net cash inflow from financing	-	-
At 30 November	100,000	100,000

### 8. Analysis of cash and cash equivalents

	2007	2006
	£	£
At 1 December	603,217	574,103
Net cash inflow	(7,000)	29,114
At 30 November	596,217	603,217

### 9. Related party transactions

During the year the Company had the following transactions with related parties:

#### Directors and key managers

There were no transactions between the Company and its Directors, key managers, their close families and companies which they control.

#### Other

Included in the Company's balance sheet are the following balances with related parties:

	2007	2006
	£	£
Parent	596,217	603,217
	596,217	603,217
<b>Liabilities</b>		
Parent	25,495	25,495
	25,495	25,495

### 10. Holding companies

The smallest and largest groups in which the financial statements of the Company are consolidated are Ulster Bank Limited (incorporated in Northern Ireland) and The Royal Bank of Scotland Group plc (incorporated in Great Britain and registered in Scotland) respectively. The financial statements of Ulster Bank Limited are available to the public and may be obtained from The Secretary at 11-16 Donegall Square East, Belfast, BT1 5UB. The financial statements of The Royal Bank of Scotland Group plc are available to the public and may be obtained from The Secretary at Gogarburn, Edinburgh, EH12 1HQ.

## **ULSTER BANK INSURANCE SERVICES LIMITED**

### **NOTES TO THE FINANCIAL STATEMENTS** - *for the year ended 30 November 2007*

#### **11. Post balance sheet note**

There have been no significant events between the year end and the date of approval of the financial statements which would require a change or additional disclosure in the accounts.

#### **12. Date of approval**

The financial statements were approved by the Board of Directors on 12 June 2008.