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Registered Number: NI 21247



**ULSTER BANK INSURANCE SERVICES LIMITED**

**FINANCIAL STATEMENTS  
FOR THE YEAR ENDED  
30 NOVEMBER 2008**

# 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**

E Dignam

### **Auditors**

Deloitte & Touche  
Chartered Accountants and Registered Auditors  
Deloitte & Touche House  
Earlsfort Terrace  
Dublin 2

### **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 2008. The financial statements have been prepared in accordance with International Financial Reporting Standards (IFRSs).

## ACTIVITIES AND BUSINESS REVIEW

### **Activity**

The Company's principal activity was acting as agent in connection with the provision of insurance and certain investment related insurance services.

### **Review of the year**

#### *Business review*

The Company did not trade during the year under review, nor do the Directors expect that it will do so in the foreseeable future.

It is the intention of the Board of Directors to wind up the Company within the next 12 months. For this reason the Company has changed its basis of preparation of the financial statements from the going concern basis to the break-up basis.

#### *Financial Performance*

The Company's financial performance is presented in the Income Statement on page 7. The profit after taxation for the year was £1 (2007: loss £7,000).

The Directors recommend a dividend to be paid out of reserves on ordinary shares to Ulster Bank Limited and RBS Group Insurance Services Limited ("GIS") on 1 September 2008 of £240,057 and £230,643 respectively (2007: £nil).

On 20 October 2008 the 49% shareholding in the Company held by GIS was transferred to The Royal Bank of Scotland Group plc. The company's immediate parent company, Ulster Bank Limited, continues to hold the remaining 51% shareholding.

### **Directors and Secretary**

The names of the current members of the Board of Directors are shown on page 1. From 1 December 2008 to date the following changes have taken place:

	<u>Appointed</u>	<u>Resigned</u>
<u>Directors</u>		
T Breathnach	30 April 2008	
<u>Secretary</u>		
M Mullen		1 May 2009
E Dignam	1 May 2009	

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.

## **ULSTER BANK INSURANCE SERVICES LIMITED**

### **REPORT OF THE DIRECTORS (continued)**

#### **Directors' Indemnities**

No Directors have been granted Qualifying Third Party Indemnity Provisions (as defined in Section 234 of the Companies Act 2006) by The Royal Bank of Scotland Group plc ("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.

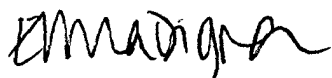
#### **Events since the year end**

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**

On 23 June 2009, Deloitte & Touche LLP resigned as Auditors to the Company. Deloitte & Touche, Dublin, were appointed in their place and have indicated their willingness to continue in office.

By Order of the Board:



11-16 Donegall Square East  
Belfast  
BT1 5UB

23 July 2009

## ULSTER BANK INSURANCE SERVICES LIMITED

### STATEMENT OF DIRECTORS' RESPONSIBILITIES

Company law required the Directors to prepare a Directors' report and financial statements for each financial year and have elected to prepare them in accordance with IFRS, as adopted by the European Union ("EU"). 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; 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:



11-16 Donegall Square East  
Belfast  
BT1 5UB

23 July 2009

## **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 2008 which comprise the Income Statement, the Balance Sheet, the Cash Flow Statement, the Accounting Policies and the related Notes 1 to 14. These financial statements have been prepared under the accounting policies set out therein.

This report is made solely to the Company's members, as a body, in accordance with Section 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 Directors are responsible for preparing the financial statements, as set out in the Statement of Directors' Responsibilities, in accordance with applicable law and International Financial Reporting Standards (IFRSs) as adopted by the European Union.

Our responsibility, as independent auditor, 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, in accordance with IFRSs as adopted by the European Union, and are properly prepared in accordance with Northern Ireland statute comprising the Companies (Northern Ireland) Order 1986. We also report to you whether in our opinion: proper books of account have been kept by the Company; and whether the information given in the Directors' Report is consistent with the financial statements. In addition, we state whether we have obtained all information and explanations necessary for the purposes of our audit and whether the Company's balance sheet and income statement are in agreement with the books of account.

We also report to you if, in our opinion, any information specified by law regarding directors' remuneration and directors' transactions is not disclosed and, where practicable, include such information in our report.

We read the Directors' Report and consider the implications for our report if we become aware of any apparent misstatement within it. Our responsibilities do not extend to other information.

#### **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 Company's circumstances, 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 evaluated the overall adequacy of the presentation of information in the financial statements.

#### ***Preparation of financial statements on basis other than going concern***

Without qualifying our opinion, we draw your attention to the accounting policies which indicate that it is the intention of the directors to wind up the Company. As a result, the Company has changed its basis of preparation from the going concern basis to the break-up basis.

## 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 affairs of the Company as at 31 December 2008 and of the result for the year then ended;
- have been properly prepared in accordance with the Companies (Northern Ireland) Order; and
- the information given in the Directors' Report is consistent with the financial statements.

*Deloitte Touche*

Chartered Accountants and Registered Auditors  
Dublin

23 July 2009



**ULSTER BANK INSURANCE SERVICES LIMITED****INCOME STATEMENT** *for the year ended 30 November 2008*

	Note	2008 £	2007 £
<b>Net interest expense</b>		-	(7,000)
<b>Operating loss before tax</b>		-	(7,000)
Tax	4	1	-
<b>Profit/(loss) after tax for the year</b>		<u>1</u>	<u>(7,000)</u>
<b>Profit/(loss) attributable to:</b>			
Ordinary shareholders		1	(7,000)
<b>Retained profit/(loss) for the year</b>		<u>1</u>	<u>(7,000)</u>

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.

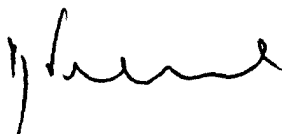
The notes on pages 12 to 15 form an integral part of these financial statements.

**ULSTER BANK INSURANCE SERVICES LIMITED****BALANCE SHEET** *as at 30 November 2008*

	Note	2008 £	2007 £
<b>Assets</b>			
Cash and cash equivalents	6	100,023	596,217
<b>Total assets</b>		<b>100,023</b>	<b>596,217</b>
<b>Liabilities</b>			
Current taxation		-	25,495
<b>Total liabilities</b>		<b>-</b>	<b>25,495</b>
<b>Shareholder's equity:</b>			
Called up share capital	7	100,000	100,000
Reserves	8	23	470,722
<b>Total equity</b>		<b>100,023</b>	<b>570,722</b>
<b>Total liabilities and equity</b>		<b>100,023</b>	<b>596,217</b>

These financial statements were approved by the Board of Directors on 23 July 2009 and signed on its behalf by:

Director



# ULSTER BANK INSURANCE SERVICES LIMITED

## CASH FLOW STATEMENT *for the year ended 30 November 2008*

	Note	2008 £	2007 £
<b>Operating activities</b>			
Operating loss before tax	1	-	(7,000)
<b>Net cash flow from trading activities</b>		-	(7,000)
<b>Net cash flows from operating activities before tax</b>		-	(7,000)
Taxes paid		(25,494)	-
<b>Net cash flow from operating activities</b>		(25,494)	(7,000)
<b>Financing activities</b>			
Dividends paid	5	(470,700)	-
<b>Net cash flow from financing activities</b>		(470,700)	-
<b>Net decrease in cash and cash equivalents</b>		(496,194)	(7,000)
Cash and cash equivalents 1 December		596,217	603,217
Cash and cash equivalents 30 November	10	<u>100,023</u>	<u>596,217</u>

# **ULSTER BANK INSURANCE SERVICES LIMITED**

## **ACCOUNTING POLICIES**

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

The financial statements are prepared in accordance with International Financial Reporting Standards ("IFRS") as adopted by the EU, and interpretations issued by the International Financial Reporting Interpretations Committee ("IFRIC") of the International Accounting Standards Board ("IASB"). The Company's financial statements are presented in accordance with the Companies (Northern Ireland) Order 1986.

### **2. Accounting convention**

The Company is incorporated and registered in Northern Ireland.

It is the intention of the Board of Directors to wind up the Company within the next 12 months. As required by International Accounting Standards ("IAS") 1 'Presentation of Financial Statements', the directors have prepared the financial statements on the break-up basis and not on the basis of a going concern.

The financial statements are 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**

### **ACCOUNTING POLICIES (continued)**

#### **Accounting Developments**

##### **International Financial Reporting Standards**

The Company has considered revisions to IFRS and International Accounting Standards ("IAS") (IFRS 8: Operating Segments; IAS 39: Financial Instruments: Recognition and Measurement; IAS 32: Financial Instruments: Presentation; IFRS 1: First-time Adoption of International Financial Reporting Standards; IAS 27: Consolidated and Separate Financial Statements; IFRS 5: Non-Current Assets Held for Sale and Discontinued Operations) and new interpretations (IFRIC 15: Agreements for the Construction of Real Estate; IFRIC 16: Hedges of a Net Investment in a Foreign Operation; IFRIC 17: Distributions of Non-Cash Assets to Owners and IFRIC 18: Transfers of Assets from Customers) issued during the year and has concluded these will not have a material effect on the Company.

# ULSTER BANK INSURANCE SERVICES LIMITED

## NOTES TO THE FINANCIAL STATEMENTS - for the year ended 30 November 2008

### 1. Net interest expense

	2008 £	2007 £
<b>Interest</b>		
Interest on amounts due to parent undertaking	-	(7,000)
<b>Net interest expense</b>	<u>-</u>	<u>(7,000)</u>

### 2. Operating expenses

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

The Company has no employees.

### 3. Emoluments of Directors

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

### 4. Tax

	2008 £	2007 £
<b>Current taxation</b>		
United Kingdom Corporation tax at 28.5% (2007: 30%) for the year	-	-
Over provision in prior year	(1)	-
<b>Total current taxation</b>	<u>(1)</u>	<u>-</u>

The main rate of United Kingdom corporation tax was changed as part of the 2007 Finance Act. The fall from 30% to 28% was effective from 1 April 2008. The 2008 rate is therefore calculated as 28.5% (30% January to March, 28% April to December).

The actual tax charge differs from the expected tax charge computed by applying the average United Kingdom corporation tax rate of 28.5% (2007: 30%) as follows:

	2008 £	2007 £
<b>Loss before tax</b>	-	(7,000)
<b>Expected tax credit</b>	-	(2,100)
<b>Factors affecting the charge for the year:</b>		
Non-deductibles	-	2,100
Over provision in prior year	(1)	-
<b>Actual tax credit for the year</b>	<u>(1)</u>	<u>-</u>

The effective tax rate for the year was £nil (2007: £nil)

# ULSTER BANK INSURANCE SERVICES LIMITED

## NOTES TO THE FINANCIAL STATEMENTS - for the year ended 30 November 2008

### 5. Dividends paid on ordinary shares

	2008 £	2007 £
Dividend declared and paid on ordinary shares (2008: £4.707 2007: £nil per share)	470,700	-

### 6. Cash and cash equivalents

Financial instruments comprise cash and cash equivalents being amounts due from the parent company of £100,023 (2007: £596,217). These balances are repayable on demand.

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

### 7. Called up share capital

	Allotted, called up and fully paid		Authorised	
	2008 £	2007 £	2008 £	2007 £
<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>

	Allotted, called up and fully paid		Authorised	
	2008	2007	2008	2007
<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>

### 8. Reserves

	2008 £	2007 £
<b>Profit and loss account</b>		
At 1 December	470,722	477,722
Tax over provision in prior year	1	-
Ordinary dividend paid	(470,700)	(7,000)
<b>At 30 November</b>	<b>23</b>	<b>470,722</b>

# ULSTER BANK INSURANCE SERVICES LIMITED

## NOTES TO THE FINANCIAL STATEMENTS - for the year ended 30 November 2008

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

	Share capital	
	2008	2007
	£	£
At 1 December and 30 November	<b>100,000</b>	100,000

### 10. Analysis of cash and cash equivalents

	2008	2007
	£	£
At 1 December	<b>596,217</b>	603,217
Net cash outflow	<b>(496,194)</b>	(7,000)
At 30 November	<b>100,023</b>	596,217

### 11. Related parties

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 Group.

The Company did not enter into any transactions with the UK Government or UK Government controlled bodies during the period 1 to 31 December 2008.

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

	2008	2007
	£	£
<b>Assets</b>		
Parent	<b>100,023</b>	596,217
	<b>100,023</b>	596,217
<b>Liabilities</b>		
Parent	-	25,495
	-	25,495



## **ULSTER BANK INSURANCE SERVICES LIMITED**

### **NOTES TO THE FINANCIAL STATEMENTS** - for the year ended 30 November 2008

#### **12. Ultimate Parent Company**

The Company's immediate parent company is Ulster Bank Limited.

The Company's ultimate holding company and the parent of the largest group into which the Company is consolidated, is The Royal Bank of Scotland Group plc which is incorporated in Great Britain and registered in Scotland. Copies of the financial statements for The Royal Bank of Scotland Group plc can be obtained from The Royal Bank of Scotland Group plc, Gogarburn, Edinburgh, EH12 1HQ.

The smallest subgroup into which the Company is consolidated is Ulster Bank Limited, a company incorporated in Northern Ireland. The financial statements for Ulster Bank Limited can be obtained from The Secretary at 11-16 Donegall Square East, Belfast, BT1 5UB.

#### **13. Post balance sheet note**

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 Group.

#### **14. Date of approval**

The financial statements were approved by the Board of Directors on 23 July 2009.