Company Registered No: SC046694

RBS COLLECTIVE INVESTMENT FUNDS LIMITED

ANNUAL REPORT AND AUDITED FINANCIAL STATEMENTS

For the year ended 31 December 2017

RBS COLLECTIVE INVESTMENT FUNDS LIMITED **SC046694**

CONTENTS

	Page
OFFICERS AND PROFESSIONAL ADVISERS	1
STRATEGIC REPORT	2
DIRECTORS' REPORT	5
INDEPENDENT AUDITOR'S REPORT	6
PROFIT AND LOSS ACCOUNT	9
BALANCE SHEET	10
STATEMENT OF CHANGES IN EQUITY	11
NOTES TO THE FINANCIAL STATEMENTS	12

OFFICERS AND PROFESSIONAL ADVISERS

DIRECTORS:	D B Anderson P B Hunt I M B McLaughlin
COMPANY SECRETARY:	M A Tait
REGISTERED OFFICE:	24/25 St Andrew Square Edinburgh Scotland EH2 1AF
INDEPENDENT AUDITOR:	Ernst & Young LLP Chartered Accountants and Statutory Auditor Atria One 144 Morrison Street Edinburgh EH3 8EX

Registered in Scotland

STRATEGIC REPORT

The directors of RBS Collective Investment Funds Limited ("the Company") present their annual report together with the audited financial statements for the year ended 31 December 2017.

ACTIVITIES AND BUSINESS REVIEW

Principal activity

The principal activity of the Company continues to be acting as the Authorised Corporate Director of RBS Investment Funds ICVC, RBS Investment Options ICVC and RBS Stakeholder Investment Fund ICVC.

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 report of RBS reviews these matters on a group basis. Copies can be obtained from RBS Secretariat, The Royal Bank of Scotland Group plc, PO Box 1000, Gogarburn, Edinburgh, EH12 1HQ, the Registrar of Companies or through the RBS website 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. On 25th August 2017, YourPortfolio funds (sub-funds of RBS Investment Options ICVC) merged with Standard Life Investments' Myfolio funds. Under the terms of merger, Standard Life Investments waived fees of £1,830k due to them under the investment management agreement.

With effect from 22 July 2014, the Company was classified as an Alternative Investment Fund Manager under the Alternative Investment Fund Manager Directive ("AIFMD").

In line with the requirements of Alternative Investment Fund Managers Directive (AIFMD), RBS Collective Investment Funds Limited is subject to a remuneration policy which is consistent with the principles outlined in the European Securities and Markets Authority guidelines on sound remuneration policies. The remuneration policies are designed to ensure that any relevant conflicts of interest can be managed appropriately at all times, and that the remuneration of senior staff is in line with the risk policies and objectives of the Alternative Investment Funds (AIFs) it manages.
Up-to-date details of the Remuneration Policy are available at:
http://personal.rbs.co.uk/personal/investments/existingcustomers/Key_Customer_Documents.html
and
http://personal.natwest.com/personal/investments/existingcustomers/Key_Customer_Documents.html.

FINANCIAL PERFORMANCE

The Company's financial performance is presented in the Profit and Loss Account on page 9.

Total income decreased by £1,559k (2016: £114k) and operating expenses decreased by £1,468k (2016: £2,867k).

The operating profit before taxation for the year was £31,413k (2016: £31,504k). The profit for the year was £25,364k (2016: £25,204k).

At the end of the year, total assets were £52,816k (2016: £54,271k) and shareholder's funds were £35,364k (2016: £35,204k).

Dividends

The directors declared and paid a final dividend of £25,204k (2016: £44,839k).

STRATEGIC REPORT

PRINCIPAL RISKS AND UNCERTAINTIES

The Company seeks to minimise and /or manage its exposure to financial risk.

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 Company is funded by facilities from The Royal Bank of Scotland Group plc. These are denominated in Sterling which is the functional currency and carry no significant financial risk.

The principal risks associated with the Company are as follows:

Interest rate risk
Structural interest rate risk arises where assets and liabilities have different re-pricing maturities.

The Company manages interest rate risk by monitoring the consistency in the interest rate profile of its assets and liabilities and limiting any re-pricing mismatches.

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

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. The objective of credit risk management is to enable the Company to achieve appropriate risk versus reward performance whilst maintaining credit risk exposure in line with the Company's risk appetite.

The Company's exposure to credit risk is limited to cash amounts held in facilities offered with other banks. These facilities are either immediate access facilities or recoverable with one month's notice. The credit ratings of counterparty banks are monitored for compliance with The Royal Bank of Scotland Group's credit risk management framework.

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.

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.

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.

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.

STRATEGIC REPORT

DIRECTORS' RESPONSIBILITIES STATEMENT

The directors are responsible for preparing the annual report and the financial statements in accordance with applicable law 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' INDEMNITIES

The Royal Bank of Scotland Group plc has indemnified all of the directors under the qualifying third party terms.

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

P B Hunt
Director
Date: 16th April 2018

DIRECTORS' REPORT

The Strategic report includes the review of the year, risk report, disclosure of information to auditors, and directors' indemnities.

DIRECTORS AND COMPANY SECRETARY

The present directors and company secretary, who have served throughout the year except where noted below, are listed on page 1.

From 1 January 2017 to date the following changes have taken place;

	Appointed	Resigned
Director		
B McCrindle	-	29 December 2017

INDEPENDENT AUDITOR

Ernst & Young LLP has expressed its willingness to continue in office as auditor.

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

P B Hunt
Director
Date: 16th April 2018

INDEPENDENT AUDITOR'S REPORT TO THE MEMBERS OF RBS COLLECTIVE INVESTMENT FUNDS LIMITED

Opinion

We have audited the financial statements of RBS Collective Investment Funds Limited for the year ended 31 December 2017 which comprise the Profit and Loss Account, the Balance Sheet, the Statement of changes in equity and the related notes 1 to 21, including a summary of significant accounting policies. The financial reporting framework that has been applied in their preparation is applicable law and United Kingdom Accounting Standards including FRS 101 "Reduced Disclosure Framework (United Kingdom Generally Accepted Accounting Practice).

In our opinion, the financial statements:

- give a true and fair view of the company's affairs as at 31 December 2017 and of its profit for the year then ended;
- have been properly prepared in accordance with United Kingdom Generally Accepted Accounting Practice; and
- have been prepared in accordance with the requirements of the Companies Act 2006.

Basis for opinion

We conducted our audit in accordance with International Standards on Auditing (UK) (ISAs (UK)) and applicable law. Our responsibilities under those standards are further described in the Auditor's responsibilities for the audit of the financial statements section of our report below. We are independent of the company in accordance with the ethical requirements that are relevant to our audit of the financial statements in the UK, including the FRC's Ethical Standard, and we have fulfilled our other ethical responsibilities in accordance with these requirements.

We believe that the audit evidence we have obtained is sufficient and appropriate to provide a basis for our opinion.

Use of our report

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.

Conclusions relating to going concern

We have nothing to report in respect of the following matters in relation to which the ISAs (UK) require us to report to you where:

- the directors' use of the going concern basis of accounting in the preparation of the financial statements is not appropriate; or
- the directors have not disclosed in the financial statements any identified material uncertainties that may cast significant doubt about the company's ability to continue to adopt the going concern basis of accounting for a period of at least twelve months from the date when the financial statements are authorised for issue.

Other information

The other information comprises the information included in the annual report, other than the financial statements and our auditor's report thereon. The directors are responsible for the other information.

Our opinion on the financial statements does not cover the other information and, except to the extent otherwise explicitly stated in this report, we do not express any form of assurance conclusion thereon.

In connection with our audit of the financial statements, our responsibility is to read the other information and, in doing so, consider whether the other information is materially inconsistent with the financial statements or our knowledge obtained in the audit or otherwise appears to be materially misstated. If we identify such material inconsistencies or apparent material misstatements, we are required to determine whether there is a material misstatement in the financial statements or a material misstatement of the other information. If, based on the work we have performed, we conclude that there is a material misstatement of the other information, we are required to report that fact.

We have nothing to report in this regard.

Opinions on other matters prescribed by the Companies Act 2006

In our opinion, based on the work undertaken in the course of the audit:

- the information given in the strategic report and the directors' report for the financial year for which the financial statements are prepared is consistent with the financial statements; and

- the strategic report and directors' report have been prepared in accordance with applicable legal requirements.

Matters on which we are required to report by exception

In the light of the knowledge and understanding of the company and its environment obtained in the course of the audit, we have not identified material misstatements in the strategic report or directors' report.

We have nothing to report in respect of the following matters in relation to which 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.

Responsibilities of directors

As explained more fully in the directors' responsibilities statement set out on page 4, the directors are responsible for the preparation of the financial statements and for being satisfied that they give a true and fair view, and for such internal control as the directors determine is necessary to enable the preparation of financial statements that are free from material misstatement, whether due to fraud or error.

In preparing the financial statements, the directors are responsible for assessing the company's ability to continue as a going concern, disclosing, as applicable, matters related to going concern and using the going concern basis of accounting unless the directors either intend to liquidate the company or to cease operations, or have no realistic alternative but to do so.

INDEPENDENT AUDITOR'S REPORT TO THE MEMBERS OF RBS COLLECTIVE INVESTMENT FUNDS LIMITED

Auditor's responsibilities for the audit of the financial statements

Our objectives are to obtain reasonable assurance about whether the financial statements as a whole are free from material misstatement, whether due to fraud or error, and to issue an auditor's report that includes our opinion. Reasonable assurance is a high level of assurance, but is not a guarantee that an audit conducted in accordance with ISAs (UK) will always detect a material misstatement when it exists. Misstatements can arise from fraud or error and are considered material if, individually or in the aggregate, they could reasonably be expected to influence the economic decisions of users taken on the basis of these financial statements.

A further description of our responsibilities for the audit of the financial statements is located on the Financial Reporting Council's website at https://www.frc.org.uk/auditorsresponsibilities. This description forms part of our auditor's report.

Ernst + Young LLP.

David Reeves (Senior statutory auditor)
for and on behalf of Ernst & Young LLP, Statutory Auditor
Edinburgh, United Kingdom
16th April 2018

PROFIT AND LOSS ACCOUNT
for the year ended 31 December 2017

Continuing operations	Note	2017 £'000	2016 £'000
Interest receivable		**48**	32
Net interest income	**3**	**48**	32
Fees and commissions receivable		**45,768**	47,443
Fees and commissions payable		**(1,437)**	(1,537)
Non-interest income		**44,331**	45,906
Total income		**44,379**	45,938
Operating expenses	**4**	**(12,966)**	(14,434)
Profit on ordinary activities before tax		**31,413**	31,504
Tax charge	**6**	**(6,049)**	(6,300)
Profit and total comprehensive income for the year		**25,364**	25,204

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

BALANCE SHEET
as at 31 December 2017

	Note	2017 £'000	2016 £'000
Current assets			
Trade and other receivables	**9**	**4,671**	5,096
Investments - designated as at fair value	**8**	**330**	456
Amounts due from group undertakings	**10**	**28,448**	36,091
Prepayments, accrued income and other assets	**11**	**3,662**	4,653
Cash at bank	**12**	**15,705**	7,975
Total assets		**52,816**	54,271
Creditors: amounts falling due within one year			
Trade and other payables	**13**	**4,022**	3,992
Current tax liabilities		**6,029**	6,332
Amounts due to group undertakings	**14**	**2,888**	2,860
Accruals, deferred income and other liabilities	**15**	**4,513**	5,793
Provisions for liabilities	**16**	**-**	90
Total liabilities		**17,452**	19,067
Equity: capital and reserves			
Called-up share capital	**19**	**10,000**	10,000
Profit and loss account		**25,364**	25,204
Total shareholders' funds		**35,364**	35,204
Total liabilities and shareholders' funds		**52,816**	54,271

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

The financial statements of the Company were approved by the Board of Directors and authorised for issue on 16th April 2018 and signed on its behalf by:

P B Hunt
Director

STATEMENT OF CHANGES IN EQUITY
for the year ended 31 December 2017

	Share capital £'000	Profit and loss account £'000	Total £'000
At 1 January 2016	10,000	44,839	54,839
Profit for the year	-	25,204	25,204
Dividends paid	-	(44,839)	(44,839)
At 31 December 2016	10,000	25,204	35,204
Profit for the year	-	25,364	25,364
Dividends paid	-	(25,204)	(25,204)
At 31 December 2017	**10,000**	**25,364**	**35,364**

Total comprehensive income for the year of £25,364k (2016: £25,204k) 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 are prepared:

- on a going concern basis;
- under Financial Reporting Standard (FRS) 101 *Reduced Disclosure Framework* 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 EU (together IFRS); and
- on the historical cost basis.

The Company meets the definition of a qualifying entity under FRS 100 Application of Financial Reporting Requirements issued by the Financial Reporting Council.

The Company is incorporated in the UK and registered in Scotland and the financial statements are presented:

- in accordance with the Companies Act 2006:
- in sterling which is the functional currency of the Company: and
- with the benefit of the disclosure exemptions permitted by FRS 101 with regard to:
  - cash-flow statement;
  - standards not yet effective;
  - 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 21.

b) 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.

Fees in respect of services are recognised as the right to consideration accrues through the provisions of services to customers. The arrangements are generally contractual and the cost of providing the service is incurred as the service is rendered. The price is usually fixed and always determinable.

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

c) Taxation
Income tax expense or income, comprising current 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, other comprehensive income or in equity. Provision is made for current tax at rates enacted or substantively enacted at the balance sheet date.

d) Provisions
The Company recognises a provision for a present obligation resulting from a past event when it is more likely than not that it will be required to transfer economic benefits to settle the obligation and the amount of the obligation can be estimated reliably.

NOTES TO THE FINANCIAL STATEMENTS

1. Accounting policies (continued)

e) Financial assets
On initial recognition, financial assets are classified into investments designated as at fair value through profit or loss; or 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(b)) less any impairment losses.

Financial assets designated as at fair value through profit or loss
Financial assets may be designated as at fair value through profit or loss only if such designation (a) eliminates or significantly reduces a measurement or recognition inconsistency; or (b) applies to a group of financial assets, financial liabilities, or both, that the Company manages and evaluates on a fair value basis; or (c) relates to an instrument that contains an embedded derivative which is not evidently closely related to the host contract.

Financial assets that the Company designates on initial recognition as being as at fair value through profit or loss are recognised at fair value, with transaction costs being recognised in profit or loss, and are subsequently measured at fair value. Gains and losses on financial assets that are designated as at fair value through profit or loss are recognised in profit or loss as they arise.

f) Impairment of financial assets
The Company assesses at each balance sheet date whether there is any objective evidence that a financial asset or group of financial assets classified as loans and receivables is impaired. A financial asset or portfolio of financial assets is impaired and an impairment loss incurred if there is objective evidence that an event or events since initial recognition of the asset have adversely affected the amount or timing of future cash flows from the asset.

Financial assets carried at amortised cost - if there is objective evidence that an impairment loss on a financial asset or group of financial assets classified as loans and receivables has been incurred, the Company measures the amount of the loss as the difference between the carrying amount of the asset or group of assets and the present value of estimated future cash flows from the asset or group of assets discounted at the effective interest rate of the instrument at initial recognition. For collateralised loans and receivables, estimated future cash flows include cash flows that may result from foreclosure less the costs of obtaining and selling the collateral, whether or not foreclosure is probable. Impairment losses are recognised in profit or loss and the carrying amount of the financial asset or group of financial assets reduced by establishing an allowance for impairment losses. If, in a subsequent period, the amount of the impairment loss reduces and the reduction can be ascribed to an event after the impairment was recognised, the previously recognised loss is reversed by adjusting the allowance.

Impaired loans and receivables are written off, i.e. the impairment provision is applied in writing down the loan's carrying value partially or in full, when the Company concludes that there is no longer any realistic prospect of recovery of part or all of the loan. For loans that are individually assessed for impairment, the timing of write off is determined on a case-by-case basis. Such loans are reviewed regularly and write offs will be prompted by bankruptcy, insolvency, renegotiation and similar events.

Amounts recovered after a loan has been written off are credited to the loan impairment charge for the period in which they are received.

g) Financial liabilities
On initial recognition financial liabilities are classified as held at amortised cost and measured at amortised cost using the effective interest method (see accounting policy 1(b)).

NOTES TO THE FINANCIAL STATEMENTS

1. Accounting policies (continued)

h) Derecognition
A financial asset is derecognised when the contractual right to receive cash flows from the asset has expired or when it has been transferred and the transfer qualifies for derecognition in accordance with IAS 39 "Financial Instruments : Recognition and Measurement".

A financial liability is removed from the Balance Sheet when the obligation is discharged, cancelled, or expires.

i) Cash at bank
Cash at bank 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.

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. In accordance with their responsibilities for these financial statements, the factors the directors consider most important to the portrayal of the Company's performance and financial condition are discussed below.

Fair value - financial instruments
Financial instruments classified as designated as at fair value through profit or loss are recognised in the financial statements at fair value. Changes in fair value are recognised in profit or loss as they arise.

Details of financial instruments carried at fair value are given in note 8 to the financial statements.

Impairment provisions
The Company's impairment provisions are established to recognise incurred impairment losses in its portfolio classified as loans and receivables and carried at amortised cost. A loan is impaired where there is objective evidence that events since the loan was granted have affected expected cash flows from the loan. Such objective evidence, indicative that a borrower's financial condition has deteriorated, can include for loans that are individually assessed: the non-payment of interest or principal; probable bankruptcy or liquidation; and deteriorating trading performance and, for collectively assessed portfolios: the borrowers' payment status and observable data about relevant macroeconomic measures. The impairment loss is the difference between the carrying value of the loan and the present value of estimated future cash flows at the loan's original effective interest rate.

3. Net Interest income

	2017	2016
	£'000	£'000
Bank interest receivable	48	32

4. Operating expenses

	2017	2016
	£'000	£'000
Outsourcing & consulting fees	12,584	14,035
Other administrative expenses	326	352
Auditor's remuneration - audit services	56	47
	12,966	14,434

Outsourcing and consulting fees is stated net of the amount waived by Standard Life Investments upon the merger of Your Portfolio funds with Myfolio funds on 25th August, 2017.

NOTES TO THE FINANCIAL STATEMENTS

5. Profit before tax

Profit before tax is stated after charging

	2017 £'000	2016 £'000
Auditor's remuneration - audit services	**56**	47
Auditor's remuneration - fund audit services	**68**	17
Auditor's remuneration - client money audit	**62**	29
Auditor's remuneration - tax advisory services	**32**	31
Management fees to Group companies	**1,308**	1,442

Management fees
Management fees include the costs of staff and directors borne by other members of the group, none of which can be apportioned meaningfully in respect of services to the Company.

Directors' emoluments
The Company does not remunerate directors nor can remuneration from elsewhere in the group be apportioned meaningfully in respect of their services to the Company. There are no other staff.

6. Tax

	2017 £'000	2016 £'000
Current tax:		
UK corporation tax charge for the year	**6,029**	6,300
Under provision in respect of prior periods	**20**	-
Tax charge for the year	**6,049**	6,300

The actual tax charge differs from the expected tax charge computed by applying the blended rate of UK corporation tax of 19.25% (2016: standard tax rate 20%) as follows:

	2017 £'000	2016 £'000
Profit on ordinary activities before tax	**31,413**	31,504
Expected tax charge	**6,046**	6,300
Non taxable items	**(17)**	-
Adjustments in respect of prior periods	**20**	-
Actual tax charge for the year	**6,049**	6,300

The main rate of UK corporation tax has reduced from 20% to 19% from 1 April 2017 and will reduce further to 17% from 1 April 2020. Deferred tax assets and liabilities have been calculated taking into account that existing temporary differences may unwind in periods subject to the reduced rates.

7. Ordinary dividends

	2017 £'000	2016 £'000
Final Dividend paid	**25,204**	44,839

Final dividend of £25,204k has been paid during the year (2016: £44,839k).

8. Investments - designated as at fair value

	2017 £'000	2016 £'000
Collective Investment Scheme shares	**330**	456

Assets designated as at fair value are valued by reference to observable data or other quoted market prices.

9. Trade and other receivables

	2017 £'000	2016 £'000
Trade receivables	**4,671**	5,096

Trade receivables primarily relate to debtors arising from i) the sale of fund units to the investors ii) amounts due from the fund following the cancellation of units.

10. Amounts due from group undertakings

	2017 £'000	2016 £'000
The Royal Bank of Scotland Plc	**28,448**	36,091

Amounts due from The Royal Bank of Scotland Plc primarily relate to the Company interest bearing deposit in The Royal Bank of Scotland Plc. The balance is recoverable upon demand with immediate effect.

11. Prepayments, accrued income and other assets

	2017 £'000	2016 £'000
Accrued income	**3,662**	4,653

12. Cash at bank

	2017 £'000	2016 £'000
Cash at bank	**15,705**	7,975

13. Trade and other payables

	2017 £'000	2016 £'000
Trade creditors	**4,022**	3,992

Trade creditors mainly relates to the purchase of fund units from the underlying investors, amounts due to the fund following the creation of units and outsourcing to external service providers.

14. Amounts due to group undertakings

	2017 £'000	2016 £'000
The Royal Bank of Scotland Group plc - Accounts payable	**2,888**	2,860

NOTES TO THE FINANCIAL STATEMENTS

15. Accruals, deferred income and other liabilities

	2017 £'000	2016 £'000
Accruals	4,512	5,763
Other liabilities	1	30
	4,513	5,793

16. Provisions for liabilities

	Total £'000
At 1 January 2017	90
Reduction in provision for fund taxation liabilities	(90)
At 31 December 2017	-

The Company's board approved releasing the provision for fund taxation liabilities in full.

17. Financial instruments

Categories of Financial instrument
The following tables analyse the Company's financial assets and liabilities in accordance with the categories of financial instruments in IAS 39 "Financial Instruments, Recognition and Measurement". Assets and liabilities outside the scope of IAS 39 are shown within non financial assets/liabilities.

2017	Designated as at FVTPL £'000	Loans and receivables £'000	At amortised cost £'000	Non financial assets/ liabilities £'000	Total £'000
Assets					
Investments - designated at fair value	330	-	-	-	330
Trade and other receivables	-	4,671		-	4,671
Amounts due from group undertakings	-	-	-	28,448	28,448
Prepayments, accrued income and other assets	-	-	-	3,662	3,662
Cash at bank	-	15,705	-	-	15,705
	330	20,376	-	32,110	52,816
Liabilities					
Trade and other payables	-	-	4,022	-	4,022
Current tax liabilities	-	-	-	6,029	6,029
Amounts due to group undertakings	-	-	2,888	-	2,888
Provisions for liabilities	-	-	-	-	-
Accruals, deferred income and other liabilities	-	-	-	4,513	4,513
	-	-	6,910	10,542	17,452
Equity					35,364
					52,816

NOTES TO THE FINANCIAL STATEMENTS

17. Financial instruments (continued)

2016	Designated as at FVTPL £'000	Loans and receivables £'000	At amortised cost £'000	Non financial assets/ liabilities £'000	Total £'000
Assets					
Investments - designated at fair value	456	-	-	-	456
Trade and other receivables	-	5,096	-	-	5,096
Amounts due from Group undertakings	-	-	-	36,091	36,091
Prepayments, accrued income and other assets	-	-	-	4,653	4,653
Cash at bank	-	7,975	-	-	7,975
	456	13,071	-	40,744	54,271
Liabilities					
Trade and other payables	-	-	3,992	-	3,992
Current tax liabilities	-	-	-	6,332	6,332
Amounts due to Group undertakings	-	-	2,860	-	2,860
Provisions for liabilities	-	-	-	90	90
Accruals, deferred income and other liabilities	-	-	-	5,793	5,793
	-	-	6,852	12,215	19,067
Equity					35,204
					54,271

Financial assets and liabilities have been classified below according to a valuation hierarchy that reflects the valuation techniques used to determine fair value

Level 1: valued by reference to unadjusted quoted prices in active markets for identical assets and liabilities
Level 2: valued by reference to observable market data, other than quoted market prices
Level 3: valuation is based on inputs other than observable market data

Valuation hierarchy

The following tables show the financial instruments carried at fair value by hierarchy – level 1, level 2 and level 3:

2017	**Level 1 £'000**	**Level 2 £'000**	**Level 3 £'000**	**Total £'000**
Assets				
Financial investments	**-**	**330**	**-**	**330**

2016	Level 1 £'000	Level 2 £'000	Level 3 £'000	Total £'000
Assets				
Financial investments	-	456	-	456

NOTES TO THE FINANCIAL STATEMENTS

17. *Financial instruments (continued)*

Valuation hierarchy (continued)

Level 2 portfolio movements table

	Financial investments	
	2017	2016
	£'000	£'000
At 1 January	**456**	413
(Charge)/credit to Profit and Loss account	**(126)**	43
At 31 December	**330**	456

There were no transfers between level 1 and 2 during the year under review.

The fair value of financial instruments that are not carried at fair value on the Balance Sheet are considered not to be materially different to the carrying amounts.

18. Financial assets - impairments

The following table shows the movement in the provision for impairment of trade and other receivables.

	2017	2016
	£'000	£'000
At 1 January	**91**	101
Amounts recovered	**2**	(10)
At 31 December	**93**	91

The following table shows the analysis of impaired individually and collectively assessed financial assets:

	2017			2016		
	Cost	**Provision**	**Net book value**	Cost	Provision	Net book value
	£'000	**£'000**	**£'000**	£'000	£'000	£'000
Trade and other receivables	**4,764**	**(93)**	**4,671**	5,187	(91)	5,096

19. Share capital

	2017	2016
Equity shares	**£'000**	£'000
Authorised:		
301,210,438 Ordinary Shares of £0.50 each	**150,605**	150,605
Allotted, called-up and fully paid:		
20,000,000 Ordinary Shares of £0.50 each	**10,000**	10,000

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

NOTES TO THE FINANCIAL STATEMENTS

20. Capital resources

The Company's capital consists of equity comprising issued share capital, retained earnings and capital contribution. The Company is a member of The Royal Bank of Scotland group of companies which has regulatory disciplines over the use of capital. In the management of capital resources, the Company is governed by the RBS policy which is maintaining a strong capital base. The Company is separately regulated and has complied with the FCA's capital requirements throughout the year.

21. 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: UK corporation tax.

Group Companies

On 1st October 2017, RBS Asset Management Holdings, a company incorporated in England and Wales, bought the Company's immediate parent company, RBSG Collective Investment Holdings Limited, by share exchange with National Westminster Bank plc, a company incorporated in England and Wales.

RBS Asset Management Holdings was sold by National Westminster Bank plc to Coutts & Company on 1st March 2018.

At 31 December 2017

The Company's immediate parent was:	RBSG Collective Investments Holdings Limited
The smallest consolidated accounts including the company were prepared by:	The Royal Bank of Scotland Group plc
The ultimate parent company was:	

All parent companies are incorporated in the UK. Copies of their accounts may be obtained from Corporate Governance and Regulatory Affairs, The Royal Bank of Scotland, Gogarburn, PO Box 1000, Edinburgh EH12 1HQ.