Company Registered No: SC139616

RBEF LIMITED

DIRECTORS' REPORT AND FINANCIAL STATEMENTS

31 December 2013

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

RBEF LIMITED **SC139616**

DIRECTORS' REPORT AND FINANCIAL STATEMENTS 2013

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RBEF LIMITED **SC139616**

OFFICERS AND PROFESSIONAL ADVISERS

DIRECTORS:	G H Cato R D Hook
SECRETARY:	RBS Secretarial Services Limited
REGISTERED OFFICE:	24-25 St Andrew Square Edinburgh EH2 1AF
AUDITOR:	Deloitte LLP Hill House 1 Little New Street London EC4A 3TR

Registered in Scotland

DIRECTORS' REPORT

The directors of RBEF Limited ("the Company") present their report and the audited financial statements for the year ended 31 December 2013.

ACTIVITIES AND BUSINESS REVIEW

This directors' report has been prepared in accordance with the provisions applicable to companies entitled to the small companies exemption.

Principal activity

The principal activity of the Company is the management of investments in the UK and European countries.

The Company's subsidiary, RBDC General Partner Limited was dissolved on 8 February 2013.

The Company is a subsidiary of The Royal Bank of Scotland Group plc ("the Group") which provides the Company with direction and access to all central resources it needs and determines policies in all key areas such as finance, risk, human resources or environment. For this reason, the directors believe that performance indicators specific to the Company are not necessary or appropriate for an understanding of the development, performance or position of the business. The annual reports of The Royal Bank of Scotland Group plc review these matters on a Group basis. Copies can be obtained from RBS Secretariat, RBS Gogarburn, Edinburgh EH12 1HQ, the Registrar of Companies or through the Group's website at www.rbs.com.

Business review

The directors are satisfied with the Company's performance in the year.

Financial performance

The Company's financial performance is presented in the Profit and loss account on page 8. The operating profit before tax for the year was £31,163 (2012: £33,498). The retained profit for the year was £22,803 (2012: £855,886).

At the end of the year total assets were £1,412,470 (2012: £1,389,995).

Preparation and presentation of financial statements

As explained in the note 1, in the year ended 31 December 2013 the Company has changed from reporting under IFRS adopted by the European Union to FRS 101 as issued by the Financial Reporting Council which the Company has adopted early. This change has not had a material effect on the financial statements.

Dividends

The directors do not recommend the payment of a dividend (2012: £831,567).

Principal risks and uncertainties

The Company seeks to minimise its exposure to financial risks other than equity and credit 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 Group Asset and Liability Management Committee (GALCO).

The principal risks associated with the Company are as follows:

DIRECTORS' REPORT (continued)

Principal risks and uncertainties (continued)

Interest rate risk

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

The Company manages interest rate risk by monitoring 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 the transactions and balances are denominated in Sterling.

Credit risk

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 approved appetite for the risk that customers will be unable to meet their obligations to the Company.

The key principles of the Group's Credit Risk Management Framework are set out below:

- Approval of all credit exposure is granted prior to any advance or extension of credit;
- An appropriate credit risk assessment of the customer and credit facilities is undertaken prior to approval of credit exposure. This includes a review of, amongst other things, the purpose of credit and sources of repayment, compliance with affordability tests, repayment history, capacity to repay, sensitivity to economic and market developments and risk-adjusted return;
- Credit risk authority is delegated by the Board and specifically granted in writing to all individuals involved in the granting of credit approval. In exercising credit authority, the individuals act independently of any related business revenue origination; and
- All credit exposures, once approved, are effectively monitored and managed and reviewed periodically against approved limits. Lower quality exposures are subject to a greater frequency of analysis and assessment.

The Company's exposure to credit risk is not considered to be significant as the credit exposures are with Group companies. At 31 December 2013 there were no outstanding or impaired loans due to the Company (2012: £nil).

Market risk

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

The Company has no material market risk as the exposure is within the Group undertakings.

Going concern

The directors, having a reasonable expectation that the Company has adequate resources to continue in operational existence for the foreseeable future, have prepared the financial statements on a going concern basis.

DIRECTORS AND SECRETARY

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

From 1 January 2013 to date the following changes have taken place:

Director	Appointed	Resigned
R D Hook	5 March 2014	-
P D J Sullivan	-	5 March 2014
I McGillivray	-	20 March 2014

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 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, 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 Financial Reporting Standard 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 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:

- in so far as the director is aware, there is no relevant audit information of which the Company's auditor is unaware; and
- the director has taken all the steps that he/she ought to have taken to make himself/herself aware of any relevant audit information, and to establish that the Company's auditor is aware of that information.

This confirmation is given and shall be interpreted in accordance with the provisions of section 418 of the Companies Act 2006.

DIRECTORS' REPORT (continued)

AUDITOR

Deloitte LLP have expressed their willingness to continue in office as auditor.

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

G Cato
Director
Date: 4 July 2014

INDEPENDENT AUDITOR'S REPORT TO THE MEMBERS OF RBEF LIMITED

We have audited the financial statements of RBEF Limited ('the Company') for the year ended 31 December 2013 which comprise the Profit and Loss Account, the Balance Sheet, the Statement of Changes in Equity and the related notes 1 to 13. The financial reporting framework that has been applied in their preparation is applicable law and Financial Reporting Standard 101 Reduced Disclosure Framework.

This report is made solely to the Company's members, as a body, in accordance with Chapter 3 of Part 16 of the Companies Act 2006. Our audit work has been undertaken so that we might state to the Company's members those matters we are required to state to them in an auditor's report and for no other purpose. To the fullest extent permitted by law, we do not accept or assume responsibility to anyone other than the Company and the Company's members as a body, for our audit work, for this report, or for the opinions we have formed.

Respective responsibilities of directors and auditor

As explained more fully in the Directors' Responsibilities Statement, the directors are responsible for the preparation of the financial statements and for being satisfied that they give a true and fair view. Our responsibility is to audit and express an opinion on the financial statements in accordance with applicable law and International Standards on Auditing (UK and Ireland). Those standards require us to comply with the Auditing Practices Board's Ethical Standards for Auditors.

Scope of the audit of the financial statements

An audit involves obtaining evidence about the amounts and disclosures in the financial statements sufficient to give reasonable assurance that the financial statements are free from material misstatement, whether caused by fraud or error. This includes an assessment of: whether the accounting policies are appropriate to the Company's circumstances and have been consistently applied and adequately disclosed; the reasonableness of significant accounting estimates made by the directors; and the overall presentation of the financial statements. In addition, we read all the financial and non-financial information in the annual report to identify material inconsistencies with the audited financial statements and to identify any information that is apparently materially incorrect based on, or materially inconsistent with, the knowledge acquired by us in the course of performing the audit. If we become aware of any apparent material misstatements or inconsistencies we consider the implications for our report.

Opinion on financial statements

In our opinion the financial statements:

- give a true and fair view of the state of the Company's affairs as at 31 December 2013 and of its profit for the year then ended;
- have been properly prepared in accordance with Financial Reporting Standard 101 Reduced Disclosure Framework; and
- have been prepared in accordance with the requirements of the Companies Act 2006.

Opinion on other matter prescribed by the Companies Act 2006

In our opinion the information given in the Directors' Report for the financial year for which the financial statements are prepared is consistent with the financial statements.

INDEPENDENT AUDITOR'S REPORT TO THE MEMBERS OF RBEF LIMITED (continued)

Matters on which we are required to report by exception

We have nothing to report in respect of the following matters where the Companies Act 2006 requires us to report to you if, in our opinion:

- adequate accounting records have not been kept, or returns adequate for our audit have not been received from branches not visited by us; or
- the financial statements are not in agreement with the accounting records and returns; or
- certain disclosures of directors' remuneration specified by law are not made; or
- we have not received all the information and explanations we require for our audit; or
- the directors were not entitled to take advantage of the small companies exemption from preparing a Strategic Report or in preparing the Directors' Report.

S. Charles Hardy

Simon Hardy FCA (Senior Statutory Auditor)
for and on behalf of Deloitte LLP
Chartered Accountants and Statutory Auditor
London, United Kingdom
4 July 2014

PROFIT AND LOSS ACCOUNT
For the year ended 31 December 2013

Income from continuing operations	Notes	2013 £	2012 £
Interest income	2	**5,663**	7,998
Fees and commissions receivable		**25,500**	25,500
Operating profit		**31,163**	33,498
Loss on disposal of investments in Group undertaking		**(2)**	-
Dividend income	4	**-**	831,567
Profit on ordinary activities before tax		**31,161**	865,065
Tax charge	5	**(8,358)**	(9,179)
Profit and total comprehensive income for the year		**22,803**	855,886

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

BALANCE SHEET
As at 31 December 2013

	Notes	2013 £	2012 £
Fixed assets			
Investments in Group undertakings	6	**-**	2
Deferred tax asset	10	**7,550**	10,590
		7,550	10,592
Current assets			
Trade and other receivables	7	**7,862**	7,824
Loans and receivables	8	**1,387,058**	1,361,579
Cash at bank		**10,000**	10,000
Total assets		**1,412,470**	1,389,995
Creditors: amounts falling due within one year			
Trade and other payables	9	**1,275**	1,275
Current tax liabilities		**5,318**	5,646
Total Liabilities		**6,593**	6,921
Equity: capital and reserves			
Called up share capital	11	**300,002**	300,002
Profit and loss account		**1,105,875**	1,083,072
Total shareholders' funds		**1,405,877**	1,383,074
Total liabilities and shareholders' funds		**1,412,470**	1,389,995

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

The financial statements were approved by the Board of Directors on 4 July 2014 and signed on its behalf:

G Cato
Director

STATEMENT OF CHANGES IN EQUITY
For the year ended 31 December 2013

	Share capital	Profit and loss account	Total
	£	£	£
At 1 January 2012	300,002	1,058,753	1,358,755
Profit for the year	-	855,886	855,886
Dividends paid	-	(831,567)	(831,567)
At 31 December 2012	300,002	1,083,072	1,383,074
Profit for the year	-	**22,803**	**22,803**
At 31 December 2013	**300,002**	**1,105,875**	**1,405,877**

Total comprehensive income of £22,803 (2012: £855,886) was wholly attributable to the owners 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 and have been prepared 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 under Financial Reporting Standard 101 (Reduced Disclosure Framework). The Company meets the definition of a qualifying entity under FRS 100 (Financial Reporting Standard 100) issued by the Financial Reporting Council.

Accordingly, in the year ended 31 December 2013 the Company has undergone transition from reporting under IFRS adopted by the EU to FRS 101 as issued by the Financial Reporting Council which the Company has adopted early. This change has not had a material effect on the financial statements.

As permitted by FRS 101, the Company has taken advantage of the disclosure exemptions available under that standard in relation to presentation of a Cash Flow Statement, standards not yet effective and 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 12.

The financial statements are prepared on the historical cost basis.

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

The Company is incorporated in the UK and registered in Scotland. The Company's financial statements are presented in accordance with the Companies Act 2006.

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) Foreign currencies
Transactions in foreign currencies are translated into Sterling at the foreign exchange rate ruling at the date of the transaction. Monetary assets and liabilities denominated in foreign currencies are translated into Sterling at the rates of exchange ruling at the balance sheet date. Foreign exchange differences arising on translation are reported in profit or loss.

NOTES TO THE FINANCIAL STATEMENTS (continued)

1. Accounting policies (continued)

c) Revenue recognition
Revenue comprises advisory, management, placement, operational and performance fee income. Performance fees are calculated once the performance period has finished and recognised when they cannot be reversed. All other fees are recognised as earned.

Fees charged for managing investments are recognised as revenue as the services are provided. Incremental costs that are directly attributable to securing an investment management contract are deferred and charged as expense as the related revenue is recognised.

Interest income on financial assets that are classified as loans and receivables and interest expense on financial liabilities 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 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.

d) Taxation
Income tax expense on income, comprising current tax and deferred tax, is recorded in the profit and loss account except income tax on items recognised outside profit or loss which is credited or charged to other comprehensive income or to equity as appropriate.

Current tax is income tax payable or recoverable in respect of the taxable profit or loss for the year arising in income or in equity. Provision is made for current tax at rates enacted or substantively enacted at the balance sheet date.

Deferred tax is the tax expected to be payable or recoverable in respect of temporary differences between the carrying amount of an asset or liability for accounting purposes and its carrying amount for tax purposes. Deferred tax liabilities are generally recognised for all taxable temporary differences and deferred tax assets are recognised to the extent that it is probable that they will be recovered. Deferred tax is not recognised on temporary differences that arise from initial recognition of an asset or a liability in a transaction (other than a business combination) that at the time of the transaction affects neither accounting nor taxable profit or loss. Deferred tax is calculated using tax rates expected to apply in the periods when the assets will be realised or the liabilities settled, based on tax rates and laws enacted, or substantively enacted, at the balance sheet date.

e) Investments in Group undertakings
Investments in Group undertakings are stated at cost less any impairment.

f) Financial assets

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 policy (c)) less any impairment losses.

NOTES TO THE FINANCIAL STATEMENTS (continued)

2. Interest income

	2013	2012
	£	£
Other interest receivable	**5,663**	7,998

3. Operating expenses

Staff costs, number of employees and directors' emoluments

All staff and directors were employed by RBSG companies and RBSG plc accounts contain full disclosure of employee benefit expenses incurred in the period including share-based payments and pensions. The Company has no employees and pays a management charge for services provided by other group companies. The directors of the Company do not receive remuneration for specific services provided to the Company.

The auditor's remuneration for statutory audit work of £8,000 (2012: £8,000) for the Company was borne by the immediate parent company, The Royal Bank of Scotland plc. Remuneration paid to the auditor for non-audit work for the Company was £nil (2012: £nil).

4. Dividend income

	2013	2012
	£	£
Dividend received from Group undertaking	**-**	831,567

The dividend was received from RBDC General Partners Limited.

5. Taxation

	2013	2012
	£	£
Current taxation:		
UK corporation tax charge for the year	**5,318**	5,646
	5,318	5,646
Deferred taxation:		
Charge for the year	**3,040**	3,533
Tax charge for the year	**8,358**	9,179

The actual tax charge differs from the expected tax charge computed by applying the blended rate of UK corporation tax of 23.25% (2012 - 24.5%) as follows:

	2013	2012
	£	£
Profit before tax:	**31,161**	865,065
Expected tax charge:	**7,244**	211,917
Non-taxable income	**-**	(203,711)
Reduction in deferred tax asset following change in rate of UK corporation tax	**1,114**	973
Actual tax charge for the year	**8,358**	9,179

NOTES TO THE FINANCIAL STATEMENTS (continued)

5. Taxation (continued)

In recent years the UK Government has steadily reduced the rate of UK corporation tax, with the latest rates substantively enacted in July 2013 now standing at 21% with effect from 1 April 2014 and 20% with effect from 1 April 2015. The closing deferred tax assets and liabilities have been calculated at 20% in accordance with the rates enacted at the balance sheet date.

6. Investments in Group undertakings

Investments in Group undertakings are carried at cost less impairment.

	2013 £	2012 £
At 1 January and 31 December	2	2
Disposal	(2)	-
	-	2

The Company's subsidiary, RBDC General Partners Limited was dissolved on 8 February 2013.

7. Trade and other receivables

	2013 £	2012 £
Trade receivables	7,650	7,650
Other receivables	212	174
	7,862	7,824

8. Loans and other receivables

	2013 £	2012 £
Short-term deposits with Group undertaking	1,387,058	1,361,569

9. Trade and other payables

	2013 £	2012 £
VAT payable	1,275	1,275

10. Deferred tax

Net deferred tax asset comprised:

	Capital allowances £	Total £
At 1 January 2012	14,123	14,123
Charge to income	(3,533)	(3,533)
At 31 December 2012	10,590	10,590
Charge to income	(3,040)	**(3,040)**
At 31 December 2013	7,550	**7,550**

NOTES TO THE FINANCIAL STATEMENTS (continued)

11. Share capital

Equity shares	2013 £	2012 £
Authorised:		
301,000 Ordinary Shares of £1 each	**301,000**	301,000
Allotted, called up and fully paid:		
300,002 Ordinary Shares of £1 each	**300,002**	300,002

The Company has one class of ordinary shares which carry no right to fixed income.

12. Related parties

UK Government
The UK Government through HM Treasury is the ultimate controlling party of The Royal Bank of Scotland Group plc. 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.

Transactions between the Company, and the UK Government and UK Government controlled bodies, consisted solely of corporation tax which is separately disclosed in note 5.

Group undertakings
The Company's immediate parent company is The Royal Bank of Scotland plc, a company incorporated in the UK. As at 31 December 2013 The Royal Bank of Scotland plc heads the smallest group in which the Company is consolidated. Copies of the consolidated accounts may be obtained from RBS Secretariat, Gogarburn, PO Box 1000, Edinburgh EH12 1HQ.

The Company's ultimate holding company, The Royal Bank of Scotland Group plc which is incorporated in the UK, heads the largest group in which the Company is consolidated. Copies of the consolidated accounts may be obtained from RBS Secretariat, The Royal Bank of Scotland Group plc, Gogarburn, PO Box 1000, Edinburgh EH12 1HQ.

Capital Support Deed
The Company, together with other members of the RBSG Group, is party to a capital support deed (CSD). Under the terms of the CSD, the Company may be required, if compatible with its legal obligations, to make distributions on, or repurchase or redeem, its ordinary shares. The amount of this obligation is limited to the Company's immediately accessible funds or assets, rights, facilities or other resources that, using best efforts, are reasonably capable of being converted to cleared, immediately available funds (the Company's available resources) together with any amounts distributed to it by its subsidiaries pursuant to the CSD. The CSD also provides that, in certain circumstances, funding received by the Company from other parties to the CSD becomes immediately repayable, such repayment being limited to the Company's available resources.

13. Post balance sheet events

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 financial statements.