

Company Registered No 03414708

THE ONE ACCOUNT LIMITED

DIRECTORS' REPORT AND FINANCIAL STATEMENTS

For the year ended 31 December 2012

WEDNESDAY



A2FPPYM1

A17

28/08/2013

#48

COMPANIES HOUSE

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

DIRECTORS' REPORT AND FINANCIAL STATEMENTS 2012

CONTENTS	Page
Officers and professional advisers	1
Directors' report	2
Independent auditor's report	6
Statement of comprehensive income	8
Balance sheet	9
Statement of changes in equity	10
Notes to the financial statements	11

THE ONE ACCOUNT LIMITED

03414708

OFFICERS AND PROFESSIONAL ADVISERS

DIRECTORS

F L Davis
L D Matheson

SECRETARY:

G L McIntyre

REGISTERED OFFICE:

Waterhouse Square
138-142 Holburn
London
EC1N 2TH

AUDITOR:

Deloitte LLP
Lomond House
9 George Square
Glasgow
G2 1QQ

Registered in England and Wales

DIRECTORS' REPORT

The directors present their report and the audited financial statements for the year ended 31 December 2012

ACTIVITIES AND BUSINESS REVIEW**Activity**

The principal activity of The One Account Limited ("the Company") is the earning of income from intellectual property rights associated with The One Account brand

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 Group 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

Review of the year***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.

During the year the directors agreed a revision to the existing service agreement which was in place with The Royal Bank of Scotland plc ("RBS plc") to facilitate the Joint Venture arrangements with Virgin, which have since been terminated. As a result of this revision, the Company's income is materially reduced from the levels recorded in 2011. It is not anticipated that as a result of this review the directors will wind up the Company in the next twelve months and they confirm, therefore, that the financial statements have been prepared on a going concern basis.

Financial performance

The Company's financial performance is presented on pages 8 to 10.

Income fell by £177,720k (2011: £1,359k) and expenses fell by £13,018k (2011: £961k). The profit for the year was £9,882k (2011: £130,712k) a decrease of 92% over 2011.

A dividend of £135,000k (2011: £nil) was paid on 30 June 2012. No further dividend is proposed in respect of 2012.

At the end of the year, the balance sheet showed total assets of £148,740k (2011: £322,234k). Total equity was £144,460k (2011: £269,578k).

Principal risks and uncertainties

The Company seeks to minimise its exposure to external 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 RBS Group Asset and Liability Management Committee (GALCO).

The Company is funded by facilities from RBS plc. These are denominated in the functional currency and carrying no significant financial risk.

DIRECTORS' REPORT (continued)**ACTIVITES AND BUSINESS REVIEW (continued)*****Principal risks and uncertainties (continued)*****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

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
- 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 (see note 9)

Liquidity risk

Liquidity risk arises where assets and liabilities have different contractual maturities

Management focuses on both overall balance sheet structure and the control, within prudent limits, of risk arising from the mismatch of maturities across the balance sheet and from undrawn commitments and other contingent obligations. It is undertaken within limits and other policy parameters set by GALCO

Market risk

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

The Company is not exposed to any significant risks

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' REPORT (continued)**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 2012 to date the following changes have taken place

Secretary	Appointed	Resigned
D J Putnam	-	21 June 2013
G L McIntyre	21 June 2013	-

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

- so far as they are aware, there is no relevant audit information of which the Company's auditor is unaware, and
- the director has 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

In terms of section 236 of the Companies Act 2006, F L Davis and L D Matheson have been granted Qualifying Third Party Indemnity Provisions by the Group

DIRECTORS' REPORT (continued)

POLICY AND PRACTICE ON PAYMENT OF CREDITORS

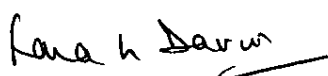
The Company follows the policy and practice on payment of trade creditors determined by the Group, which is committed to maintaining a sound commercial relationship with its suppliers. Consequently, the policy is to negotiate and agree terms and conditions with its suppliers, which include the giving of an undertaking to pay them within 30 days of receipt of a correctly prepared invoice submitted in accordance with the terms of the contract or such other payment period as may be agreed.

At 31 December 2012, the Company had £31k of trade creditors (2011 £30k)

AUDITOR

Deloitte LLP has expressed its willingness to continue in office as auditor.

Approved by the Board of Directors and signed on its behalf



F L Davis

Director

Date 17 July 2013

INDEPENDENT AUDITOR'S REPORT TO THE MEMBERS OF THE ONE ACCOUNT LIMITED

We have audited the financial statements of The One Account Limited ('the Company') for the year ended 31 December 2012 which comprise the Statement of Comprehensive Income, the Balance Sheet, the Statement of Changes in Equity and the related notes 1 to 18. 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 (APB'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. 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 2012 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 THE ONE ACCOUNT 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



David Claxton, ACA (Senior Statutory Auditor)
for and on behalf of Deloitte LLP
Chartered Accountants and Statutory Auditor,
Glasgow
United Kingdom

19 July 2013

STATEMENT OF COMPREHENSIVE INCOME
for the year ended 31 December 2012

	Notes	2012 £'000	2011 £'000
Continuing operations			
Interest receivable		1,543	1,478
Net interest income		1,543	1,478
Operating income	3	12,000	189,785
Non-interest income		12,000	189,785
Total income		13,543	191,263
Operating expenses	4	(518)	(13,536)
Profit on ordinary activities before tax		13,025	177,727
Tax charge	6	(3,143)	(47,015)
Profit and total comprehensive income for the year		9,882	130,712

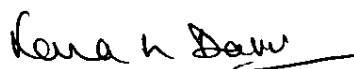
The accompanying notes form an integral part of these financial statements

BALANCE SHEET
as at 31 December 2012

	Notes	2012 £'000	2011 £'000
Fixed assets			
Plant and equipment	8	-	509
Current assets			
Amounts due from Group undertakings	9	131,985	156,242
Prepayments, accrued income and other assets	10	-	76
Cash at bank	11	16,755	165,407
Total assets		148,740	322,234
Creditors: amounts falling due within one year			
Amounts due to Group undertakings	12	259	4,454
Current tax liability		3,497	47,324
Deferred tax liability	13	477	830
Accruals, deferred income and other liabilities	14	47	48
Total liabilities		4,280	52,656
Equity: capital and reserves			
Called up share capital	16	44,400	44,400
Profit and loss account		100,060	225,178
Total shareholders' funds		144,460	269,578
Total liabilities and shareholders' funds		148,740	322,234

The accompanying notes form an integral part of these financial statements

The financial statements were approved by the Board of directors on 17 July 2013 and signed on its behalf by



F L Davis
Director

STATEMENT OF CHANGES IN EQUITY
for the year ended 31 December 2012

	Notes	Share capital £'000	Retained earnings £'000	Total £'000
At 1 January 2011		44,400	94,466	138,866
Profit for the year		-	130,712	130,712
At 31 December 2011		44,400	225,178	269,578
Profit for the year		-	9,882	9,882
Dividends paid	7	-	(135,000)	(135,000)
At 31 December 2012		44,400	100,060	144,460

Total comprehensive income for this year of £9,882k (2011 £130,712k) 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 have been prepared on a going concern basis and in accordance with the recognition and measurement principles of International Financial Reporting Standards issued by the IASB and interpretations issued by the International Financial Reporting Interpretations Committee of the IASB as adopted by the EU (together IFRS) and under Financial Reporting Standard 101 (Reduced Disclosure Framework) ("FRS 101"). 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 2012 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 is not considered to have 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 share-based payment, non-current assets held for sale, financial instruments, capital management, presentation of comparative information in respect of certain assets, presentation of a cash-flow statement, standards not yet effective, impairment of assets and related party transactions. Where required, equivalent disclosures are given in the group financial statements of the Group, these financial statements are available to the public and can be obtained as set out in note 18.

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 England and Wales. The Company's financial statements are presented in accordance with the Companies Act 2006.

There are a number of IFRS that were effective from 1 January 2012. They have had no material effect on the Company's financial statement for the year ended 31 December 2012.

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 provision of the service to the customer. The arrangements are generally contractual and the cost of providing the service is incurred as the service is rendered.

c) Taxation

Income tax expense or 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.

NOTES TO THE FINANCIAL STATEMENTS (continued)**1. Accounting policies (continued)****c) Taxation (continued)**

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 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.

d) Plant and equipment

Items of plant and equipment are stated at cost less accumulated depreciation and impairment losses. Where an item of plant and equipment comprises major components having different useful lives, they are accounted for separately.

The depreciable amount is the cost of an asset less its residual value. Depreciation is charged to profit or loss on a straight-line basis so as to write-off the depreciable amount of plant and equipment over their estimated useful lives.

Computer and other equipment

3 to 15 years

The residual value and useful life of plant and equipment are reviewed at each balance sheet date and updated for any changes to previous estimates.

e) Impairment of plant and equipment

At each reporting date, the Company assesses whether there is any indication that its plant and equipment are impaired. If any such indication exists, the Company estimates the recoverable amount of the asset and the impairment loss if any.

f) Financial assets

On initial recognition, financial assets are classified as loans and receivables.

Loans and receivables

Non-derivative financial assets with fixed or determinable repayments that are not quoted in an active market are classified as loans and receivables. 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.

g) 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 is impaired. Financial assets are 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.

h) Financial liabilities

On initial recognition financial liabilities are classified as held at amortised cost.

All financial liabilities are measured at amortised cost using the effective interest method (see accounting policy 1(b)).

i) 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.

A financial liability is removed from the balance sheet when the obligation is discharged, or cancelled, or expires.

NOTES TO THE FINANCIAL STATEMENTS (continued)**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. UK company law and IFRS require the directors, in preparing the Company's financial statements, to select suitable accounting policies, apply them consistently and make judgements and estimates that are reasonable and prudent. In the absence of an applicable standard or interpretation, IAS 8 'Accounting Policies, Changes in Accounting Estimates and Errors', requires management to develop and apply an accounting policy that results in relevant and reliable information in the light of the requirements and guidance in IFRS dealing with similar and related issues and the IASB's Framework for the Preparation and Presentation of Financial Statements.

3. Operating income

	2012 £'000	2011 £'000
Fees and commissions receivable	<u>12,000</u>	<u>189,785</u>

Operating income in 2012 is principally attributable to the fees paid by RBS plc to the Company for the intellectual property rights associated with The One Account brand.

Previously income was principally derived from the margin between interest paid by customers on their bank accounts and the funding cost of the assets required to match the customer balances. However the SLA between RBS plc and the Company was re-negotiated in the year and as a result all income associated with the mortgage book is now retained by RBS plc.

Revenue represents contractual fee income received from RBS plc.

4. Operating expenses

	2012 £'000	2011 £'000
Management recharge	-	13,292
Depreciation	82	196
Other administration expenses	9	48
Loss on disposal of plant and equipment	427	-
	<u>518</u>	<u>13,536</u>

The SLA between RBS plc and the Company was re-negotiated in the year. Under the terms of the new agreement, RBS plc no longer administers the mortgage book on the Company's behalf resulting in no management fee recharges for 2012.

Management recharges in 2011 related to the Company's share of Group resources such as the use of IT platforms, mortgage operations staff and a share of central resources including staff. These were re-charged on an annual basis by the Group.

NOTES TO THE FINANCIAL STATEMENTS (continued)

5. Profit before tax

Profit before tax is stated after charging

	2012 £'000	2011 £'000
Auditor's remuneration – audit services	5	12
Auditor's remuneration – non-audit services	-	12
	<u>5</u>	<u>24</u>

Staff costs, number of employees and directors' emoluments

All staff and directors were employed by the Group, the ultimate parent company, the financial statements for which contain full disclosure of employee benefit expenses incurred in the period including share based payments and pensions. The Company has no employees (2011: none). The directors of the Company do not receive remuneration for specific services provided to the Company.

6. Taxation

	2012 £'000	2011 £'000
Current taxation		
UK corporation tax charge for the year	3,496	47,325
Deferred taxation		
Credit for the year	(353)	(310)
Tax charge for the year	<u>3,143</u>	<u>47,015</u>

The actual tax charge/(credit) differs from the expected tax charge/(credit) computed by applying the blended rate of UK corporation tax rate of 24.5% (2011: 26.5%) as follows:

	2012 £'000	2011 £'000
Profit for the year	13,025	177,727
Expected tax charge	3,191	47,086
Reduction in deferred tax liability following change in rate of UK Corporation tax	(48)	(71)
Actual tax charge for the year	<u>3,143</u>	<u>47,015</u>

In recent years the UK Government has steadily reduced the rate of UK corporation tax, with the latest enacted rate standing at 23% with effect from 1 April 2013. Further reduction of the rate to 21% with effect from 1 April 2014 and 20% from 1 April 2015 were announced on 5 December 2012 and 20 March 2013 respectively, but not substantively enacted at the balance sheet date. Accordingly the closing deferred tax assets and liabilities have been calculated at 23%.

7. Ordinary dividends

	2012 £'000	2011 £'000
Dividends paid	<u>135,000</u>	-

A dividend of £135,000k was paid on 30 June 2012.

No dividends have been approved or paid since 31 December 2012 to the date of approval of these accounts.

NOTES TO THE FINANCIAL STATEMENTS (continued)

8. Plant and equipment

	2012 £'000	2011 £'000
Computers and other equipment		
Cost		
At 1 January	5,503	5,503
Write off	(157)	-
Disposals	(5,346)	-
At 31 December	-	5,503
Accumulated depreciation		
At 1 January	4,994	4,798
Write off	(157)	-
Charge for the year	82	196
Disposals	(4,919)	-
At 31 December	-	4,994
Net book value		
At 31 December	-	509

9. Amounts due from Group undertakings

	2012 £'000	2011 £'000
Amounts due from RBS plc	131,985	156,242

10. Prepayments, accrued income and other assets

	2012 £'000	2011 £'000
Accrued interest	-	76

11. Cash at bank

	2012 £'000	2011 £'000
Demand deposits with banks - Group	16,755	165,407

12. Amounts due to Group undertakings

	2012 £'000	2011 £'000
Amounts due to RBS plc	259	4,454

NOTES TO THE FINANCIAL STATEMENTS (continued)

13. Deferred tax

The following are the tax assets and liabilities recognised by the Company, and the movements thereon

	Accelerated Capital allowances £'000	IFRS Transition £'000	Total £'000
At 1 January 2011	(8)	(1,132)	(1,140)
Credit to Statement of Comprehensive Income	16	294	310
At 31 December 2011	8	(838)	(830)
Credit to Statement of Comprehensive Income	93	260	353
At 31 December 2012	101	(578)	(477)
		2012 £'000	2011 £'000
Deferred tax liabilities		477	830

14. Accruals deferred income and other liabilities

	2012 £'000	2011 £'000
Trade payables	31	30
Accruals	5	12
Other liabilities	11	6
	47	48

15. Financial instruments

Financial instruments disclosure is only provided for 2011 as for the year ended 31 December 2012 the Company does not meet the definition of a financial institution under FRS101

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 separately

NOTES TO THE FINANCIAL STATEMENTS (continued)

15. Financial instruments (continued)

2011	Loans and receivables £'000	At amortised cost £'000	Non financial assets/ liabilities £'000	Total £'000
Assets				
Cash at bank	165,407	-	-	165,407
Amounts due from Group undertakings	156,242	-	-	156,242
Plant and equipment	-	-	509	509
Accrued income	-	-	76	76
	<u>321,649</u>	<u>-</u>	<u>585</u>	<u>322,234</u>
Liabilities				
Amounts due to Group undertakings	-	4,454	-	4,454
Current tax liability	-	-	47,324	47,324
Other liabilities and accruals	-	30	18	48
Deferred taxation	-	-	830	830
	<u>-</u>	<u>4,484</u>	<u>48,172</u>	<u>52,656</u>
Equity				<u>269,578</u>
				<u>322,234</u>

The fair value of financial instruments that are not carried at fair value on the balance sheet is considered not to be materially different to the carrying amounts

16. Share capital

	2012 £'000	2011 £'000
Equity shares		
Allotted, called up and fully paid:		
44,400,001 Ordinary Shares of £1	<u>44,400</u>	44,400

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

17. Commitment and contingent liabilities

The Company, together with other members of the 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 funds (the Company's available resources). 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

NOTES TO THE FINANCIAL STATEMENTS (continued)

18. Related party transactions

UK Government

The UK Government through HM Treasury is the ultimate controlling party of the Group. 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 consisted of corporation tax and VAT.

Group undertakings

The Company's immediate parent company is RBS plc, a company incorporated in the UK and registered in Scotland. As at 31 December 2012 RBS 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 is The Royal Bank of Scotland Group plc, which is incorporated in Great Britain and registered in Scotland. As at 31 December 2012 The Royal Bank of Scotland Group plc heads the largest 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.