

Company Registered No: 03414708

THE ONE ACCOUNT LIMITED

ANNUAL REPORT AND FINANCIAL STATEMENTS

For the year ended 31 December 2016

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OFFICERS AND PROFESSIONAL ADVISERS

DIRECTORS: M Larkin
L D Matheson

COMPANY SECRETARY: RBS Secretarial Services Limited

REGISTERED OFFICE: 250 Bishopsgate
London
England
EC2M 4AA

INDEPENDENT AUDITOR: Ernst & Young LLP
10 George Street
Edinburgh
EH2 2DZ

Registered in England and Wales

STRATEGIC REPORT

The directors of The One Account Limited ("the Company") present their annual report together with the audited financial statements for the year ended 31 December 2016.

ACTIVITIES AND BUSINESS REVIEW**Principal activity**

The principal activity of the Company continues to be 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 ("RBS") 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 RBS review these matters on a group basis. Copies can be obtained from Corporate Governance and Regulatory Affairs, P O Box 1000, RBS 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. Post balance sheet events are disclosed in note 15 to the financial statements.

FINANCIAL PERFORMANCE

The Company's financial performance is presented in the Profit and Loss Account on page 8.

The operating profit before taxation for the year was £12,004k (2015: £12,169k). The retained profit for the year was £9,601k (2015: £9,703k).

At the end of the year total assets were £15,023k (2015: £5,572k).

Dividends

The directors declared and paid an interim dividend of £nil (2015: £55,400k).

PRINCIPAL RISKS AND UNCERTAINTIES

The Company seeks to minimise its exposure to financial risks.

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 plc. These are denominated in sterling which is the functional currency and carry no significant financial risk.

The Company's assets mainly comprise cash at bank and amounts due from Group companies which would not expose it to any significant risk.

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.

STRATEGIC REPORT**PRINCIPAL RISKS AND UNCERTAINTIES (continued)****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.

Details of the Company's exposure to interest is detailed below.

Interest rate risk

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

Interest rate risk arises where assets and liabilities have different repricing maturities. The Company is exposed to interest rate risk on amounts owed by group companies.

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 RBS 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 all credit exposures are with RBS companies.

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. The Company manages its liquidity risk by having access to group funding.

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, 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:

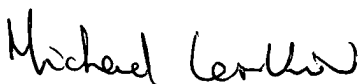
- so far as they are aware, there is no relevant audit information of which the Company's auditor is unaware; and
- the directors have taken all the steps that they ought to have taken to make themselves aware of any relevant audit information, and to establish that the Company's auditor is aware of 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:



M Larkin

Director

Date: 21 June 2017

DIRECTORS' REPORT

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

CHANGE OF REGISTERED OFFICE

On 6 March 2017, the Registered Office of the Company changed from 135 Bishopsgate, London, EC2M 3UR to 250 Bishopsgate, EC2M 4AA.

DIRECTORS AND COMPANY SECRETARY

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

INDEPENDENT AUDITOR

Ernst & Young LLP was appointed as auditor on 25 April 2016 and expressed its willingness to continue in office as auditor.

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



M Larkin
Director
Date: 21 June 2017

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 2016 which comprise the Profit and Loss Account, the Balance Sheet, the Statement of Changes in Equity and the related notes 1 to 15. The financial reporting framework that has been applied in their preparation is applicable law and United Kingdom Accounting Standards (United Kingdom Generally Accepted Accounting Practice), including 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 2016 and of its profit for the year then ended;
- have been properly prepared in accordance with United Kingdom Generally Accepted Accounting Practice, including 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.

The directors' report has been prepared in accordance with applicable legal requirements.

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

Matters on which we are required to report by exception

In light of the knowledge and understanding of the Company and its environment obtained in the course of the audit, we have identified no material misstatements in the directors' report.

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 prepare the financial statements in accordance with the small companies regime and take the advantage of the small companies' exemptions in not preparing the Strategic Report.



Peter Wallace (Senior statutory auditor)
for and on behalf of Ernst & Young LLP, Statutory Auditor
Edinburgh
Date: 26 June 2017

PROFIT AND LOSS ACCOUNT
for the year ended 31 December 2016

		2016	2015
	Note	£'000	£'000
Continuing operations			
Interest receivable		10	170
Net interest income	3	10	170
Other operating income	4	12,000	12,001
Non-interest income		12,000	12,001
Total income		12,010	12,171
Operating expenses	5	(6)	(2)
Profit on ordinary activities before tax		12,004	12,169
Tax charge	6	(2,403)	(2,466)
Profit and total comprehensive income for the financial year		9,601	9,703

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

BALANCE SHEET

as at 31 December 2016

	Note	2016 £'000	2015 £'000
Current assets			
Amounts due from group companies	8	1,226	1,151
Deferred tax asset	10	38	49
Cash at bank		13,759	4,372
Total assets		15,023	5,572
Creditors: amounts falling due within one year			
Amounts due to group companies	9	1,004	898
Current tax liability		2,392	2,623
Accruals, deferred income and other liabilities	11	5	30
Total liabilities		3,401	3,551
Equity: capital and reserves			
Called-up share capital	12	-	-
Profit and loss account		11,622	2,021
Total shareholders funds		11,622	2,021
Total liabilities and shareholders funds		15,023	5,572

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

The financial statements of the Company were approved and authorised for issue by the Board of Directors on 21 June 2017 and signed on its behalf by:



M Larkin
Director

STATEMENT OF CHANGES IN EQUITY
for the year ended 31 December 2016

	Note	Share capital £'000	Profit and loss account £'000	Total £'000
At 1 January 2015		44,400	3,318	47,718
Profit for the year		-	9,703	9,703
Dividends paid	7	-	(55,400)	(55,400)
Reduction of share capital		(44,400)	44,400	-
At 31 December 2015		-	2,021	2,021
Profit for the year		-	9,601	9,601
At 31 December 2016		-	11,622	11,622

Total comprehensive income for the year of £9,601k (2015: £9,703k) 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 England and Wales 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; and
 - disclosure requirements of IFRS 7 "Financial Instruments: Disclosure and IFRS 13 "Fair value Measurement"

Where required, equivalent disclosures are given in the group financial statements of The Royal Bank of Scotland Group plc, these financial statements are available to the public and can be obtained as set out in note 14.

The few changes to IFRS that were effective from 1 January 2016 have had no material effect on the Company's financial statement for the year ended 31 December 2016.

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.

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, other comprehensive 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**1. Accounting policies (continued)****d) 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.

e) Financial assets

On initial recognition, financial assets are classified into 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.

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 held-to-maturity, available-for-sale or 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.

g) Financial liabilities

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

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.

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.

NOTES TO THE FINANCIAL STATEMENTS

3. Net Interest income

	2016 £'000	2015 £'000
Interest receivable	10	170

4. Other operating income

	2016 £'000	2015 £'000
Fees and commission receivable	12,000	12,000
Other income	-	1
	12,000	12,001

Other operating income is attributable to the fees paid by RBS plc to the Company for the intellectual property rights associated with The One Account brand.

Revenue represents contractual fee income received from RBS plc.

5. Operating expenses

	2016 £'000	2015 £'000
Audit fees expenses	5	5
Reversal of excess audit fees charged in 2014	-	(5)
Other administrative expenses	1	2
	6	2

Staff costs, number of employees and directors' emoluments

All staff and directors were employed by group companies and the accounts of The Royal Bank of Scotland Group plc 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 fee for services provided by other group companies. 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.

The auditor's remuneration for statutory audit work of the Company was £5,000 (2015: £5,000) borne by the Company.

6. Tax

	2016 £'000	2015 £'000
Current tax:		
UK corporation tax charge for the year	2,392	2,623
	2,392	2,623
Deferred tax:		
Charge/(credit) for the year	9	(159)
Under provision in respect of prior year	2	2
Tax charge for the year	2,403	2,466

NOTES TO THE FINANCIAL STATEMENTS

6. Tax (continued)

The actual tax charge differs from the expected tax charge computed by applying the blended UK corporation tax rate of 20% (2015: 20.25%) as follows:

	2016 £'000	2015 £'000
Profit on ordinary activities before tax	12,004	12,169
Expected tax charge	2,401	2,464
Adjustment in respect of prior year	2	2
Actual tax charge for the year	<u>2,403</u>	<u>2,466</u>

In recent years the UK Government has steadily reduced the rate of UK corporation tax, with the latest rates substantively enacted at the balance sheet date standing at 20% with effect from 1 April 2015, 19% from 1 April 2017 and 17% from 1 April 2020. The closing 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

	2016 £'000	2015 £'000
Dividends paid	<u>-</u>	<u>55,400</u>

No interim dividends paid during the year (2015: £55,400k).

8. Amounts due from group companies

	2016 £'000	2015 £'000
Parent: RBS plc	<u>1,226</u>	<u>1,151</u>

9. Amounts due to group companies

	2016 £'000	2015 £'000
Parent: RBS plc	<u>1,004</u>	<u>898</u>

NOTES TO THE FINANCIAL STATEMENTS

10. Deferred tax

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

	Accelerated capital allowances £'000	IFRS transition £'000	Total £'000
At 1 January 2015	59	(167)	(108)
(Charge)/credit to Profit and Loss Account	(10)	167	157
At 31 December 2015	49	-	49
Charge to Profit and Loss Account	(11)	-	(11)
At 31 December 2016	38	-	38
		2016	2015
		£'000	£'000
Net Deferred tax		38	49

11. Accruals, deferred income and other liabilities

	2016 £'000	2015 £'000
Trade payables	-	25
Accruals	5	5
	5	30

12. Share capital

	2016 £	2015 £
Equity shares		
Allotted, called up and fully paid:		
1 (2015: 1) Ordinary Shares £1	1	1

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

13. Capital resources

The Company's capital consists of equity comprising issued share capital and retained earnings. 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 to maintain a strong capital base: it is not separately regulated. RBS has complied with the Prudential Regulation Authority's capital requirements throughout the year.

14. 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 consist of corporation tax and VAT.

NOTES TO THE FINANCIAL STATEMENTS**14. Related parties (continued)****Group undertakings**

The Company's immediate parent company is The Royal Bank of Scotland plc, a company incorporated in the UK and registered in Scotland. As at 31 December 2016, The Royal Bank of Scotland plc heads the smallest group in which the Company is consolidated. Copies of the consolidated financial statements may be obtained from Corporate Governance and Regulatory Affairs, Gogarburn, PO Box 1000, Edinburgh EH12 1HQ.

The Company's ultimate holding company is The Royal Bank of Scotland Group plc, a company incorporated in the UK. As at 31 December 2016, The Royal Bank of Scotland Group plc heads the largest group in which the Company is consolidated. Copies of the consolidated financial statements may be obtained from Corporate Governance and Regulatory Affairs, Gogarburn, PO Box 1000, Edinburgh, EH12 1HQ.

Cash at bank is held within internal bank accounts.

15. Post balance sheet events

The directors proposed a dividend of £9,000k which was paid on 19 January 2017.