

ABN AMRO Holdings (UK) Limited

Directors' report and financial statements

Registered number 01927950

31 December 2013

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Strategic report

Strategic review

The principal activity of ABN AMRO Holdings (UK) Limited ('the Company') is to act as an intermediate holding company of ABN AMRO group companies incorporated in the United Kingdom.

In approving the financial statements the directors have reviewed the financial position of the Company. Based on this they are satisfied that the Company has adequate financial resources to continue in business for the foreseeable future. The directors are confident that, if this will be required, the Company will receive financial support from the Group. For this reason the directors continue to adopt the going concern basis in preparing the financial statements.

Core markets

The activities of the Company's principal subsidiary undertakings are set out in Note 7 to the financial statements.

2013 Business review

During the year, the company made a profit of £1,300,668 (2012: loss £523,505). This profit is mainly attributable to the profit of £1.6m the Company realised through the sale of circa 50 per cent of its shareholding in Euroclear Plc.

This profit is reported as in the Statement of comprehensive income. The remaining shares in Euroclear Plc. have been measured at fair value in accordance with the latest share price through Other comprehensive income in Equity.

Principal risks and uncertainties

The Company's principal risks and uncertainties as well as its financial risk management objectives and policies in relation to financial instruments are disclosed in note 12 to the financial statements.

Directors' report

The directors present their report and the annual financial statements for the year ended 31 December 2013.

Dividend proposal

Key Performance Indication (KPIs)

Given the relatively straight forward nature of the business, the Company's directors do not use KPIs to monitor activities as they are of the opinion that analysis using KPIs is not necessary for an understanding of the development performance or position of the Company.

The directors do not recommend the payment of an ordinary dividend related to the financial year (2012: £nil).

On 23 June 2014 the Company received a special dividend of €157,918,797 from its subsidiary ABN AMRO Markets (UK) Limited. On the same date the Company paid on this special dividend to its shareholder ABN AMRO Holding International AG.

Directors

The directors who held office during the year and at the date of this report were as follows:

M Mqursy

E Herder (resigned 18 July 2014)

P Gallagher (appointed 10 April 2014)

J Heath (appointed 14 August 2014)

All the directors benefited from qualifying third party indemnity provisions in place during the financial year.

Political and charitable contributions

The Company made no political or charitable contributions during the year.

Directors' report *(continued)*

Disclosure of information to auditors

The directors who held office at the date of approval of this directors' report confirm that, so far as they are each aware, there is no relevant audit information of which the company's auditors are unaware; and each director has taken all the steps that he ought to have taken as a director to make himself aware of any relevant audit information and to establish that the company's auditors are aware of that information.

Auditors

Pursuant to section 487 of the Companies Act 2006, the auditors will be deemed to be reappointed and KPMG Audit Plc will therefore continue in office.

By order of the board



M. Moursy
Director
9 September 2014

5 Aldermanbury Square
London
EC2V 7HR

STATEMENT OF DIRECTORS' RESPONSIBILITIES IN RESPECT OF THE DIRECTORS' REPORT AND THE ANNUAL FINANCIAL STATEMENTS

The directors are responsible for preparing the Directors' Report and the annual financial statements in accordance with applicable law and regulations.

Company law requires the directors to prepare financial statements for each financial year. Under that law they have elected to prepare the financial statements in accordance with IFRSs as adopted by the European Union (EU) and applicable law.

Under company law the directors must not approve the financial statements unless they are satisfied that they give a true and fair view of the state of affairs of the company and of 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 they have been prepared in accordance with IFRSs as adopted by the EU; and
- prepare the financial statements on the going concern basis unless it is inappropriate to presume that the company will continue in business.

The directors are responsible for keeping 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 enable them to ensure that the financial statements comply with the Companies Act 2006. They have general responsibility for taking such steps as are reasonably open to them to safeguard the assets of the company and to prevent and detect fraud and other irregularities.

INDEPENDENT AUDITOR'S REPORT TO THE MEMBERS OF ABN AMRO HOLDINGS (UK) LIMITED

We have audited the financial statements of ABN AMRO Holdings (UK) Limited (the "Company") for the year ended 31 December 2013 set out on pages 5 - 22. The financial reporting framework that has been applied in their preparation is applicable law and International Financial Reporting Standards (IFRSs) as adopted by the EU.

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 set out on page 3, 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

A description of the scope of an audit of financial statements is provided on the Financial Reporting Council's website at www.frc.org.uk/auditscopeukprivate.

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 IFRSs as adopted by the EU; and
- have been prepared in accordance with the requirements of the Companies Act 2006.

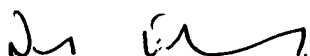
Opinion on other matter prescribed by the Companies Act 2006

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.

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.



Nicholas Edmonds (Senior Statutory Auditor)
for and on behalf of KPMG Audit Plc, Statutory Auditor

Chartered Accountants
15 Canada Square
London, E14 5GL

9/9/14

Statement of comprehensive income
for the year ended 31 December

	<i>Note</i>	2013 £	2012 £
Financial income	4	137,005	192,647
Financial expense	4	(4,874)	(8,772)
Impairment of subsidiary	7	-	(651,685)
Profit on sale of financial assets		<u>1,576,793</u>	<u>-</u>
Operating income		1,708,924	(467,810)
Foreign exchange gain		49	501
Administrative expenses	5	<u>(19,363)</u>	<u>(30,798)</u>
Profit/(loss) before tax		1,689,610	(498,107)
Taxation	6	<u>(388,942)</u>	<u>(25,398)</u>
Profit/(loss) for the year		<u>1,300,668</u>	<u>(523,505)</u>
Other comprehensive income			
Available-for-sale revaluation		869,870	-
Total comprehensive income		<u>2,170,538</u>	<u>(523,505)</u>

The notes on pages 9 to 22 form part of these financial statements

Statement of financial position
as at 31 December

	<i>Note</i>	2013 £	2012 £
Non-current assets			
Investments in subsidiaries	7	37,520,713	39,576,664
Available-for-sale financial assets		<u>1,171,939</u>	<u>100,000</u>
		38,692,652	39,676,664
Current assets			
Cash and cash equivalents	8	11,825,415	8,241,373
Group tax relief	7	-	517,155
Tax receivable		-	30,077
Withholding tax recoverable		350,320	27,880
		<u>12,175,735</u>	<u>8,816,485</u>
Total assets		50,868,387	48,493,149
Current liabilities			
Accrued expenses and other payables	9	39,995	48,158
Amounts due to related companies	7	2,014	28,472
Taxation payable		343,321	-
Unsecured loan notes	10	<u>637,000</u>	<u>741,000</u>
		1,022,330	817,630
Total liabilities		1,022,330	817,630
Net assets		49,846,057	47,675,519
Equity			
Share capital	11	33,340,000	33,340,000
Retained earnings		15,636,187	14,335,519
Available-for-sale reserve		869,870	-
Total equity		49,846,057	47,675,519

These financial statements were approved by the board of directors on 9 September 2014 and were signed on its behalf by:

M Moursy
Director

Company registered number: 01927950

The notes on pages 9 to 22 form part of these financial statements

Statements of changes in equity
for year ended 31 December

	Share Capital £	Retained earnings £	Available-for- sale reserve £	Total Equity £
Balance at 1 January 2012	33,340,000	14,859,024	-	48,199,024
Loss for the year	-	(523,505)	-	(523,505)
Total comprehensive income for the year	-	(523,505)	-	(523,505)
Balance at 31 December 2012	33,340,000	14,335,519	-	47,675,519
Balance at 1 January 2013	33,340,000	14,335,519	-	47,675,519
Profit for the year	-	1,300,668	-	1,300,668
Available-for-sale reserve	-	-	869,870	869,870
Total comprehensive income for the year	-	1,300,668	869,870	2,170,538
Balance at 31 December 2013	33,340,000	15,636,187	869,870	49,846,057

The notes on pages 9 to 22 form part of these financial statements

Statement of cash flows
for year ended 31 December

	<i>Note</i>	2013	2012
		£	£
Cash flows from operating activities			
Net profit/(loss) for the year		1,300,668	(523,505)
<i>Adjustments for:</i>			
Financial income		(137,005)	(192,647)
Financial expense		4,874	8,772
Impairment of subsidiary		-	651,685
Proceeds from sale of assets		(1,576,793)	-
Foreign exchange revaluations		(49)	(501)
Taxation		388,942	25,398
Operating profit/(loss) before changes in working capital		(19,363)	(30,798)
Increase in withholding tax recoverable		(322,441)	(18,463)
Increase in tax payable		343,321	-
Decrease in amounts due from related companies		-	74,295
Decrease in accrued expenses and other payables		(8,163)	(4,165)
Decrease in amounts due to a related company		(26,458)	(3,684)
Proceeds from Sale of Assets		1,058,129	-
Dividend received		84,508	192,647
Interest paid		(3,438)	(8,772)
Tax received		525,889	(11,137)
Decrease/(increase) in loans to subsidiaries		-	6,901,997
Net cash generated/(utilised) from operating activities		1,631,985	7,091,920
Cash flows from investing activities			
Decrease in unsecured loan notes		(104,000)	(95,000)
Funds received from liquidation of subsidiary		2,056,008	-
Net cash from investing activities		1,952,008	(95,000)
Net increase in cash and cash equivalents		3,583,993	6,996,920
Cash and cash equivalents at 1 January		8,241,373	1,243,952
Effect of exchange rate fluctuations on cash held		49	501
Cash and cash equivalents at 31 December	8	11,825,415	8,241,373

The notes on pages 9 to 22 form part of these financial statements

Notes to the annual financial statements

(forming part of the financial statements)

1 Reporting entity

ABN AMRO Holdings (UK) Limited is a company incorporated and domiciled in the UK.

On 1 April 2010, ABN AMRO Group N.V. acquired all outstanding shares and full control over Fortis Bank (Nederland) N.V. from the Dutch State. The Dutch State holds all ordinary shares in ABN AMRO Group N.V.

On 1 July 2010, Fortis Bank (Nederland) N.V. and ABN AMRO Bank N.V. ('ABN AMRO') were combined into a single group of companies by the Dutch state, following on from this merger the Fortis Bank (Nederland) N.V. name no longer exists. This Company also changed its name to ABN AMRO Holdings (UK) Limited on this date.

The Company's principal activity is to act as an intermediate holding company of group companies incorporated in the United Kingdom. ABN AMRO Holdings (UK) Limited has the following 100% subsidiaries:

- ABN AMRO Project Finance Limited
- ABN AMRO Markets (UK) Limited
- ABN AMRO Finance (UK) Limited
- ABN AMRO Prime Brokerage Limited (liquidated 8 November 2013)

These financial statements are separate financial statements, and the company does not prepare consolidated financial statements as it qualifies for the consolidation exemption under Section 400 of the Companies' Act 2006 and IAS 27 (paragraph 10). ABN AMRO Group N.V. prepares consolidated financial statements which include the results of all ABN AMRO entities.

The address of the Company's registered office is 5 Aldermanbury Square, EC2V 7HR London, United Kingdom.

2 Basis of Preparation

In approving the financial statements the directors have reviewed the current and potential future business activities and financial position of the company. Based upon this they are satisfied that the company has adequate resources to continue in business for the foreseeable future. For this reason the directors continue to adopt the going concern basis in preparing the financial statements.

(a) Statement of compliance

The Company's financial statements have been prepared and approved by the directors in accordance with International Financial Reporting Standards as adopted by the EU ("Adopted IFRSs"). The financial statements were approved by the board of directors on 9 September 2014.

(b) Basis of measurement

These financial statements have been prepared on the historical cost basis except for the following:

- Loans to subsidiaries are measured at amortised cost using the effective interest method, less any impairment losses.
- Available for sale shares are measured at the latest available share price.

(c) Functional and presentation currency

These financial statements are presented in GBP (£), which is the company's functional currency.

(d) Use of estimates and judgements

The preparation of the financial statements in conformity with IFRSs requires management to make judgements, estimates and assumptions that affect the application of accounting policies and the reported amounts of assets, liabilities, income and expenses. Actual results may differ from these estimates.

Estimates and underlying assumptions are reviewed on an ongoing basis. Revisions to accounting estimates are recognised in the period in which the estimate is revised and in any future periods affected.

Notes to the annual financial statements *(continued)*

3 Significant accounting policies

The accounting policies set out below have been applied consistently to all periods presented in these financial statements.

Foreign currency

Foreign currency transactions

Transactions in foreign currencies are recorded in the functional currency at the rate of exchange prevailing on the date of the transaction.

Monetary assets and liabilities denominated in foreign currencies are translated into the functional currency at the rate of exchange ruling at the balance sheet date. The foreign currency gain or loss on monetary items is the difference between amortised cost in the functional currency at the beginning of the year, adjusted for payments during the year, and the amortised cost in foreign currency translated at the rate of exchange at the balance sheet date.

Translation of non-monetary items depends on whether the non-monetary items are carried at historical cost or at fair value. Non-monetary items carried at historical cost are translated using the rate of exchange at the date of the initial transaction. Non-monetary items that are carried at fair value are translated using the rate of exchange at the date the fair value was determined.

The resulting exchange differences are recorded in the statement of comprehensive income as foreign exchange gains or losses except for those non-monetary items whose fair value change is recorded as a component of shareholders' equity.

Revenue

Financial income

Financial income includes interest income, which is recognised in the statement of comprehensive income for all interest earning instruments on an accrual basis using the effective interest method based on the actual purchase price including direct transaction costs. Transaction costs refer to costs directly attributable to the acquisition or disposal of a financial asset or liability.

Dividend income is also included in financial income and is recognised in the statement of comprehensive income on the date the entity's right to receive payments is established.

Financial expense

Financial expense comprises of interest payable that is recognised in the statement of comprehensive income as it accrues, using the effective interest method.

Results from financial transactions

Results from financial transactions include gains and losses on the sale of non-trading financial assets and liabilities.

Financial assets and financial liabilities

Recognition, initial measurement and recognition

The Company initially recognises loans and advances and interest bearing loans and borrowing from a related company on the date at which they are originated. All other financial assets and liabilities are initially recognised on the trade date at which the Company becomes a party to the contractual provisions of the instrument.

The Company derecognises a financial asset when the contractual rights to the cash flows from the financial asset expire, or when it transfers the financial asset in a transaction in which substantially all the risks and rewards of ownership of the financial asset are transferred or in which the Company neither transfers nor retains substantially all the risks and rewards of ownership and it does not retain control of the financial asset.

Notes to the annual financial statements *(continued)*

3 Significant accounting policies *(continued)*

Financial assets and financial liabilities *(continued)*

Offsetting

Financial assets and liabilities are offset and the net amount presented in the statement of financial position when, and only when, there is a legally enforceable right to set off the recognised amounts and there is an intention to settle on a net basis, or realise the asset and settle the liability simultaneously. Income and expenses are presented on a net basis only when permitted under IFRSs.

Trade and other receivables

Trade and other receivables and amounts due from related companies are stated at nominal value (discounted if material) less impairment losses.

Investment securities

Available for sale investments are investments in non-derivative instruments that are not designated as another category of financial assets. Unquoted equity securities whose fair value cannot be reliably measured are carried at cost. All other available for sale investments are carried at fair value.

Other fair value changes are recognised directly in equity until the investment is sold or impaired and the balance in equity is recognised in the statement of comprehensive income.

Investment in Subsidiaries

Subsidiaries are entities controlled by the company. Investments in subsidiaries are held at cost less provisions for any permanent diminution in value. Any such provision is charged to the statement of comprehensive income in the period in which it arises.

Recognition of dividends: The recognition of dividends from subsidiaries as per IAS 18, Revenue, requires that dividends received from subsidiaries be recognised in profit or loss when the entity's right to receive the dividend is established.

Interest bearing and non-interest bearing loans and borrowings from a related company

Interest-bearing and non-interest bearing borrowings are recognised initially at fair value less attributable transaction costs. Subsequent to initial recognition, interest-bearing and non-interest bearing borrowings are stated at amortised cost with any difference between cost and redemption value being recognised in the statement of comprehensive income over the period of the borrowings on an effective interest basis.

Accruals and other payables and amounts due to related companies are stated at nominal value (discounted if material).

Cash and cash equivalents

Cash and cash equivalents include cash on hand and unrestricted balances held with banks, which are used by the Company in the management of its short-term commitments.

Cash and cash equivalents are carried at amortised cost in the statement of financial position.

Statement of cash flows

The statement of cash flows, based on the indirect method of calculation, gives details of the source of cash and cash equivalents which became available during the year and the application of these cash and cash equivalents over the course of the year. The cash flows are analysed into cash flows from operations, investment activities and financing activities.

Interest received and interest paid is presented as cash flows from operating activities in the statement of cash flow.

Notes to the annual financial statements *(continued)*

3 Significant accounting policies *(continued)*

Financial assets and financial liabilities *(continued)*

Impairment of Subsidiaries

In assessing whether a full impairment test is required for an investment in a subsidiary, the company is required to consider whether it has recognised a dividend from the investment and if evidence is available that the carrying amount of the investment in the separate financial statements exceeds the carrying amount in the consolidated financial statements of the investee's net assets; or the dividend exceeds the total comprehensive income of the subsidiary in the period in which the dividend is declared.

Taxation

Income tax comprises current tax and deferred tax. Current tax is the tax expected to be payable on the taxable profit for the year, calculated using tax rates enacted or substantively enacted by the balance sheet date, and any adjustments to tax payable in respect of previous years.

Deferred tax is also recognised for qualifying temporary differences. Temporary differences represent the difference between the carrying amounts of assets and liabilities for financial reporting purposes and the amounts used for taxation purposes.

The amount of deferred tax provided is based on the expected manner of realisation or settlement of the carrying amount of assets and liabilities, using tax rates enacted or substantively enacted at the balance sheet date. A deferred tax asset is recognised only to the extent that it is probable that this asset can be utilised against future taxable profits.

Deferred and current tax assets and liabilities are only offset when they arise in the same tax reporting group and where there is both, the legal right and the intention to settle on a net basis to realise the asset and liability simultaneously.

Changes in accounting policies

IFRS 7 Financial Instruments: Disclosures Offsetting

The amendments to IFRS 7 are intended to enable users of financial statements to better evaluate the effects or potential effects of offsetting on the entity's financial positions.

IFRS 13 Fair Value Measurement

On 1 January 2013, ABN AMRO adopted IFRS 13 Fair Value Measurement. Fair value is defined in IFRS 13 as the price that would be received when selling an asset or paid when transferring a liability in an orderly transaction between market participants at the measurement date. The change had no significant impact on the measurement of assets and liabilities.

New accounting standards and interpretations

IAS 36 Impairment of Assets

In May 2013, the IASB issued amendments to IAS 36. These amendments address disclosure requirements for recoverable amount information if this amount is based on fair value less costs of disposal. The amendments are to be applied retrospectively for annual periods beginning on or after 1 January 2014. The application of this amendment impacts disclosures only.

Notes to the annual financial statements *(continued)*

4. Financial income and expense

	2013 £	2012 £
Financial Income		
Interest income from related party <i>(note 7)</i>	-	98,003
Interest income	6,150	10,176
Dividend income	130,855	84,468
	<u>137,005</u>	<u>192,647</u>
 Financial expense		
Interest expense	<u>(4,874)</u>	<u>(8,772)</u>

5. Administrative expenses

	2013 £	2012 £
<i>Auditors' remuneration</i>		
Audit of these financial statements	<u>10,608</u>	<u>12,000</u>

Notes to the annual financial statements (continued)

6. Taxation

Recognised in the statement of comprehensive income

	2013 £	2012 £
<i>Current tax expense</i>		
Current year	97,419	5,591
Withholding tax write-off	263,233	-
Prior year tax adjustment	28,290	19,807
	<u>388,942</u>	<u>25,398</u>

Reconciliation of effective tax rate

	2013 £	2012 £
Profit before tax	<u>1,689,610</u>	<u>(498,107)</u>
Tax recoverable using the UK corporation tax rate of 23.25% (2012: 24.5 %)	392,834	(122,037)
<i>Adjustments recognised in the period for:</i>		
Non-taxable income net of allowances	(51,809)	114,958
Withholding tax write off	263,233	12,670
Double Tax Relief	(243,606)	
Adjustments in respect of prior years	28,290	19,807
	<u>388,942</u>	<u>25,398</u>
Total tax in income statement	<u>388,942</u>	<u>25,398</u>

A reduction in the UK corporation tax rate to 21% (effective from 1 April 2014) and 20% (effective from 1 April 2015) was enacted on 17 July 2013. This will reduce the company's future current tax charge accordingly.

The deferred tax at 31 December 2013 has been calculated based on the future tax rates enacted at the balance sheet date.

Notes to the annual financial statements (continued)

7. Related parties

Identity of related parties

Related parties comprise major shareholders, directors and key management of the Company and their related concerns. The Company, in the ordinary course of business, enters into transactions, at agreed terms and conditions, with other business enterprises or individuals that fall within the definition of related party contained in *IAS 24 – Related Parties*.

The Company has a related party relationship with its Parent, Ultimate Parent, the subsidiaries and the directors.

Ultimate parent company and parent company of larger group

The company is a subsidiary undertaking of ABN AMRO Holding International AG (the "Parent"), a company incorporated in Switzerland.

The largest and smallest group in which the results of the company are consolidated is that headed by ABN AMRO Group N.V. (the "Ultimate Parent"), incorporated in the Netherlands. The consolidated financial statements of ABN AMRO Group N.V. are available to the public and may be obtained from ABN AMRO Group N.V. at Gustav Mahlerlaan 10, 1082 PP Amsterdam, Netherlands. Copies of the Ultimate Parent financial statements can be obtained from this address or accessed through the internet at <http://www.abnamro.com>

Fellow subsidiaries

Fellow subsidiaries represent all companies that are under the significant influence of the Ultimate Parent.

Transactions with Related Parties

Transactions with Key Management Personnel

In addition to their salaries, the Company also provides non-cash benefits to key management personnel and executive officers, and contributions to a post-employment defined contribution plan on their behalf.

	2013	2012
	£	£
Directors' emoluments	12,326	5,225
Company contributions to money purchase pension plans	1,028	831
	13,354	6,056

The aggregate emoluments and amounts receivable under long term incentive schemes of the highest paid director was £8,795 (2012: £2,871), and company pension contributions of £630 (2012: £271) were made to a money purchase scheme on his behalf.

Transactions with subsidiaries

The company had the following investments in subsidiaries as at 31 December 2013:

Company	Country of Incorporation	Class of shares held	Ownership		Nature of business
			2013	2012	
ABN AMRO Project Finance Limited (formerly known as Fortis Project Finance Limited)	England and Wales	Ordinary shares	100%	100%	Loans and advances to corporate customers
ABN AMRO Markets (UK) Limited (Formerly known as Fortis GMK (UK) Limited)	England and Wales	Ordinary shares	100%	100%	Securities financing
ABN AMRO Finance (UK) Limited	England and Wales	Ordinary shares	100%	100%	Leasing services

Notes to the annual financial statements *(continued)*

7. Related parties *(continued)*

Transactions with Related Parties (continued)

Transactions with subsidiaries (continued)

	Investments in subsidiaries	Loan to subsidiary	Investments in subsidiaries	Loan to subsidiary
	2013 £	2013 £	2012 £	2012 £
Cost				
At beginning of year	48,021,095	-	48,672,780	6,901,997
Additions	-	-	-	98,003
Disposals/Repayments	(10,500,382) *	-	-	(7,000,000)
Impairment of subsidiary	-	-	(651,685)	-
Dividend recorded as a reduction in investment	-	-	-	-
	37,520,713	-	48,021,095	-
Provisions				
At beginning of year	(8,444,431)	-	(8,444,431)	-
Disposal/repayments	8,444,431	-	-	-
	-	-	(8,444,431)	-
At end of the period	37,520,713	-	39,576,664	-

* Disposal of investment and write off of related provision in respect of ABN AMRO Prime Brokerage Limited liquidated on 8 November 2013.

Notes to the annual financial statements *(continued)*

7. Related parties *(continued)*

Transactions with Related Parties (continued)

Balances with related parties:

At the year end, the Company had the following balances with its related parties:

	2013 £	2012 £
<i>Amounts due to related parties</i>		
Other payables to ABN AMRO Bank N.V., UK Branch	<u>2,014</u>	<u>28,472</u>
Group tax relief	<u>-</u>	<u>517,155</u>

Transactions with Related Parties

During the year, the company had the following transactions with its related parties:

	2013 £	2012 £
Interest income <i>(Note 4)</i>	<u>-</u>	<u>98,003</u>

Notes to the annual financial statements *(continued)*

8. Cash and cash equivalents

	2013 £	2012 £
Cash at banks	<u>11,825,415</u>	<u>8,241,373</u>

9. Accrued expenses and other payables

	2013 £	2012 £
Accrued expenses and other payables	38,907	44,120
Interest payable	<u>1,088</u>	<u>4,038</u>
	<u>39,995</u>	<u>48,158</u>

10. Unsecured loan notes

	2013 £	2012 £
Current liabilities		
Unsecured loan notes	637,000	741,000

The contractual term of the unsecured loan notes expires in 2024. Per the Loan agreement the note holders can request accelerated repayment or prepayment within 30 days of notice on certain conditions being met.

Interest is charged at varying interest rates, as follows:

Currency	2013 Maximum %	2013 Minimum %	2012 Maximum %	2012 Minimum %
GBP	1.235	0.291	1.235	0.985

The interest rate on these loan notes is the 1 year LIBOR rate as at June of every year end, less 60 basis points.

Notes to the annual financial statements *(continued)*

11. Capital and reserves

Share capital

	2013 £	2012 £
<i>Authorised</i>		
100,000,000 – 'A' Ordinary shares of £1 each	100,000,000	100,000,000
20,000,000 – Ordinary shares of €1 each	12,240,000	12,240,000
	112,240,000	112,240,000
<i>Allotted, called up and fully paid</i>		
21,100,000 – 'A' Ordinary shares of £1 each	21,100,000	21,100,000
20,000,000 – Ordinary shares of €1 each	12,240,000	12,240,000
Shares classified in shareholders' funds	33,340,000	33,340,000

The holders of both 'A' ordinary and ordinary shares are entitled to receive dividends as declared from time to time and are entitled to one vote per share at meetings of the Company.

12. Financial instruments

Risk management

As part of its day-to-day operational activities, the Company is engaged as an intermediate holding company of group companies. The company does not currently trade in financial instruments.

The main risks which the Company faces in the course of its operational activities are market risk, operational and settlement risk, credit risk and currency risk.

Identification and management of these risks, which is the responsibility of the directors of the Company, is performed by the Company's ultimate parent, ABN AMRO Group N.V. The directors of the Company are responsible for the profitability of the Company and therefore all inherent economic risks from its business activities, though the risks are monitored on a day-to-day basis by the risk management function of the Ultimate Parent.

Risk procedures

The risk management function of the Ultimate Parent is responsible for the daily monitoring of the risks involved. Monitoring includes, amongst other things, verifying whether the positions individual and in total are within set limits. The limits are set by the central credit risk committee of ABN AMRO Bank N.V. and the directors of the Company. Periodically, the Internal Audit department performs audits on the Company.

Market risk

The market risk to external counterparties is very limited for the Company as most transactions are with fellow group companies. ALM (Asset & Liability Management) risk is managed centrally by the Ultimate Parent.

Notes to the annual financial statements *(continued)*

12. Financial Instruments *(continued)*

Operational/settlement risk

Operational risk is the risk of loss resulting from inadequate or failed internal processes, people and systems, or from external events. This definition includes legal and compliance risk, but excludes strategic/business and reputation risk. Some examples of operational risk include fraud, litigation for non-compliance with law or natural disasters and terrorism. Mitigating actions can be risk avoidance, reduction or transfer, or improving control.

In accordance with industry practice, the company has acquired insurance policies issued by third party insurers which provide coverage under a combined Bankers Blanket Bond, Computer Crime and Professional Indemnity insurance. The company has a Directors and Officers liability insurance. The company did not experience any material operational losses during the year.

Liquidity risk

Liquidity Risk is the risk of not meeting actual (and potential) payments or collateral posting obligations when they are due. It has two components, as described below.

Funding liquidity risk is the risk that expected and unexpected cash demands of deposit holders and other contract holders cannot be met without suffering unacceptable losses or without endangering the business franchise.

Market liquidity risk concerns the inability to realise assets due to inadequate market depth, or market disruption. As such it is related to market risk to a certain extent.

Liquidity risk management is a combination of managing funding resources while maintaining a portfolio of highly marketable assets that can be liquidated as a protection against any unforeseen interruption of cashflows. Central Risk Management has formulated a policy and framework for sound liquidity risk management. Its primary goal is to ensure that the Company maintains sufficient cash and liquid assets to meet its current and future financial obligations at all times, in both normal and exceptional circumstances and for every currency in which it has an exposure.

The Management Board of ABN AMRO Bank N.V. defines the risk appetite and strategy for all risk factors, including liquidity risk. The ABN AMRO Bank N.V. Asset and Liability Committee (ALCO) is responsible for monitoring liquidity risk across ABN AMRO Bank N.V.

Notes to the annual financial statements (continued)

12. Financial Instruments (continued)

The table below shows the company's liabilities classified into relevant maturity groupings based on the remaining period to the contractual maturity date:

At 31 December 2013	0 to 3 months £	3 – 12 months £	1 – 5 years £	Over 5 years £	Total £
Liabilities					
Amount due to a related company	2,014	-	-	-	2,014
Taxation payable	-	91,484	251,837	-	343,321
Trade and other payables	39,995	-	-	-	39,995
Unsecured loan notes	637,000	-	-	-	637,000
Total liabilities	679,009	91,484	251,837	-	1,022,330
At 31 December 2012	0 to 3 months £	3 – 12 months £	1 – 5 years £	Over 5 years £	Total £
Liabilities					
Amount due to a related company	-	28,472	-	-	28,472
Trade and other payables	-	48,158	-	-	48,158
Unsecured loan notes	-	741,000	-	-	741,000
Total liabilities	-	817,630	-	-	817,630

Currency risk

Currency risk is the translation risk that stems from a change in the exchange rate of that currency to the functional currency of the Company (GBP). Investments and loans to subsidiaries are not always in the Company's functional currency and consequently this constitutes a currency risk for the Company. When entering into a lending transaction, the Company mitigates the currency risk by issuing capital and/or borrowing funds in the same currency from another group company. Furthermore, the Company has outstanding amounts in non-GBP currencies as a result of the receipt of interest and dividend payments.

The Company's exposure to foreign currency risk was as follows based on actual amounts:

2013	GBP £	EURO £	Total £
Investments in subsidiaries	37,520,713	-	37,520,713
Available for sale financial assets	50,249	-	50,249
Available for sale financial assets - Revaluation	-	1,121,690	1,121,690
Cash and cash equivalents	10,590,878	1,234,537	11,825,415
Withholding tax recoverable	-	350,320	350,320
Tax payable	(91,484)	(251,837)	(343,321)
Accrued expenses and other payables	(39,995)	-	(39,995)
Trade and other payables	(2,014)	-	(2,014)
Unsecured loan notes	(637,000)	-	(637,000)
Share capital	(21,100,000)	(12,240,000)	(33,340,000)
Retained earnings	(15,636,187)	-	(15,636,187)
Available-for-sale reserve	-	(869,870)	(869,870)
Net balance sheet exposure	10,655,160	(10,655,160)	-

Notes to the annual financial statements *(continued)*

12. Financial Instruments *(continued)*

Currency risk (continued)

2012	GBP £	EURO £	Total £
Investments in subsidiaries	39,576,664	-	39,576,664
Available for sale financial assets	100,000	-	100,000
Cash and cash equivalents	8,151,026	90,347	8,241,373
Withholding tax recoverable	-	27,880	27,880
Taxation payable	517,155	-	517,155
Group tax relief	30,077	-	30,077
Trade and other payables	(48,158)	-	(48,158)
Amounts due to related companies	(28,472)	-	(28,472)
Unsecured loan notes	(741,000)	-	(741,000)
Share capital	(21,100,000)	(12,240,000)	(33,340,000)
Retained earnings	(14,335,519)	-	(14,335,519)
Net balance sheet exposure	12,121,773	(12,121,773)	-

Credit risk

Credit risk is the risk of a financial loss that occurs if a client or counterparty fails to meet the terms of a contract or otherwise fails to perform as agreed.

The credit risk to external counterparties for the Company is limited because transactions are predominantly concluded with fellow subsidiary undertakings. The credit risk on balances with fellow subsidiary undertakings is treated as low credit risk.

The carrying amount of financial assets represents the maximum credit exposure. The maximum exposure to credit risk at 31 December was:

	2013 £	2012 £
Cash and cash equivalents	11,825,415	8,241,373

13. Post Balance Sheet Events

On 23 June 2014 the Company received a special dividend of €157,918,797 from its subsidiary ABN AMRO Markets (UK) Limited. On the same date the Company paid on this special dividend to its shareholder ABN AMRO Holding International AG.

On 30 June 2014 the directors of ABN AMRO Finance (UK) Limited have taken the decision to put the company into liquidation through a Members Voluntary action.

On 16 July 2014 the Company received a dividend of £300,000 from its subsidiary ABN AMRO Finance (UK) Limited.