

Company Registered No: 05660871

RBS POWER INVESTMENTS IRELAND LIMITED

DIRECTORS' REPORT AND FINANCIAL STATEMENTS

For the year ended 31 December 2011



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

DIRECTORS' REPORT AND FINANCIAL STATEMENTS 2011

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RBS POWER INVESTMENTS IRELAND LIMITED

05660871

OFFICERS AND PROFESSIONAL ADVISERS

DIRECTORS: S J Caterer
P D J Sullivan

SECRETARY: RBS Secretarial Services Limited

REGISTERED OFFICE: 135 Bishopsgate
London
EC2M 3UR

Registered in England and Wales

DIRECTORS' REPORT

The directors of RBS Power Investments Ireland Limited ("the company") present their report and the financial statements for the year ended 31 December 2011.

This Directors' Report has been prepared in accordance with the special provisions available to companies entitled to the small companies exemption

ACTIVITIES AND BUSINESS REVIEW**Activity**

RBS Power Investments Ireland Limited is an investments company which sold its last investment in September 2009, since then it has not made any further investments or engaged in other activities or have specific plans to do so

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

Review of the year***Business review***

The directors are satisfied with the company's performance in the year

Financial performance

The company's operating profit for the year was £nil (2010 £nil). The retained loss for the year was £nil (2010 £11,381).

At the end of the year, the balance sheet showed total assets of £1 (2010 £1).

The directors do not recommend the payment of a dividend (2010 £1,561,000).

Principal risks and uncertainties

The company's financial risk management objectives and policies regarding the use of financial instruments are set out in note 5 to these financial statements.

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 2011 to date the following changes have taken place.

Directors	Appointed	Resigned
P S Roberts		1 February 2011
P D J Sullivan	30 March 2012	-
P J Whitby	-	16 February 2012
Secretary		
R E Fletcher	27 April 2012	-
RBS Secretarial Services Limited	-	27 April 2012

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 and the directors have elected to prepare them in accordance with International Financial Reporting Standards ("IFRS") as adopted by the European Union (EU). 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 at the end of the year and the profit or loss for the financial year of the company. In preparing these financial statements, under International Accounting Standard 1, the directors are required to

- select suitable accounting policies and then apply them consistently,
- present information, including accounting policies, in a manner that provides relevant, reliable, comparable and understandable information,
- provide additional disclosures when compliance with the specific requirements in IFRS are insufficient to enable users to understand the impact of particular transactions, other events and conditions of the entity's financial position and performance, 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.

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



S J Caterer
Director

Date 19 JUNE 2012

STATEMENT OF COMPREHENSIVE INCOME
For the year ended 31 December 2011

		2011	2010
Continuing operations	Notes	£	£
Operating income		-	-
Operating expenses		-	-
Operating profit and profit before tax		-	-
Taxation	3	-	(11,381)
Loss for the year		-	(11,381)
Other comprehensive income			
Exchange differences on translation		-	(53,845)
Other comprehensive loss for the year		-	(53,845)
Total comprehensive loss for the year		-	(65,226)

The accompanying notes form an integral part of these financial statements

BALANCE SHEET
 as at 31 December 2011

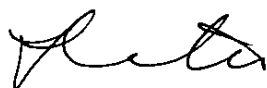
	Notes	2011 £	2010 £'000
Assets			
Current assets			
Trade and other receivables	4	1	1
Total assets		<u>1</u>	<u>1</u>
Equity			
Share capital	6	1	1
Total equity		<u>1</u>	<u>1</u>

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

DIRECTORS' DECLARATION

- 1 For the year ended 31 December 2011, the Company was entitled to an audit exemption under Section 480(1) of the Companies Act 2006
- 2 No members have required the Company to obtain an audit of its financial statements for the period in question in accordance with Section 476 of the Companies Act 2006
- 3 The directors acknowledge their responsibility for
 - a) ensuring the Company keeps accounting records, which comply with section 436 of the Companies Act 2006, and
 - b) Preparing financial statements which fairly present the financial position of the Company as at the end of its financial period and its financial performance for the period in accordance with International Accounting Standards referred to by Section 395 (1(b)) of the Companies Act 2006.

The financial statements were approved by the Board of Directors and authorised for issue on 19 JUNE 2012 and signed on its behalf by



S J Caterer
 Director

STATEMENT OF CHANGES IN EQUITY
for the year ended 31 December 2011

	Share capital £	Foreign currency translation reserve £	Retained earnings £	Total £
At 1 January 2010	1	261,916	1,364,310	1,626,227
Other comprehensive loss	-	(53,845)	-	(53,845)
Transfer to reserve	-	(208,071)	208,071	-
Loss for the year	-	-	(11,381)	(11,381)
Dividend paid	-	-	(1,561,000)	(1,561,000)
At 31 December 2010	1	-	-	1
Profit for the year	-	-	-	-
At 31 December 2011	1	-	-	1

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

CASH FLOW STATEMENT
for the year ended 31 December 2011

	Notes	2011 £	2010 £
Operating activities			
Profit for the year before tax		-	-
Tax received			31,612
Net cash flows from operating activities		-	-
Cash flow from financing activities		-	-
Dividend paid		-	(1,561,000)
Net cash flow used by financing activities		-	(1,561,000)
Net movement in cash and cash equivalents		-	(1,529,388)
Effect of foreign exchange rate changes		-	(53,845)
Cash and cash equivalents at beginning of year		-	1,583,233
Cash and cash equivalents at end of year		-	-

The accompanying notes form an integral part of these financial statements

NOTES TO THE FINANCIAL STATEMENTS**1. Accounting policies****a) Presentation of accounts**

The accounts are prepared on a going concern basis and in accordance with IFRS 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).

The accounts are prepared on the historical cost.

The company's financial statements are presented in sterling, which is functional currency of the company

The company is incorporated in Great Britain and registered in England and Wales. The company's accounts are presented in accordance with the Companies Act 2006

Adoption of new and revised standards

There are a number of changes to IFRS that were effective from 1 January 2011. They have had no material effect on the company's financial statements for the year ended 31 December 2011

b) Foreign currencies

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

Non-monetary items denominated in foreign currencies that are stated at fair value are translated into sterling at the foreign exchange rates ruling at the dates the values are determined.

c) Taxation

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

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

Deferred tax is the tax expected to be payable or recoverable in respect of temporary differences between the carrying amount of an asset or liability for accounting purposes and its carrying amount for tax purposes. Deferred tax liabilities are generally recognised for all taxable temporary differences and deferred tax assets are recognised to the extent that it is probable that they will be recovered. Deferred tax is 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

NOTES TO THE FINANCIAL STATEMENTS (continued)**1. Accounting policies (continued)****d) Accounting developments**

The IASB issued IFRS 9 'Financial Instruments' in November 2009 simplifying the classification and measurement requirements in IAS 39 'Financial Instruments Recognition and Measurement' in respect of financial assets. The standard reduces the measurement categories for financial assets to two: fair value and amortised cost. A financial asset is classified on the basis of the entity's business model for managing the financial asset and the contractual cash flow characteristics of the financial asset. Only assets with contractual terms that give rise to cash flows on specified dates that are solely payments of principal and interest on the principal amount outstanding and which are held within a business model whose objective is to hold assets in order to collect contractual cash flows are classified as amortised cost. All other financial assets are measured at fair value. Changes in the value of financial assets measured at fair value are generally taken to profit or loss.

In October 2010, IFRS 9 was updated to include the classification and measurement of liabilities. It is not markedly different from IAS 39 except for liabilities measured at fair value where the movement is due to changes in credit rating of the preparer it is recognised not in profit or loss but in other comprehensive income.

The standard is effective for annual periods beginning on or after 1 January 2015, early application is permitted.

This standard makes major changes to the framework for the classification and measurement of financial assets and will have an effect on the company's financial statements. The changes relating to the classification and measurement of liabilities carried at fair value will have a less significant effect on the company. The company is assessing these impacts which are likely to depend on the outcome of the other phases of IASB's IAS 39 replacement project.

The IASB issued an amendment to IAS 12 'Income Taxes' in December 2010 to clarify that recognition of deferred tax should have regard to the expected manner of recovery or settlement of the asset or liability. The amendment and consequential withdrawal of SIC 21 'Deferred Tax: Recovery of Underlying Assets', effective for annual periods beginning on or after 1 January 2012, is not expected to have a material effect on the company.

In May 2011, the IASB issued six new or revised standards:

IFRS 10 Consolidated Financial Statements which replaces SIC-12 Consolidation - Special Purpose Entities and the consolidation elements of the existing IAS 27 Consolidated and Separate Financial Statements. The new standard adopts a single definition of control: a reporting entity controls another entity when the reporting entity has the power to direct the activities of that other entity to generate returns for the reporting entity.

IAS 27 Separate Financial Statements which comprises those parts of the existing IAS 27 that dealt with separate financial statements.

IFRS 11 Joint Arrangements which supersedes IAS 31 Interests in Joint Ventures. IFRS 11 distinguishes between joint operations and joint ventures. Joint operations are accounted for by the investor recognising its assets and liabilities including its share of any assets held and liabilities incurred jointly and its share of revenues and costs. Joint ventures are accounted for in the investor's consolidated accounts using the equity method.

NOTES TO THE FINANCIAL STATEMENTS (continued)**1. Accounting policies (continued)****d) Accounting developments (continued)**

IAS 28 Investments in Associates and Joint Ventures covers joint ventures as well as associates, both must be accounted for using the equity method. The mechanics of the equity method are unchanged.

IFRS 12 Disclosure of Interests in Other Entities covers disclosures for entities reporting under IFRS 10 and IFRS 11 replacing those in IAS 28 and IAS 27. Entities are required to disclose information that helps financial statement readers evaluate the nature, risks and financial effects associated with an entity's interests in subsidiaries, in associates and joint arrangements and in unconsolidated structured entities.

IFRS 13 Fair Value Measurement which sets out a single IFRS framework for defining and measuring fair value and requiring disclosures about fair value measurements.

These standards are effective for annual periods beginning on or after 1 July 2012 and 1 January 2013 respectively. Earlier application is permitted. The company is reviewing the standards to determine their effect on the company's financial reporting.

In June 2011, the IASB issued amendments to two standards.

Amendments to IAS 1 Presentation of Items of Other Comprehensive Income that require items that will never be recognised in profit or loss to be presented separately in other comprehensive income from those that are subject to subsequent reclassification.

Amendments IAS 19 Employee Benefits - these require the immediate recognition of all actuarial gains and losses eliminating the 'corridor approach', interest cost to be calculated on the net pension liability or asset at the appropriate corporate bond rate, and all past service costs to be recognised immediately when a scheme is curtailed or amended.

These amendments are effective for annual periods beginning on or after 1 January 2013. Earlier application is permitted. The company is reviewing the amendments to determine their effect on the company's financial reporting.

2. Operating expenses**Staff costs, number of employees and directors' emoluments**

All staff and directors were employed by The Royal Bank of Scotland plc ("RBS"), the accounts for which contain full disclosure of employee benefit expenses incurred in the period including share based payments and pensions. The company has no employees and pays a management charge for services provided by other group companies. The directors of the company do not receive remuneration for specific services provided to the company.

NOTES TO THE FINANCIAL STATEMENTS (continued)

3. Taxation

	2011 £	2010 £
Current taxation:		
UK corporation tax charge for the year	-	-
Under provision in respect of prior periods	-	11,381
Tax charge for the year	-	11,381

The actual tax charge differed from the expected tax charge computed by applying the standard rate of UK corporation tax of 26.5% (2010 28%) as follows

	2011 £	2010 £
Profit before taxation:	-	-
Expected tax charge	-	-
Adjustments in respect of prior periods	-	11,381
Actual tax charge for the year	-	11,381

The changes to tax rates and capital allowances proposed in the Budget on 22 June 2010, 23 March 2011 and 21 March 2012 are not expected to have a material effect on the company

4. Trade and other receivables

	2011 £	2010 £
Other receivables	1	1

5. Financial instruments and risk management

(i) Fair value

There is no difference between the fair value of financial instruments carried on the balance sheet and their carrying value

All financial assets are classed as loans and receivables All financial liabilities are classed as amortised cost

(ii) Financial risk management

The principal risks associated with the company's businesses are as follows

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.

Interest rate risk

Interest rate risk arises where assets and liabilities have different interest profiles

The balance sheet profile of the company is such that there are only non-interest bearing assets at the year end Hence the company has no significant interest rate risk

NOTES TO THE FINANCIAL STATEMENTS (continued)**5. Financial instruments and risk management (continued)****Currency risk**

The company has no currency risk as all transactions and balances are denominated in sterling

Credit Risk

The objective of credit risk management is to enable the company to achieve appropriate risk versus reward performance whilst maintaining credit risk exposure in line with approved appetite for the risk that customers will be unable to meet their obligations to the company

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

- Approval of all credit exposure is granted prior to any advance or extension of credit
- An appropriate credit risk assessment of the customer and credit facilities is undertaken prior to approval of credit exposure. This includes a review of, amongst other things, the purpose of credit and sources of repayment, compliance with affordability tests, repayment history, capacity to repay, sensitivity to economic and market developments and risk-adjusted return
- Credit risk authority is dictated 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

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 Group Asset and Liability Management Committee (GALCO)

Operational risk

Operational risk is the risk of unexpected losses attributable to human error, systems failures, fraud or inadequate internal financial controls and procedures. The company manages this risk, in line with the RBS Group framework, through systems and procedures to monitor transactions and positions, the documentation of transactions and periodic review by internal audit. The company also maintains contingency facilities to support operations in the event of disasters.

NOTES TO THE FINANCIAL STATEMENTS (continued)

6. Share capital

	2011 £	2010 £
Authorised 100 Ordinary Shares of €1 each	<u>86</u>	<u>89</u>
Allotted and called up 1 Ordinary Shares of €1 each	<u>1</u>	<u>1</u>

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

7. 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 group's policy which is to maintain a strong capital base. It is not separately regulated. The group has complied with the FSA's capital requirements throughout the year.

8. Related parties**UK Government**

On 1 December 2008, the UK Government through HM Treasury became the ultimate controlling party of The Royal Bank of Scotland Group plc. The UK Government's shareholding is managed by UK Financial Investments Limited, a company wholly-owned by the UK Government. As a result, the UK Government and UK Government controlled bodies became related parties of the company.

The company enters into transactions with these bodies on an arms' length basis, they include the payment of taxes including UK corporation tax.

Group undertakings

The company's immediate parent company is The Royal Bank of Scotland plc, a company incorporated in Great Britain and registered in Scotland. As at 31 December 2011, The Royal Bank of Scotland plc heads the smallest group in which the company is consolidated. Copies of the consolidated accounts of this company may be obtained from The Secretary, The Royal Bank of Scotland Group plc, Gogarburn, Edinburgh EH12 1HQ.

The company's ultimate holding company is The Royal Bank of Scotland Group plc, a company incorporated in Great Britain and registered in Scotland. As at 31 December 2011, The Royal Bank of Scotland Group plc heads the largest group in which the company is consolidated. Copies of the consolidated accounts of this company may be obtained from The Secretary, The Royal Bank of Scotland Group plc, Gogarburn, Edinburgh EH12 1HQ.

Amounts due to or from related parties are unsecured and will be settled in cash. No guarantees have been given or received. No provisions have been made for doubtful debts in respect of amounts owed by related parties.

NOTES TO THE FINANCIAL STATEMENTS (continued)**8. Related parties (continued)****Key management**

The company is a subsidiary of The Royal Bank of Scotland Group plc whose policy is for companies to bear the costs of their full time staff. The time and costs of executives and other staff who are primarily employed by the group are not specifically recharged. However, the group recharges subsidiaries for management fees which include an allocation of certain staff and administrative support costs.

In the company and the group, key management comprise directors of the company and members of the group Executive Management Committee. The emoluments of the directors of the company are met by the group.

The directors of the company do not receive remuneration for specific services provided to the company.

Capital Support Deed

The company, together with other members of the RBSG group, is party to a capital support deed (CSD). Under the terms of the CSD, the company may be required, if compatible with its legal obligations, to make distributions on, or repurchase or redeem, its ordinary shares. The amount of this obligation is limited to the company's immediately accessible funds or assets, rights, facilities or other resources that, using best efforts, are reasonably capable of being converted to cleared, immediate available 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.