

**Company Registered No: 05687612**

**LIBRA NO 1 LIMITED**

**DIRECTORS' REPORT AND FINANCIAL STATEMENTS**

**For the year ended 31 December 2012**

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COMPANIES HOUSE

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

**LIBRA NO 1 LIMITED**

**05687612**

**DIRECTORS' REPORT AND FINANCIAL STATEMENTS 2012**

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LIMITED

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**LIBRA NO 1 LIMITED**

**05687612**

**OFFICERS AND PROFESSIONAL ADVISERS**

**DIRECTORS:**

A C Davidson  
B A Lewis

**SECRETARY.**

RBS Secretarial Services Limited

**REGISTERED OFFICE:**

135 Bishopsgate  
London  
EC2M 3UR

**AUDITOR**

Deloitte LLP  
Hill House  
1 Little New Street  
London  
EC4A 3TR

**Registered in England and Wales**

**DIRECTORS' REPORT**

The directors of Libra No 1 Limited ("the Company") present their report and the audited financial statements for the year ended 31 December 2012

**ACTIVITIES AND BUSINESS REVIEW****Principal activity**

The principal activity of the Company was the general business of investments. The Company ceased to trade in 2006.

The directors do not anticipate any material change in either the type or level of activities of the Company.

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

**Business review**

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

**Financial performance**

The Company's financial performance is presented in the Profit and Loss Account on page 7. The retained loss for the year was £100 (2011: £339).

At the end of the year total assets were £201,871 (2011: £201,971).

**Preparation and presentation of accounts**

As explained in note 1, in the year ended 31 December 2012 the Company has changed from reporting under IFRSs adopted by the European Union to FRS 101 as issued by the Financial Reporting Council which the Company has adopted early. This change has not had a material effect on the financial statements.

**Principal risks and uncertainties**

The Company seeks to minimise its exposure to financial risks.

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).

The principal risks associated with the Company 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.

None of the Company's assets present in the Balance Sheet as at 31 December 2012 are subject to market risk (2011: £nil).

**DIRECTORS' REPORT (continued)****Principal risks and uncertainties (continued)****Interest rate risk**

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

The Company manages interest rate risks by monitoring the consistency in the interest rate of profile of its assets and liabilities, and limiting any re-pricing mismatches

**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

The Company's exposure to credit risk is not considered to be significant

**Liquidity risk**

Liquidity risk arises where assets and liabilities have different contractual maturities. The Company has no liquidity risk since it has 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

**DIRECTORS AND SECRETARY**

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

From 1 January 2012 to date the following changes have taken place

<b>Directors</b>	<b>Appointed</b>	<b>Resigned</b>
R J Lawrence	-	08 June 2012
S B Eighteen	-	11 October 2012
A C Davidson	07 June 2012	-
B A Lewis	04 March 2013	-
<b>Secretary</b>		
R E Fletcher	-	27 April 2012
RBS Secretarial Services Limited	27 April 2012	-

**DIRECTORS' REPORT (continued)****DIRECTORS' RESPONSIBILITIES STATEMENT**

The directors are responsible for preparing the annual report and the financial statements in accordance with applicable law and regulations

Company law requires the directors to prepare a directors' report and financial statements for each financial year. Under that law, the directors have elected to prepare them 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 for the financial year of the Company. In preparing these financial statements, the directors are required to

- select suitable accounting policies and then apply them consistently,
- make judgements and estimates that are reasonable and prudent,
- state whether Financial Reporting Standard 101 has been followed, and
- make an assessment of the Company's ability to continue as a going concern

The directors are responsible for keeping adequate accounting records that are sufficient to show and explain the Company's transactions and disclose with reasonable accuracy at any time the financial position of the Company and to enable them to ensure that the directors' report and financial statements comply with the requirements of the Companies Act 2006. They are also responsible for safeguarding the assets of the Company and hence for taking reasonable steps for the prevention and detection of fraud and other irregularities.

**DISCLOSURE OF INFORMATION TO AUDITOR**

Each of the directors at the date of approval of this report confirms that

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

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

**AUDITOR**

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

Approved by the Board of Directors and signed on its behalf



**A C Davidson**

Director

Date 9<sup>th</sup> July 2013

## **INDEPENDENT AUDITOR'S REPORT TO THE MEMBERS OF LIBRA NO 1 LIMITED**

We have audited the financial statements of Libra No 1 Limited ('the Company') for the year ended 31 December 2012 which comprise the Profit and Loss Account, the Balance Sheet, the Statement of Changes in Equity and the related notes 1 to 10. The financial reporting framework that has been applied in their preparation is applicable law and Financial Reporting Standard 101 Reduced Disclosure Framework.

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

### **Respective responsibilities of directors and auditor**

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

### **Scope of the audit of the financial statements**

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

### **Opinion on financial statements**

In our opinion the financial statements

- give a true and fair view of the state of the Company's affairs as at 31 December 2012 and of its loss for the year then ended,
- have been properly prepared in accordance with Financial Reporting Standard 101 Reduced Disclosure Framework, and
- have been prepared in accordance with the requirements of the Companies Act 2006.

### **Opinion on other matter prescribed by the Companies Act 2006**

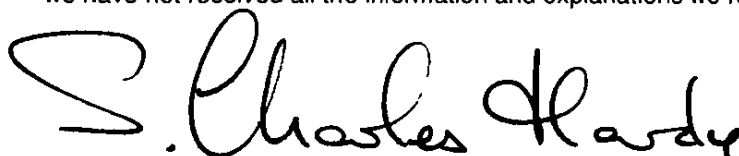
In our opinion the information given in the Directors' Report for the financial year for which the financial statements are prepared is consistent with the financial statements.

**INDEPENDENT AUDITOR'S REPORT TO THE MEMBERS OF LIBRA'NO 1 LIMITED  
(continued)**

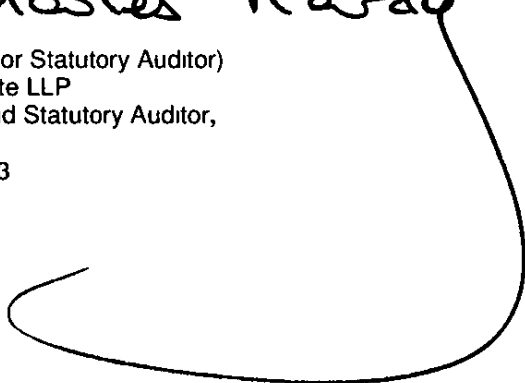
**Matters on which we are required to report by exception**

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

- adequate accounting records have not been kept, or returns adequate for our audit have not been received from branches not visited by us, or
- the financial statements are not in agreement with the accounting records and returns, or
- certain disclosures of directors' remuneration specified by law are not made, or
- we have not received all the information and explanations we require for our audit

A handwritten signature in black ink that reads "S. Charles Hardy". The signature is written in a cursive, flowing style.

**Simon Hardy, FCA** (Senior Statutory Auditor)  
for and on behalf of Deloitte LLP  
Chartered Accountants and Statutory Auditor,  
London, United Kingdom  
Date **9** July 2013

A large, stylized handwritten flourish or signature in black ink, starting from the bottom left and curving upwards and to the right, ending near the top right of the page.



**PROFIT AND LOSS ACCOUNT**  
**For the year ended 31 December 2012**

	Notes	2012 £	2011 £
<b>Income from continuing operations</b>			
Other operating income	2	20	20
<b>Operating income</b>		<b>20</b>	<b>20</b>
Operating expenses	3	(120)	(359)
<b>Operating loss before tax</b>		<b>(100)</b>	<b>(339)</b>
Tax credit	4	-	-
<b>Loss for the financial year</b>		<b>(100)</b>	<b>(339)</b>

The accompanying notes form an integral part of these financial statements

**BALANCE SHEET**

As at 31 December 2012

	Notes	2012 £	2011 £
<b>Current assets</b>			
Amounts due from Group undertakings	5	8,400	-
Cash at bank	6	193,471	201,971
<b>Total assets</b>		<b>201,871</b>	<b>201,971</b>
<b>Equity: capital and reserves</b>			
Share capital	7	-	-
Profit and loss account		201,871	201,971
<b>Total shareholders' funds</b>		<b>201,871</b>	<b>201,971</b>
<b>Total liabilities and shareholders' funds</b>		<b>201,871</b>	<b>201,971</b>

The accompanying notes form an integral part of these financial statements

The financial statements were approved by the Board of Directors on 9<sup>th</sup> July 2013 and signed on its behalf



**A C Davidson**  
Director

**STATEMENT OF CHANGES IN EQUITY**  
For the year ended 31 December 2012

	<b>Profit and loss account £</b>	<b>Total £</b>
<b>At 1 January 2011</b>	202,310	202,310
Loss for the year	(339)	(339)
<b>At 31 December 2011</b>	201,971	201,971
Loss for the year	(100)	(100)
<b>At 31 December 2012</b>	<b>201,871</b>	<b>201,871</b>

Total comprehensive loss for the year of £100 (2011 £339) was wholly attributable to the owners of the Company

The accompanying notes form an integral part of these financial statements

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

These financial statements have been prepared on a going concern basis and in accordance with the recognition and measurement principles of International Financial Reporting Standards issued by the IASB and interpretations issued by the International Financial Reporting Interpretations Committee of the IASB as adopted by the EU (together IFRS) and under Financial Reporting Standard 101 (Reduced Disclosure Framework). The Company meets the definition of a qualifying entity under FRS 100 (Financial Reporting Standard 100) issued by the Financial Reporting Council.

Accordingly, in the year ended 31 December 2012 the Company has undergone transition from reporting under IFRS adopted by the EU to FRS 101 as issued by the Financial Reporting Council which the Company has adopted early. This change has not had a material effect on the financial statements.

As permitted by FRS 101, the Company has taken advantage of the disclosure exemptions available under that standard in relation to financial instruments, capital management, presentation of a cash-flow statement, standards not yet effective and related party transactions. Where required, equivalent disclosures are given in the group accounts of The Royal Bank of Scotland Group plc, these accounts are available to the public and can be obtained as set out in note 9.

The financial statements are prepared on the historical cost basis.

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

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

**Adoption of new and revised standards**

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

**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.

**c) Revenue recognition**

Interest income on financial assets that are classified as loans and receivables and interest expense on financial liabilities are determined using the effective interest method. The effective interest method is a method of calculating the amortised cost of a financial asset or financial liability (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.

## NOTES TO THE FINANCIAL STATEMENTS (continued)

## 1. Accounting policies (continued)

## d) 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 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 as loans and receivables

## Loans and receivables

Non-derivative financial assets with fixed or determinable repayments that are not quoted in an active market are classified as loans and receivables. Loans and receivables are initially recognised at fair value plus directly related transaction costs. They are subsequently measured at amortised cost using the effective interest method (see accounting policy 1(c)) less any impairment losses

## f) Cash and cash equivalents

Cash and cash equivalents comprises cash and demand deposits with banks together with short-term highly liquid investments that are readily convertible to known amounts of cash and subject to insignificant risk of change in value

## 2. Other operating income

	2012 £	2011 £
Interest income	20	20

## 3. Operating expenses

	2012 £	2011 £
Interest paid – other	-	239
Bank charges	120	120
	120	359

## Staff costs, number of employees and directors' emoluments

All staff and directors were employed by 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. The directors of the Company do not receive remuneration for specific services provided to the Company

The auditor's remuneration for statutory audit work for the Company totalling £7,000 (2011 £7,000) was borne by the Royal Bank of Scotland plc. Remuneration paid to the auditor for non-audit work for the Company was nil (2011 nil)

## NOTES TO THE FINANCIAL STATEMENTS (continued)

## 4. Taxation

	2012 £	2011 £
<b>Current taxation:</b>		
UK corporation tax (credit)/charge for the year	-	-
Under/(over) provision in respect of prior periods	-	-
Tax (credit)/charge for the year	-	-

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

	2012 £	2011 £
<b>Operating loss before tax:</b>	(100)	(339)
Expected tax credit	(24)	(90)
Unutilised losses carried forward	24	90
Actual tax (credit)/charge for the year	-	-

## 5 Amounts due from Group undertakings

	2012 £	2011 £
Amounts due from the Royal Bank of Scotland plc	8,400	-

## 6 Cash at bank

	2012 £	2011 £
Cash at bank – Group	193,471	201,971

## 7. Share capital

The Company is limited by guarantee and as such has no share capital. The liability of each member, in the event of winding-up, shall not exceed £1. As at 31 December 2012, the Company only has one member.

## 8. 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.

**NOTES TO THE FINANCIAL STATEMENTS (continued)****9. 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 wholly owned by the UK Government. As a result, the UK Government and UK Government controlled bodies became related parties of the Company.

Transactions between the Company, and the UK Government and UK Government controlled bodies, consisted solely of corporation tax, which is separately disclosed in note 4.

**Group undertakings**

The Company's immediate parent is Primemodern Limited, a company incorporated in the UK and registered in England and Wales. As at 31 December 2012, The Royal Bank of Scotland plc heads the smallest group in which the Company is consolidated. Copies of the consolidated accounts may be obtained from The Secretary, The Royal Bank of Scotland Group plc, 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 and registered in Scotland. As at 31 December 2012, The Royal Bank of Scotland Group plc heads the largest group in which the Company is consolidated in which the Company is consolidated. Copies of the consolidated accounts may be obtained from The Secretary, The Royal Bank of Scotland Group plc, Gogarburn, PO Box 1000, Edinburgh EH12 1HQ.

The Company was party to various transactions with The Royal Bank of Scotland plc. These transactions were entered into on an arm's length basis unless stated otherwise.

**10 Post balance sheet events**

There have been no significant events between the year end and the date of approval of the financial statements which would require a change or additional disclosure in the financial statements.