

Company Registered No: SC235783

RBSG COLLECTIVE INVESTMENTS LIMITED

ANNUAL REPORT AND FINANCIAL STATEMENTS

For the year ended 31 December 2015



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OFFICERS AND PROFESSIONAL ADVISERS

DIRECTORS: M Larkin
B McCrindle

COMPANY SECRETARY: RBS Secretarial Services Limited

REGISTERED OFFICE: 24/25 St Andrew Square
Edinburgh
Scotland
EH2 1AF

INDEPENDENT AUDITOR: Deloitte LLP
Chartered Accountants and Statutory Auditor
Saltire Court
20 Castle Terrace
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EH1 2DB

Registered in Scotland

DIRECTORS' REPORT

The directors of RBSG Collective Investments Limited ("the Company") present their annual report together with the audited financial statements for the year ended 31 December 2015.

ACTIVITIES AND BUSINESS REVIEW

The Directors' Report has been prepared in accordance with the special provisions available to companies entitled to the small companies exemption and therefore does not include a Strategic Report.

Principal activity

The principal activity of the Company was to be that of the holding company of RBS Collective Investment Funds Limited, a subsidiary whose principal activity is acting as the Authorised Corporate Director of RBS Investment Funds ICVC, RBS Stakeholder Investment Fund ICVC, RBS Investment Options ICVC and RBS Index Tracker Funds ICVC.

Business review

As detailed in the going concern paragraph on page 3 the directors have made a decision to wind up the Company within the next 12 months. Post balance sheet events are disclosed in note 11 to the financial statements.

FINANCIAL PERFORMANCE

The Company's financial performance is presented in the Profit and Loss Account on page 7.

The operating profit before taxation for the year was £5,516k (2014: £73,992k). The retained profit for the year was £5,516k (2014: £73,994k).

The directors do not recommend the payment of a dividend (2014: £nil).

At the end of the year total assets were £222,502k (2014: £296,519k).

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 fellow subsidiaries of The Royal Bank of Scotland Group plc. These are denominated in the functional currency and carrying no significant financial risk.

The Company's assets mainly comprise of investments in Group undertakings which would not expose it to any material 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.

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.

DIRECTORS' REPORT**GOING CONCERN**

The directors, having taken into account their decision to wind up the Company within the next 12 months, have prepared the financial statements on a basis other than that of a going concern. The directors do not consider this basis of preparation has affected the recognition and measurement of the assets or liabilities of the Company.

DIRECTORS AND COMPANY SECRETARY

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

From 1 January 2015 to date the following changes have taken place:

	Appointed	Resigned
Directors		
L A McGill	-	17 July 2015
B McCrindle	27 August 2015	-
Secretary		
A E Mills	-	30 December 2015
RBS Secretarial Services Limited	30 December 2015	-

DIRECTORS' RESPONSIBILITIES STATEMENT

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

Company law requires the directors to prepare a Directors' Report and financial statements for each financial year. Under that law, the directors have elected to prepare the financial statements in accordance with Financial Reporting Standard 101 Reduced Disclosure Framework (FRS 101) 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 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.

DIRECTORS' REPORT**DISCLOSURE OF INFORMATION TO AUDITOR**

Each of the directors at the date of approval of this annual 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 directors under the qualifying third party terms.

INDEPENDENT AUDITOR

The Royal Bank of Scotland Group plc has appointed Ernst & Young LLP as auditor for the year ending 31 December 2016. A resolution to appoint Ernst & Young LLP as the Company's auditor will be proposed at the forthcoming meeting of Board of Directors.

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



B McCrindle
Director
Date:
13 July 2016

INDEPENDENT AUDITOR'S REPORT TO THE MEMBERS OF RBSG COLLECTIVE INVESTMENTS LIMITED

We have audited the financial statements of RBSG Collective Investments Limited ("the Company") for the year ended 31 December 2015 which comprise the Profit and Loss Account, the Balance Sheet, the Statement of Changes in Equity and the related notes 1 to 11. 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 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 2015 and of its profit for the year then ended;
- have been properly prepared in accordance with Financial Reporting Standard 101 Reduced Disclosure Framework; and
- have been prepared in accordance with the requirements of the Companies Act 2006.

Opinion on other matter prescribed by the Companies Act 2006

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

INDEPENDENT AUDITOR'S REPORT TO THE MEMBERS OF RBSG COLLECTIVE INVESTMENTS LIMITED

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; or
- the directors were not entitled to take advantage of the small companies' exemption in preparing a Strategic Report or in preparing the Directors' Report.



Stephen Williams, ACA (Senior Statutory Auditor)
for and on behalf of Deloitte LLP
Chartered Accountants and Statutory Auditor,
Edinburgh, United Kingdom

13 July 2016

PROFIT AND LOSS ACCOUNT
for the year ended 31 December 2015

		2015	2014
	Note	£'000	£'000
Discontinued operations			
Other income	3	5,516	74,000
Non-interest income		5,516	74,000
Operating expenses	4	-	(8)
Profit on ordinary activities before tax		5,516	73,992
Tax credit	5	-	2
Profit and total comprehensive income for the financial year		5,516	73,994

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

BALANCE SHEET
as at 31 December 2015

	Note	2015 £'000	2014 £'000
Fixed Assets			
Investments in Group undertakings	6	222,500	222,500
		222,500	222,500
Current assets			
Cash at bank		2	74,017
Current tax asset		-	2
		2	74,019
Total assets		222,502	296,519
Creditors: amounts falling due within one year			
Amounts due to Group undertakings	7	-	79,525
Accruals, deferred income and other liabilities	8	-	8
		-	79,533
Total liabilities		-	79,533
Equity: capital and reserves			
Called up share capital	9	143,000	143,000
Profit and loss account		79,502	73,986
Total shareholders' funds		222,502	216,986
Total liabilities and shareholders' funds		222,502	296,519

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

The financial statements of the Company were approved by the Board of Directors and authorised for issue on 13 July 2016 and signed on its behalf by:



B McCrindle
Director

STATEMENT OF CHANGES IN EQUITY
for the year ended 31 December 2015

	Share capital £'000	Profit and loss account £'000	Total £'000
At 1 January 2014	143,000	(8)	142,992
Profit for the year	-	73,994	73,994
At 31 December 2014	143,000	73,986	216,986
Profit for the year	-	5,516	5,516
At 31 December 2015	143,000	79,502	222,502

Total comprehensive profit for the year of £5,516k (2014: £73,994k) 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 basis other than going concern (see page 3) and in accordance with the recognition and measurement principals 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 European Union (together IFRS) and under Financial Reporting Standard 101 (Reduced Disclosure Framework). The Company meets the definition of a qualifying entity under FRS 100 Application of Financial Reporting Requirements issued by the Financial Reporting Council.

As permitted by FRS 101, the Company has taken advantage of the disclosure exemptions available under that standard in relation to financial instruments, presentation of comparative information in respect of certain assets, presentation of a cash-flow statement, standards not yet effective, impairment of assets and related party transactions. Where required, equivalent disclosures are given in the group financial statements of The Royal Bank of Scotland Group plc, these financial statements are available to the public and can be obtained as set out in note 10.

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

The intention of the Board of Directors is to liquidate the Company. International Accounting Standard (IAS) 1.25 "Presentation of Financial Statements" requires the financial statements in such circumstances to be prepared on a basis other than that of a going concern. This did not have an impact on the valuation of the assets or liabilities of the Company. All liquidation costs will be borne by the Group.

Adoption of new and revised accounting standards

There are a number of changes to IFRS that were effective from 1 January 2015. They have had no material effect on the Company's financial statement for the year ended 31 December 2015.

b) Consolidated financial statements

The financial statements contain information about RBSG Collective Investments Limited as an individual company and do not contain consolidated financial information as the parent of a group. The Company is exempt under IFRS 10 Consolidated Financial Statements and section 400 of the Companies Act 2006 from the requirement to prepare consolidated financial statements as the Company and its subsidiaries are included by full consolidation in the IFRS consolidated financial statements of its parent, The Royal Bank of Scotland Group plc, a public company registered in Scotland.

c) Taxation

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

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

d) Investments in Group undertakings

Investments in Group undertakings are stated at cost less accumulated impairment.

e) Financial assets

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

NOTES TO THE FINANCIAL STATEMENTS**1. Accounting policies (continued)****e) Financial assets (continued)****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 less any impairment losses.

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.

e) 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.

f) Financial liabilities

On initial recognition financial liabilities are measured at amortised cost using the effective interest method (see accounting policy 1(e)).

g) Derecognition

A financial asset is derecognised when the contractual right to receive cash flows from the asset has expired or when it has been transferred and the transfer qualifies for derecognition.

A financial liability is removed from the Balance Sheet when the obligation is discharged, 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. The judgements and assumptions involved in the Company's accounting policies that are considered by the directors to be the most important to the portrayal of its financial condition are discussed below. The use of estimates, assumptions or models that differ from those adopted by the Company would affect its reported results.

Investments in Group undertakings

The Company has reviewed the carrying value of investments in Group undertakings and concluded that there are no indications of impairments.

NOTES TO THE FINANCIAL STATEMENTS

3. Other income

	2015 £'000	2014 £'000
Dividend income	5,516	74,000

The Company received a dividend of £5,516k during the year from RBS Collective Investment Funds Limited. (2014: £74,000k)

4. Operating expenses

Staff costs, number of employees and directors' emoluments

All staff and directors were employed by group companies and the financial statements of The Royal Bank of Scotland Group plc 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 fee for services provided by other group companies. The directors of the Company do not receive remuneration for specific services provided to the Company.

The auditor's remuneration for statutory audit work of the Company was £nil (2014: £8k).

5. Tax

	2015 £'000	2014 £'000
Current taxation:		
UK corporation tax credit for the year	-	(2)

The actual tax credit does not differ from the expected tax credit computed by applying the blended UK corporation tax rate of 20.25% (2014: 21.5%) as follows:

	2015 £'000	2014 £'000
Profit on ordinary activities before tax	5,516	73,992
Expected tax charge	1,117	15,903
Non-taxable items	(1,117)	(15,905)
Actual tax credit for the year	-	(2)

6. Investments in Group undertakings

Investments in Group undertakings are carried at cost less impairment. There were no movements during the year.

	2015 £'000	2014 £'000
At 31 December	222,500	222,500

NOTES TO THE FINANCIAL STATEMENTS

6. Investments in Group undertakings (continued)

The subsidiary undertaking of the Company, which have an accounting reference date of 31 December, unless otherwise indicated, is as below. Their capital consists of Ordinary Shares.

Name of subsidiary	Country of incorporation and operation	Proportion of ownership interest %	Proportion of voting power held %	Principal activity
RBS Collective Investment Funds Limited	Scotland	100	100	Authorised corporate director of RBS Investment Funds ICVC, RBS Stakeholder Investment Fund ICVC, RBS Investment Options ICVC and RBS Index Tracker Funds ICVC

Their capital of undertakings consists of Ordinary Shares which are unlisted.

The registered office of RBS Collective Investment Funds Limited is 24/25, St Andrew Square, Edinburgh, Scotland, EH2 1AF.

7. Amounts due to Group undertakings

	2015 £'000	2014 £'000
RBSG Collective Investments Holdings Limited	-	79,500
RBS Collective Investment Funds Limited	-	25
	-	79,525

The loan from Group undertakings was non-interest bearing, unsecured and was repayable on demand.

8. Accruals, deferred income and other liabilities

	2015 £'000	2014 £'000
Accruals	-	8

9. Share capital

	2015 £'000	2014 £'000
Allotted, called up and fully paid:		
Equity shares		
71,500,003 (2014: 71,500,003) 'A' Ordinary Shares of £1 each	71,500	71,500
71,500,000 (2014: 71,500,000) 'B' Ordinary Shares of £1 each	71,500	71,500
	143,000	143,000

The 'A' and 'B' Ordinary Shares rank equally and carry the same voting rights.

NOTES TO THE FINANCIAL STATEMENTS**10. 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 include the payment of UK corporation tax.

Group undertakings

The Company's immediate parent company is RBSG Collective Investments Holdings Limited, a company incorporated in the UK and registered in Scotland.

The Company's ultimate holding company is The Royal Bank of Scotland Group plc, a company incorporated in the UK. As at 31 December 2015, 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 Secretariat, The Royal Bank of Scotland Group plc, Gogarburn, PO Box 1000, Edinburgh EH12 1HQ.

11. Post balance sheet events

On 31 May 2016 the Company reduced its share capital from 71,500,003 'A' Ordinary shares of £1 each and 71,500,000 'B' Ordinary shares of £1 each to one (1) 'A' Ordinary share and one (1) 'B' Ordinary of £1 each.

Subsequently the directors approved a dividend of £222,500,000 to the Company's parent, RBSG Collective Investments Holdings Limited. This dividend will be satisfied through a distribution of the entire issued share capital of RBS Collective Investment Funds Limited which is a wholly owned subsidiary of RBSG Collective Investments Limited to RBSG Collective Investments Holdings Limited.