FX Dynamic Guarantee US$ Class Series 3 Notes and FX Dynamic Guarantee EUR Class Series 3 Notes

segregated accounts of

RBS FX Notes (Series 3) Limited

Financial statements
For the year-ended 31 December 2010

FX Dynamic Guarantee US$ Class Series 3 Notes and FX Dynamic Guarantee EUR Class Series 3 Notes

segregated accounts of RBS FX Notes (Series 3) Limited

Financial statements for the year ended 31 December 2010

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FX Dynamic Guarantee US$ Class Series 3 Notes and FX Dynamic Guarantee EUR Class Series 3 Notes

segregated accounts of RBS FX Notes (Series 3) Limited

Directors, officers and other information

Directors	Roderick M. Forrest Nicholas J. Hoskins
Registered office	Victoria Place 31 Victoria Street Hamilton HM 10 Bermuda
Guarantor	The Royal Bank of Scotland N.V. 250 Bishopsgate London EC2M 4AA United Kingdom
Administrator, registrar, and transfer agent	Custom House Global Fund Services Limited Tigne Towers Tigne Street Sliema, SLM 3172 Malta
Payment bank	*(from May 2012)* The Royal Bank of Scotland International Limited Royal Bank House 2 Victoria St Douglas, Isle of Man IM99 1NJ United Kingdom *(until May 2012)* First Caribbean Bank De Ruyterkade 61 P.O. Box 3144 Curacao Netherlands Antilles
Auditors	Doran & Associates 4th Floor, Crescent House Harstonge Street Limerick Ireland
Company secretary and legal advisor	MQ Services Ltd Victoria Place, 1st Floor 31 Victoria Street Hamilton HM 10 Bermuda

FX Dynamic Guarantee US$ Class Series 3 Notes and FX Dynamic Guarantee EUR Class Series 3 Notes

segregated accounts of RBS FX Notes (Series 3) Limited

Directors' report

The directors present the financial statements of the FX Dynamic Guarantee US$ Class Series 3 Notes and FX Dynamic Guarantee EUR Class Series 3 Notes, segregated accounts of RBS FX Notes (Series 3) Limited, (the "Note Accounts") for the year ended 31 December 2010.

Principal activities and business review

The Company is a limited liability company incorporated under the laws of Bermuda and registered as a segregated accounts company in accordance with the Segregated Accounts Companies Act 2000 (the "SAC Act"). The Company has established two segregated accounts, being the Note Accounts "US$ Class" and "EUR Class", which offer two separate classes of Notes denominated in US Dollars ("US$") and Euro ("EUR") respectively. These financial statements are those of the Note Accounts. The objective of the Company was to achieve medium-term gains in the net asset value of the Company, to be achieved through investing the proceeds of the issue of the Notes in shares of Prime Investments Managed Account Master Limited (the "Master Company"). The Master Company was incorporated in Bermuda on 24 September 2003 with limited liability and registered as a segregated accounts company under the SAC Act.

In respect of the Notes, the Company invested the proceeds of the US$ Class in the Class G Shares issued by the Master Company and the proceeds of the EUR Class in the Class H Shares issued by the Master Company. The objective of the Master Company in respect of the Class G Fund and the Class H Fund was to achieve medium-term capital gains in the net asset value of the funds through the implementation of a quantitatively driven currency investment process. In June 2009, the Note Accounts redeemed out of the Class G and Class H funds of the Master Company and both classes of Notes entered stop-trigger trading. The Note Accounts are therefore no longer pursuing their investment objective and have invested in debt instruments with the objective of capital preservation.

Future developments

The directors anticipate that, notwithstanding the substantial redemptions during the year, the Company will continue to operate until the maturity of the existing Notes in issue, being 23 June 2014. The directors anticipate that the Note Accounts will continue in stop-trigger trading until the maturity of the Notes. Refer to note 18 for details of any material subsequent events.

Principal risks and uncertainties

The principal risks and uncertainties, including details of the Company's risk management objectives and policies and exposure to price risk, credit risk, liquidity risk and cash flow risk are disclosed in note 14 to the financial statements.

Director

Director

21 September 2012

FX Dynamic Guarantee US$ Class Series 3 Notes and FX Dynamic Guarantee EUR Class Series 3 Notes
segregated accounts of RBS FX Notes (Series 3) Limited

Statement of directors' responsibilities

The directors have assumed responsibility for the preparation of the financial statements. In preparing the financial statements, the directors:

- ensure that the financial statements comply with the Memorandum and Articles of Association and International Financial Reporting Standards subject to any material departures disclosed and explained in the financial statements;
- select suitable accounting policies and then apply them consistently;
- make judgments and estimates that are reasonable and prudent; and
- prepare the financial statements on the going concern basis unless it is inappropriate to presume that the company will continue in operation.

The directors are also required to keep proper accounting records and to manage the company in accordance with its Prospectus and Articles of Association. The directors are also responsible for safeguarding the assets of the company and hence for taking reasonable steps for the prevention and detection of fraud, error and non-compliance with law and regulations.

Responsibility statement
The directors confirm that to the best of their knowledge:

- The financial statements give a true and fair view of the assets, liabilities, financial position and the loss for the year of the Note Accounts in accordance with International Financial Reporting Standards; and
- The directors' report gives a true and fair view of the state of affairs of the Note Accounts as at 31 December 2010, the course of business during the financial year then ended, and describes the substantial risks with which the Note Accounts are confronted.

Director

Director

21 September 2012

Independent auditors' report

To the noteholders of
FX Dynamic Guarantee US$ Class Series 3 Notes and FX Dynamic Guarantee EUR Class Series 3 Notes
segregated accounts of RBS FX Notes (Series 3) Limited

We have audited the accompanying statement of financial position of the FX Dynamic Guarantee US$ Class Series 3 Notes and FX Dynamic Guarantee EUR Class Series 3 Notes, segregated accounts of RBS FX Notes (Series 3) Limited, (the "Note Accounts") as at 31 December 2010 and the related statement of comprehensive income, statement of changes in net assets attributable to noteholders and statement of cash flows for the year then ended, and notes 1 - 21 to the financial statements.

Directors' responsibility for the financial statements
The directors are responsible for the preparation and fair presentation of these financial statements in accordance with International Financial Reporting Standards. This responsibility includes: designing, implementing and maintaining internal controls relevant to the preparation and fair presentation of financial statements that are free from material misstatement, whether due to fraud or error; selecting and applying appropriate accounting policies; and making accounting estimates that are reasonable in the circumstances.

Auditors' responsibility
Our responsibility is to express an opinion on these financial statements based on our audit. We have conducted our audit in accordance with International Standards on Auditing. Those standards require that we comply with ethical requirements and plan and perform the audit to obtain reasonable, but not absolute, assurance about whether the financial statements are free from material misstatement.

An audit involves performing procedures to obtain audit evidence about the amounts and disclosures in the financial statements. The procedures selected depend on the auditor's judgement, including the assessment of the risks of material misstatement of the financial statements, whether due to fraud or error. In making those risk assessments, the auditor considers internal controls relevant to the Note Account's preparation and fair presentation of the financial statements in order to design audit procedures that are appropriate in the circumstances, but not for the purpose of expressing an opinion on the effectiveness of the Company's internal control. An audit also includes evaluating the appropriateness of accounting policies used and the reasonableness of accounting estimates made by management, as well as evaluating the overall presentation of the financial statements.

We read the directors' report and consider the implications for our report if we become aware of any apparent misstatement within it. Our responsibilities do not extend to any other information.

We believe that the audit evidence we have obtained is sufficient and appropriate to provide a basis for our qualified audit opinion.

Basis for qualified opinion
The auditors' report on the prior period, being the year ended 31 December 2009, included a qualified opinion as a result of the unavailability of certain underlying accounting records. The matter which gave rise to the modification, being the unavailability of such records, remains unresolved in respect of the corresponding figures presented as the statement of comprehensive income for the year ended 31 December 2009. The possible effect of the unresolved matter is on the comparability of the current period's figures and the corresponding figures.

We were not able to confirm the identity of the guarantee claims agent. We have been unable to establish which entity if any is performing the role. Accordingly, we are unable to conclude as to the validity and completeness of the claim agent fee expense and associated payable.

To the noteholders of
FX Dynamic Guarantee US$ Class Series 3 Notes and FX Dynamic Guarantee EUR Class Series 3 Notes
segregated accounts of RBS FX Notes (Series 3) Limited

Qualified opinion
In our opinion, except for the possible effects of both of the matters described above, the financial statements give a true and fair view of the financial position of the Note Accounts as of 31 December 2010 and of the Note Account's financial performance and cash flows for the period then ended in accordance with International Financial Reporting Standards.

Doran & Associates

21 September 2012

FX Dynamic Guarantee US$ Class Series 3 Notes and FX Dynamic Guarantee EUR Class Series 3 Notes

segregated accounts of RBS FX Notes (Series 3) Limited

Statement of financial position

as at 31 December 2010

	Note	**RBS FX Notes Series III US$ 31 December 2010 US$**	**RBS FX Notes Series III US$ 31 December 2009 US$**
Assets			
Cash and cash equivalents	*4*	189,265	885,937
Investments in debt instruments	*14*	5,153,823	6,061,735
Other receivables and prepaid expenses		13,124	19,367
Total assets		5,356,212	6,967,039
Liabilities			
Management fee payable	6	727,604	742,059
Guarantee and facilitation fees payable	*7*	32,608	31,586
Audit fee payable	*11*	14,448	7,524
Other payables and accruals	*11*	11,910	11,029
Total liabilities (excluding net assets attributable to noteholders)		786,570	792,198
Net assets attributable to noteholders		4,569,642	6,174,841
Net asset value per Note			
Number of Notes in issue at 31 December	*12*	4,559,000	6,518,000
Net asset value per Note at 31 December		US$ 1.0023	US$ 0.9474

The financial statements set out on pages 7 to 35 were approved by the Board of Directors on 21 September 2012 and signed on its behalf by:

Director *Director*

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

FX Dynamic Guarantee US$ Class Series 3 Notes and FX Dynamic Guarantee EUR Class Series 3 Notes

segregated accounts of RBS FX Notes (Series 3) Limited

Statement of financial position

as at 31 December 2010

	Note	**RBS FX Notes Series III EUR 31 December 2010 EUR**	**RBS FX Notes Series III EUR 31 December 2009 EUR**
Assets			
Cash and cash equivalents	*4*	286,085	1,174,733
Investments in debt instruments	*14*	5,648,350	6,088,708
Other receivables and prepaid expenses		10,418	13,578
Total assets		5,944,853	7,277,019
Liabilities			
Management fee payable	*6*	719,033	809,876
Other payables and accruals	*5,11*	287,926	279,773
Guarantee and facilitation fees payable	7	32,308	29,945
Total liabilities (excluding net assets attributable to noteholders)		1,039,267	1,119,594
Net assets attributable to noteholders		4,905,586	6,157,425
Net asset value per Note			
Number of Notes in issue at 31 December	*12*	5,109,000	6,521,000
Net asset value per Note at 31 December		EUR 0.9602	EUR 0.9442

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

FX Dynamic Guarantee US$ Class Series 3 Notes and FX Dynamic Guarantee EUR Class Series 3 Notes

segregated accounts of RBS FX Notes (Series 3) Limited

Statement of comprehensive income

for the year ended 31 December 2010

	Note	**RBS FX Notes Series III US$ 31 December 2010 US$**	**RBS FX Notes Series III US$ 31 December 2009 US$**
Investment income			
Interest income		-	14,957
Movement in investments held at fair value through profit or loss		453,084	(1,298,515)
Total investment income/(deficit)		453,084	(1,283,558)
Expenses			
Guarantee and facilitation fees	*7*	85,521	143,590
Administration fees	*8*	12,500	27,768
Claim agent fees	*10*	7,500	7,500
Audit fees charged / (credit)	*11*	6,924	(19,355)
Bank charges		6,220	2,599
Other operating expenses	*11*	5,053	21,030
Corporate secretarial fees	*8*	5,000	5,000
Management fees	*6*	-	66,889
Total expenses		128,718	255,021
Change in net assets attributable to noteholders from operations		324,366	1,538,579

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

Statement of comprehensive income

for the year ended 31 December 2010

	Note	**RBS FX Notes Series III EUR 31 December 2010 EUR**	**RBS FX Notes Series III EUR 31 December 2009 EUR**
Investment income			
Interest income		-	56,750
Movement in investments held at fair value through profit or loss		282,457	(212,935)
Total investment income/(deficit)		282,457	(156,185)
Expenses			
Guarantee and facilitation fees	7	88,435	138,440
Other operating expenses	*11*	9,593	4,925
Administration fees	*8*	9,478	18,693
Claim agent fees	*10*	5,687	5,571
Bank charges		5,522	2,193
Audit fee charged / (credit)	*11*	5,250	(16,201)
Corporate secretarial fees	*8*	3,791	3,776
Management fees	*6*	-	54,586
Total expenses		127,756	211,983
Change in net assets attributable to noteholders from operations		154,701	(368,168)

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

FX Dynamic Guarantee US$ Class Series 3 Notes and FX Dynamic Guarantee EUR Class Series 3 Notes

segregated accounts of RBS FX Notes (Series 3) Limited

Statement of changes in net assets attributable to noteholders

for the year ended 31 December 2010

	RBS FX Notes Series III US$ 31 December 2010 US$	RBS FX Notes Series III US$ 31 December 2009 US$
Operating activities		
Change in net asset attributable to noteholders from operations	324,366	(1,538,579)
Redemption of notes during the year	(1,929,565)	(3,369,619)
Decrease in net assets attributable to noteholders during the year	(1,605,199)	(4,908,198)
Net assets attributable to noteholders at the beginning of the year	6,174,841	11,083,039
Net assets attributable to noteholders at the end of the year	4,569,642	6,174,841

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

FX Dynamic Guarantee US$ Class Series 3 Notes and FX Dynamic Guarantee EUR Class Series 3 Notes

segregated accounts of RBS FX Notes (Series 3) Limited

Statement of changes in net assets attributable to noteholders

for the year ended 31 December 2010

	RBS FX Notes Series III EUR 31 December 2010 EUR	RBS FX Notes Series III EUR 31 December 2009 EUR
Operating activities		
Change in net asset attributable to noteholders from operations	154,701	(368,168)
Redemption of notes during the year	(1,406,540)	(3,704,504)
Decrease in net assets attributable to noteholders during the year	(1,251,839)	(4,072,672)
Net assets attributable to noteholders at the beginning of the year	6,157,425	10,230,097
Net assets attributable to noteholders at the end of the year	4,905,586	6,157,425

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

FX Dynamic Guarantee US$ Class Series 3 Notes and FX Dynamic Guarantee EUR Class Series 3 Notes

segregated accounts of RBS FX Notes (Series 3) Limited

Statement of cash flows

for the year ended 31 December 2010

	RBS FX Notes Series III US$ 31 December 2010 US$	RBS FX Notes Series III US$ 31 December 2009 US$
Cash flows from operating activities		
Change in net assets attributable to noteholders from operations	324,366	(1,538,579)
Changes in operating assets and liabilities		
Decrease in investment in Master Company	-	11,137,047
Decrease/(increase) in investment in debt instruments	907,912	(6,061,735)
Decrease/(increase) in other receivables and prepaid expenses	6,243	(16,063)
(Decrease)/increase in total fees payable	(5,628)	734,886
Net cash provided by operating activities	1,232,893	4,255,556
Financing activities		
Payments on redemption of notes	(1,929,565)	(3,369,619)
Net cash used in financing activities	(1,929,565)	(3,369,619)
Net (decrease)/increase in cash and cash equivalents	(696,672)	885,937
Cash and cash equivalents at beginning of year	885,937	-
Cash and cash equivalents at end of year	189,265	885,937

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

FX Dynamic Guarantee US$ Class Series 3 Notes and FX Dynamic Guarantee EUR Class Series 3 Notes

segregated accounts of RBS FX Notes (Series 3) Limited

Statement of cash flows

for the year ended 31 December 2010

	RBS FX Notes Series III EUR 31 December 2010 EUR	RBS FX Notes Series III EUR 31 December 2009 EUR
Cash flows from operating activities		
Change in net assets attributable to noteholders from operations	154,701	(368,168)
Changes in operating assets and liabilities		
Decrease in investment in Master Company	-	10,272,832
Decrease/(increase) in investment in debt instrument	440,358	(6,088,708)
Decrease/(increase) in other receivables and prepaid expenses	3,160	(6,524)
(Decrease)/increase in total fees payable	(80,327)	1,069,805
Net cash provided by operating activities	517,892	4,879,237
Financing activities		
Payments on redemption of notes	(1,406,540)	(3,704,504)
Net cash used in financing activities	(1,406,540)	(3,704,504)
Net (decrease)/increase in cash and cash equivalents	(888,648)	1,174,733
Cash and cash equivalents at beginning of year	1,174,733	-
Cash and cash equivalents at end of year	286,085	1,174,733

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

Notes
to and forming part of the financial statements for the year ended 31 December 2010

1 Company information

RBS FX Notes (Series 3) Limited, formerly ABN Amro FX Notes (Series 3) Limited, (the "Company"), is a limited liability company incorporated under the laws of Bermuda and registered as a segregated accounts company in accordance with the Segregated Accounts Companies Act 2000 (the "SAC Act"). The Company maintains its registered office in Bermuda. The Company has established two segregated accounts, being the Note Accounts "US$ Class" and "EUR Class", which offer two separate classes of Notes denominated in US Dollars ("US$") and Euro ("EUR") respectively. These financial statements are those of the Note Accounts.

The objective of the Company was to achieve medium-term capital gains in the net asset value of the Notes, to be achieved through investing the proceeds of the issue of the Notes in shares of Prime Investments Managed Account Master Limited (the "Master Company"). The Master Company was incorporated in Bermuda on 24 September 2003 with limited liability and registered as a segregated accounts company under the SAC Act.

In respect of the Notes, the Company invested the proceeds of the US$ Class in the Class G Shares issued by the Master Company and the proceeds of the EUR Class in the Class H Shares issued by the Master Company. The objective of the Master Company in respect of the Class G Fund and the Class H Fund was to achieve medium-term capital gains in the net asset value of the funds through the implementation of a quantitatively driven currency investment process. The Master Company has multiple additional share classes. In June 2009, the Note Accounts redeemed out of the Class G and Class H funds of the Master Company and both classes of Notes entered a stop trading trigger event. The Note Accounts are therefore no longer pursuing their investment objective and have invested in debt instruments with the objective of capital preservation.

Royal Bank of Scotland N.V., (the "Bank") acts as Guarantor to the Company. The role of the Bank as Guarantor is detailed in Note 12. Custom House Global Fund Services Limited acts as the administrator (the "Administrator") of the Company.

At 31 December 2010, the Company had no employees.

The US$ Class and EUR Class Notes of the Company are listed on NYSE Euronext Amsterdam. The home member state to whose transparency laws the Company is subject is The Netherlands. The competent authority responsible for the ongoing supervision of the Company is The Netherlands Authority for the Financial Markets.

The financial statements were approved by the Board of Directors on 21 September 2012.

2 Significant accounting policies

(a) Statement of compliance

These financial statements are prepared in accordance with International Financial Reporting Standards ("IFRS") and interpretations adopted by International Accounting Standards Board ("IASB"). The accounting policies have been applied consistently by the Company and are consistent with those used in the previous year, except for changes resulting from amendments to IFRS.

2 Significant accounting policies *(continued)*

(b) Basis of preparation

The financial statements are presented in the functional currencies of the Note Accounts, being United States Dollars ("US$") in the case of the US$ Class and Euro ("EUR") in the case of the EUR Class, and rounded to the nearest US$/EUR. They are prepared on a fair value basis for financial assets and liabilities at fair value through profit or loss, except those for which a reliable measure of fair value is not available. Other financial assets and liabilities and non financial assets and liabilities are stated at amortised cost.

Although a stop trading trigger event occurred in June 2009, the Directors have prepared the financial statements on a going concern basis as no formal decision has been taken in respect of the winding up or closure of the Company.

(c) Investment transactions and valuations

(i) Measurement and recognition

In accordance with IAS 39, *Financial Instruments: Recognition and Measurement*, all of the Note Accounts' investments in debt instruments have been designated at fair value through profit or loss upon initial recognition. Such treatment is permitted where financial assets are managed and their performance evaluated on a fair value basis.

Under IAS 39, derivatives are always classified as held for trading.

All other financial assets not designated as at fair value through profit or loss are classified as loans and receivables and are carried at amortised cost using the effective interest rate method, less impairment losses, if any.

Financial liabilities that are not designated as at fair value through profit or loss comprise of management fees payable and all other payables. These are carried at amortised cost using the effective interest rate method, less impairment losses, if any.

The Notes issued by the Company have been designated as at fair value through profit or loss because doing so eliminates or significantly reduces an accounting mismatch that would otherwise arise from measuring the liabilities at amortised cost, since the Notes are presented at their redemption amount determined as the value of the residual assets of the Company after deducting all of its other liabilities.

Financial liabilities that are not designated as at fair value through profit or loss comprise of management fees payable and all other liabilities. These are carried at amortised cost using the effective interest rate method, less impairment losses, if any.

The Note Accounts recognise financial assets or liabilities at fair value through profit or loss on the date they commit to purchase the instruments. From this date any gains and losses arising from the changes in fair value of the assets and liabilities are recorded. Financial instruments are initially measured at fair value, which is the fair value of the consideration given or received. Financial instruments are subsequently re-measured at fair value.

2 Significant accounting policies *(continued)*

(c) Investment transactions and valuations *(continued)*

(i) Measurement and recognition (continued)
The fair value of listed financial instruments is based on their quoted market price at the reporting date without any deduction for estimated future selling costs. Pricing is based on quoted bid prices for long securities and quoted offer prices for short securities and if unavailable, by reference to the last reported traded price. For unlisted securities, valuation is estimated by reference to prices obtained from brokers and other pricing sources. The fair value of the debt instruments is determined by reference to prices provided by the Guarantor, which calculates the cancellation value based on the contractual terms of the instruments.

The value of cash in hand or on deposit and accounts receivable and prepaid expenses will be deemed to be the full amount unless it is unlikely to be paid or received in full.

Gains and losses arising from a change in the fair value of investments designated at fair value through profit or loss are recognised in the statement of comprehensive income.

(ii) Derecognition
The Note Accounts derecognise a financial asset when the contractual rights to the cash flows from the financial asset expire or it transfers the financial asset and the transfer qualifies for derecognition in accordance with IAS 39. The Note Accounts use the weighted average method to determine realised gains and losses on derecognition.

A financial liability is derecognised when the obligation specified in the contract is discharged, cancelled or expired.

(d) Receivables
Receivables are stated at their nominal amount. Appropriate allowances for estimated irrecoverable amounts are recognised in the statement of comprehensive income when there is objective evidence that the asset is impaired.

(e) Foreign currency translation
Transactions in foreign currencies are translated at the foreign currency exchange rate ruling at the date of the transaction. Monetary assets and liabilities denominated in foreign currencies are translated to US$/EUR at the foreign currency closing exchange rate ruling at the reporting date. Foreign currency exchange differences arising on translation and realised gains and losses on disposals or settlements of monetary assets and liabilities are recognised in the statement of comprehensive income. Non-monetary assets and liabilities denominated in foreign currencies that are measured at fair value are translated to US$/EUR at the foreign currency exchange rates ruling at the dates that the values were determined. Foreign currency exchange differences relating to financial assets and liabilities at fair value through profit or loss are included in movement in investments held at fair value through profit or loss.

2 Significant accounting policies *(continued)*

(f) Interest income and expense
Interest income and expense are recognised in the statement of comprehensive income as they accrue, using the historical effective interest rate of the asset. Interest income includes the amortisation of any discount or premium, transaction costs (in the case of financial instruments other than those classified at fair value through profit or loss) or other differences between the initial carrying amount of an interest-bearing instrument and its amount at maturity calculated on an effective interest rate basis. Interest income and expense related to investments at fair value through profit or loss is included in movement in investment held at fair value through profit or loss.

(g) Expenses
All expenses, including management fees, guarantee fees and facilitation fees, are recognised in the statement of comprehensive income on an accruals basis.

(h) Cash and cash equivalents
Cash comprises cash on hand and demand deposits. Cash equivalents are short-term, highly liquid investments with maturities of three months or less that are readily convertible to known amounts of cash and which are subject to insignificant changes in value and are held for the purpose of meeting short term cash commitments rather than for investment or other purposes.

(i) Taxation
The Company and the Master Company have obtained from the Minister of Finance of Bermuda under the Exempted Undertakings Tax Protection Act 1966, as amended, an undertaking that, in the event of there being enacted in Bermuda any legislation imposing tax computed on profits or income, or computed on any capital assets, gain or appreciation or any tax in the nature of estate duty or inheritance tax, such tax shall not until 28 March 2016 be applicable to the Company and the Master Company or to any of their operations or to the shares, debentures or other obligations of the Company and the Master Company, except in so far as such tax applies to persons ordinarily resident in Bermuda.

(j) New and amended standards and interpretations
There are no new or amended standards or interpretations adopted with effect from 1 January 2010 that have a significant impact on the financial statements.

A number of new standards, amendments to standards and interpretations that have been issued to date are not yet effective for the financial statements of the Fund for the year ended 31 December 2010, and have not been applied or early adopted in preparing these financial statements. The adoption of these standards is not anticipated to have a significant impact on the financial statements of the Company.

3 Judgements in applying accounting policies and key sources of estimation uncertainty

The preparation of these financial statements requires the directors to make judgements, estimates and assumptions that affect the application of policies and the reported amounts of assets and liabilities, income and expense. Actual results may differ from these estimates.

The key judgements relate to the classification of the Notes as liabilities as opposed to equity instruments, and the selection of the classification of investments and the associated valuation policy. Investments have been classified as designated at fair value through profit and loss in line with note 2(c) and are measured at fair value. Further information on the risks related to the investments is included in note 14.

4 Cash and cash equivalents

Bank balances held with First Caribbean Bank at 31 December 2010 amounted to US$189,265 (2009: US$885,937) in respect of the US$ Class and EUR 286,085 (2009: EUR 1,174,733) in respect of the EUR Class.

Refer to note 18 for details of events occurring subsequent to the reporting date, when a temporary restriction was placed on the account by First Caribbean Bank, and the account was subsequently transferred to a new institution, Royal Bank of Scotland International.

5 Other payables and accruals

Included within other payables and accruals of the EUR Class Series 3 Notes at 31 December 2010 is an amount of EUR 263,843. (2009: EUR 263,843). This sum represents an amount received by the EUR Class Series 3 Notes in error. The amount is payable to RBS FX Notes (Series DPM EUR) Ltd, an investor in one of the additional share classes of the Master Company. Upon receiving the amount, a gain was recognised in the statement of comprehensive income of the EUR Note Account for the year ended 31 December 2009 in error.

As detailed in note 20, a correction has been affected by restating the comparative amounts for the prior period presented in which the error occurred. The comparative amounts presented in the statement of comprehensive income in these financial statements have therefore been restated.

The amount was subsequently repaid in June 2012. RBS FX Notes (Series DPM EUR) Ltd has service providers and the Directors in common with the Company.

6 Management fee

Fortis Investment Management Netherlands N.V., now BNP Paribas Investment Partners, acted as Investment Manager to the Company. As consideration for the Investment Manager's services to the Company, a management fee was payable by the US$ Class and the EUR Class at a rate of 2% per annum on the base net asset value of the Class G and Class H funds respectively.

There were no management fees accrued during the year, as following the redemption of both the US$ Class and the EUR Class in the underlying classes of the Master Company in June 2009, the Investment Manager is no longer acting for or charging fees to the company.

The management fees payable represent amounts due to the former Investment Manager of the Company in respect of unpaid management fees from prior periods. The amount due in respect of the US$ Class as at 31 December 2010 is US$ 727,604 (2009: US$742,059), and the amount due in respect of the EUR class as at 31 December 2010 is EUR 719,033 (2009: EUR 719,033).

7 Guarantee and facilitation fees

Royal Bank of Scotland N.V., formerly ABN Amro Bank N.V., (the "Bank") acts as Guarantor in respect of the notes.

Each Note Account pays a Guarantee fee to the Bank on a quarterly basis at a rate of 1.15% per annum on the greater of the number of Notes of the relevant Note account in issue, and the relevant net asset value per Note.

In addition, each Note Account pays to the Bank a Facilitation fee on a quarterly basis at a rate determined by the Bank two business days before each issue date, within an expected range of 0.55% - 0.65% of the number of Notes of the relevant Note account in issue.

The amounts in respect of Guarantee fees and Facilitation fees charged during the year and outstanding at the reporting date are disclosed in the statement of comprehensive income and the statement of financial position, respectively.

8 Administration and corporate secretarial fees

Under the terms of the administration agreement dated 05 August 2010 with an effective date of 01 January 2009, the Company appointed Custom House Global Fund Services Limited as the administrator of the Company.

The Note Accounts pay the administrator's fees annually in arrears in the amount of 0.1% of the net asset value of the Note Accounts. The agreement makes provision for a minimum annual administration fee equal to $12,500 for each Note Account, which applies from 1 January 2010. There is no minimum fee in respect of the year ended 31 December 2009.

Under the terms of the corporate secretarial services agreement dated 6 May 2004, MQ Services Limited provides corporate secretarial services to the Company. The minimum annual fee for such services is US$10,500.

The amounts in respect of Administration and Corporate Secretarial fees charged during the year are disclosed in the statement of comprehensive income. The amount outstanding at the reporting date is included within other payables and accruals in the statement of financial position.

9 Directors' fees

The Directors of the Company reserve the right to charge all or any of their reasonable fees and expenses to the Company, subject to an annual limit of US$5,000 (or equivalent).

10 Claim agent fees

During the year ended 31 December 2010, Equity HTM Services Ltd charged Claim agent fees to the Note Accounts of EUR5,687 (2009: EUR5,571) and US$7,500 (2009: US$7,500).

11 Other operating expenses

Other operating expenses include transactions fees and commissions as well as regulatory fees and other incidental expenses.

Audit fees for the Note Accounts in respect of the year ended 31 December 2010 total EUR 10,500 (2009: EUR 10,500) and are divided equally between the US$ Class and the EUR Class. Audit fees had been accrued in prior periods in respect of audit work that was not performed; these fees have been written back in the prior year resulting in a net credit to the statement of comprehensive income for the prior year. Audit fees payable at 31 December 2010 are included within other payables and accruals in the statement of financial position.

12 Notes

The Company has established two segregated accounts, namely the Note Account (US$ Class) and the Note Account (EUR Class), which offered two separate Classes of Notes.

The offering amount in respect of the US$ Class and EUR Class was US$25,000,000 and EUR25,000,000 respectively. The minimum subscription per investor was US$ Class 10,000 Notes and EUR Class 10,000 Notes. The face value of the Notes is US$1 per US$ Class and EUR1 per EUR Class.

The Notes will mature on the 23 June 2014 (the "Maturity Date") unless redeemed earlier. The minimum redemption is US$ Class 10,000 Notes and EUR Class 10,000 Notes. The Company redemption policy only allows for redemption on the last business day of each month and Note holders must provide 10 business days notice.

The Notes are guaranteed by the London Branch of Royal Bank of Scotland N.V. (the "Bank") in respect of 100% of the face value of each Note. The guarantees are only available in respect of the Notes outstanding as at the maturity date and are not applicable to any Notes which are redeemed prior to the maturity date.

Each Note constitutes unsubordinated and unsecured obligations of the relevant Note Account of the Company and shall at all times rank pari passu and without preference amongst themselves.

Movement in the number of Notes in issue representing the US$ Class for the year ended 31 December 2010 was as follows:

Share class	Notes at beginning of the year	Notes issued	Notes redeemed	Notes at end of the year
Notes	6,518,000	-	(1,959,000)	4,559,000

Movement in the number of Notes in issue representing the EUR Class for the year ended 31 December 2010 was as follows:

Share class	Notes at beginning of the year	Notes issued	Notes redeemed	Notes at end of the year
Notes	6,521,000	-	(1,412,000)	5,109,000

12 Notes *(continued)*

Movement in the number of Notes in issue representing the US$ Class for the year ended 31 December 2009 was as follows:

Share class	Notes at beginning of the year	Notes issued	Notes redeemed	Notes at end of the year
Notes	10,963,000	-	(4,445,000)	6,518,000

Movement in the number of Notes in issue representing the EUR Class for the year ended 31 December 2009 was as follows:

Share class	Notes at beginning of the year	Notes issued	Notes redeemed	Notes at end of the year
Notes	10,258,000	-	(3,737,000)	6,521,000

13 Share capital

The Company was incorporated on 11 May 2004 in Bermuda with limited liability under Bermuda Law. An aggregate of 12,000 ordinary shares with a nominal value of US$1 per share were issued by the Company. The ordinary shares are owned by RBS FX Notes (Series 3) Purpose Trust, formerly ABN AMRO FX Notes Purpose Trust (the "Trust"), a Bermudan purpose trust, as share trustee. The ordinary shares carry 100% of the voting rights. The Trust has foregone all rights to the assets of the Company other than to the nominal value of the 12,000 voting shares.

There were no movements in ordinary shares in issue during the year ended 31 December 2010.

14 Financial instrument disclosures and associated risks

The objective of the Note Accounts via their investment in the Master Company was to achieve medium-term capital gains in the net asset value of the funds through the implementation of a quantitatively driven currency investment process. In June 2009, the Note Accounts redeemed out of the Class G and Class H funds of the Master Company on occurrence of a stop trading trigger event. The Note Accounts are therefore no longer pursuing their investment objective and have invested in debt instruments with the objective of capital preservation.

The Note Accounts are exposed to market risk, credit risk and liquidity risk arising from the financial instruments they hold. The nature and extent of the risks at the reporting date and the risk management policies employed by the Note Accounts are discussed below.

(a) Market risk
Market risk embodies the potential for both loss and gains and includes currency risk, interest rate risk and price risk.

14 Financial instrument disclosures and associated risks *(continued)*

(a) Market risk *(continued)*

Market risk is the risk that changes in interest rates, foreign exchange rates or other prices will affect the positions held by the Note Accounts. All financial assets and liabilities designated at fair value are measured at fair value and therefore changes in market conditions may directly affect investment income.

(i) Currency risk
The Note Accounts may invest in financial instruments and enter into transactions denominated in currencies other than its functional currency. Consequently, the Note Accounts are exposed to risks that the exchange rate of its currency relative to other foreign currencies may change in a manner that has an adverse effect on the value of that portion of the Note Accounts' assets or liabilities denominated in currencies other than US$/EUR. At 31 December 2010 and 2009, the Note accounts have no material exposure to currency risk.

(ii) Interest rate risk
A portion of the Note Accounts' financial assets throughout the year consisted of cash and cash equivalents. These assets yield an amount of interest income and therefore the Note Accounts are subject to a degree of cash flow interest rate risk, due to fluctuations in the prevailing levels of market interest rates.

The Note Accounts also invested in zero-coupon deposits. As a result the Note Accounts are subject to fair value interest rate risk due to fluctuations in the prevailing rate of market interest rates impacting on the fair value of the investments in debt instruments.

The following tables detail the Note Accounts' exposure to cash flow interest rate risk of RBS FX Notes Series III (US$). It includes the Note Accounts' assets and liabilities at their carrying amounts, categorised by the earlier of the contractual re-pricing or maturity date.

Series III US$ Class at 31 December 2010

All amounts stated in US$

	Less than 1 month	1 month to 1 year	Non-interest bearing	Total
Assets				
Designated at fair value through profit or loss				
Investments in debt instruments	-	-	5,153,823*	5,153,823
Loans & receivables				
Cash and cash equivalents	189,265	-	-	189,265
Other receivables and prepaid expenses	-	-	13,124	13,124
Total assets	**189,265**	**-**	**5,166,947**	**5,356,212**

14 Financial instrument disclosures and associated risks *(continued)*

(a) Market risk *(continued)*

(ii) Interest rate risk (continued)

Series III US$ Class at 31 December 2010 (continued)

All amounts stated in US$	Less than 1 month	1 month to 1 year	Non-interest bearing	Total
Liabilities excluding net assets attributable to noteholders				
Financial liabilities measured at amortised cost				
Management fees payable	-	-	727,604	727,604
Audit fees payable	-	-	14,448	14,448
Other payables and accruals	-	-	11,910	11,910
Guarantee and facilitation fees payable	-	-	32,608	32,608
Total liabilities	**-**	**-**	**786,570**	**786,570**
Total interest sensitivity gap	**189,265**	**-**		

*Investment in debt instruments are classified as non-interest bearing as they are zero coupon deposits and there is no cash flow interest rate risk.

Series III US$ Class at 31 December 2009

All amounts stated in US$	Less than 1 month	1 month to 1 year	Non-interest bearing	Total
Assets				
Designated at fair value through profit or loss				
Investments in debt instruments	-	-	6,061,735	6,061,735
Loans & receivables				
Cash and cash equivalents	885,937	-	-	885,937
Other receivables and prepaid expenses	-	-	19,367	19,367
Total assets	**885,937**	**-**	**6,081,102**	**6,967,039**
Liabilities excluding net assets attributable to noteholders				
Financial liabilities measured at amortised cost				
Management fees payable	-	-	742,059	742,059
Audit fees payable	-	-	7,524	7,524
Guarantee and facilitation fees payable	-	-	31,586	31,586
Other payables and accruals	-	-	11,029	11,029
Total liabilities	**-**	**-**	**792,198**	**792,198**
Total interest sensitivity gap	**885,937**	**-**		

14 Financial instrument disclosures and associated risks *(continued)*

(a) Market risk *(continued)*

(ii) Interest rate risk (continued)

Interest rate sensitivity
As the Note Accounts are not exposed to a material amount of interest rate risk, a sensitivity analysis is not presented.

The following tables detail the Note Accounts' exposure to cash flow interest rate risk of RBS FX Notes Series III (EUR). It includes the Note Accounts' assets and liabilities at their carrying amounts, categorised by the earlier of the contractual re-pricing or maturity date.

Series III EUR Class at 31 December 2010

All amounts stated in EUR	Less than 1 month	1 month to 1 year	Non-interest bearing	Total
Assets				
Designated at fair value through profit or loss				
Investments in debt instruments	-	-	5,648,350*	5,648,350
Loans & receivables				
Cash and cash equivalents	286,085	-	-	286,085
Other receivables and prepaid expenses	-	-	10,418	10,418
Total assets	**286,085**	**-**	**5,658,768**	**5,944,853**
Liabilities excluding net assets attributable to noteholders				
Financial liabilities measured at amortised cost				
Management fees payable	-	-	719,033	719,033
Other payables and accruals	-	-	287,926	287,926
Guarantee and facilitation fees payable	-	-	32,308	32,308
Total liabilities	**-**	**-**	**1,039,267**	**1,039,267**
Total interest sensitivity gap	**286,085**	**-**		

*Investment in debt instruments are classified as non-interest bearing as they are zero coupon deposits and there is no cash flow interest rate risk.

14 Financial instrument disclosures and associated risks *(continued)*

(a) Market risk *(continued)*

(ii) Interest rate risk (continued)

Series III EUR Class at 31 December 2009

All amounts stated in EUR

	Less than 1 month	1 month to 1 year	Non-interest bearing	Total
Assets				
Designated at fair value through profit or loss				
Investments in debt instruments	-	-	6,088,708*	6,088,708
Loans & receivables				
Cash and cash equivalents	1,174,733	-	-	1,174,733
Other receivables and prepaid expenses	-	-	13,578	13,578
Total assets	**1,174,733**	**-**	**6,102,286**	**7,277,019**
Liabilities excluding net assets attributable to noteholders				
Financial liabilities measured at amortised cost				
Management fees payable	-	-	809,876	809,876
Guarantee and facilitation fees payable	-	-	29,945	29,945
Other payables and accruals	-	-	279,773	279,773
Total liabilities	**-**	**-**	**1,119,594**	**1,119,594**
Total interest sensitivity gap	**1,174,733**	**-**		

*Investment in debt instruments are classified as non-interest bearing as they are zero coupon bonds.

Interest rate sensitivity
As the Note Accounts are not exposed to a material amount of interest rate risk, a sensitivity analysis is not presented.

14 Financial instrument disclosures and associated risks *(continued)*

(a) Market risk *(continued)*

(iii) Other price risk
Other price risk is the risk that the value of an instrument will fluctuate as a result of changes in market prices (other than those arising from interest rate risk or currency risk), whether caused by factors specific to an individual investment, its issuer or all factors affecting all instruments traded in the market. As a material element of the Note Accounts' financial instruments are carried at fair value with fair value changes recognised in the statement of comprehensive income, any changes in market conditions may directly affect net investment income.

On the occurrence of a stop trading trigger event, the Note Accounts have invested in debt instruments with a risk profile consistent with the Note Accounts' objective of capital preservation. As such the Note Accounts are not exposed to a significant amount of price risk as 31 December 2010 or 2009.

(b) Credit risk
Credit risk is the risk that a counterparty to a financial instrument will fail to discharge an obligation or commitment that it has entered into with the Note Accounts.

The Note Accounts are exposed to credit risk through its investment in debt instruments. The Note Accounts hold investments in debt instruments issued by Royal Bank of Scotland, which has a credit rating of "A+" as determined by Standard and Poor's.

At 31 December 2010 and 2009, cash and cash equivalents are held at First Caribbean Bank. Bankruptcy or insolvency at the First Caribbean Bank may cause the Company's rights with respect to cash and cash equivalents to be delayed or limited. The majority shareholder of First Caribbean Bank is CIBC West Indies Holdings, which has a credit rating of "A+" as determined by Standard and Poor's.

Refer to note 18 for details of events occurring subsequent to the reporting date, when a temporary restriction was placed on the account by First Caribbean Bank, and the account was subsequently transferred to a new institution, Royal Bank of Scotland International.

14 Financial instrument disclosures and associated risks *(continued)*

(b) Credit risk *(continued)*

The carrying amount of financial assets best represents the maximum credit risk exposure at the 31 December 2010:

	RBS FX Notes Series III US$ 31 December 2010 US$	RBS FX Notes Series III EUR 31December 2010 EUR
Cash balances held on deposit with payment bank	189,265	286,085
Investments in debt instruments	5,153,823	5,648,350
	5,343,088	5,934,435

The carrying amount of financial assets best represents the maximum credit risk exposure at the 31 December 2009:

	RBS FX Notes Series III US$ 31 December 2009 US$	RBS FX Notes Series III EUR 31December 2009 EUR
Cash balances held on deposit with payment bank	885,937	1,174,733
Investments in debt instruments	6,061,735	6,088,708
	6,947,672	7,263,441

The Notes are guaranteed by the London Branch of Royal Bank of Scotland N.V. in respect of 100% of the face value of each Note. The guarantees are only available in respect of the Notes outstanding as at the maturity date and are not applicable to any Notes which are redeemed prior to the maturity date. Noteholders are therefore exposed to the credit risk of the guarantor.

(c) Liquidity risk

The Note Accounts' offering document provides for the redemption of Notes and they are therefore exposed to the liquidity risk of meeting noteholder redemptions. The Note Accounts' redemption policy allows for redemptions on the last day of each month and noteholders must provide 10 business days notice. The Directors of the Company reserves the right to limit the aggregate of all individual redemptions to 20% of the relevant NAV of the Note Account. If redemption requests in excess of this are received, such requests may be scaled down pro-rata and any balance carried forward.

A portion of the Note Accounts' assets are maintained as cash and cash equivalents in order to meet unexpected redemptions. Refer to note 18 for details of events occurring subsequent to the reporting date, when a temporary restriction was placed on the account by First Caribbean Bank, and the account was subsequently transferred to a new institution, Royal Bank of Scotland International.

14 Financial instrument disclosures and associated risks *(continued)*

(c) Liquidity risk *(continued)*
The following tables show the remaining contractual, undiscounted cash flows of the Company's liabilities at the reporting date.

Series III US$ Class at 31 December 2010

All amounts stated in US$	Less than 1 month	1-3 months	3 months to 1 year	No stated maturity
Financial liabilities				
Management fee payable	-	727,604	-	-
Other payables and accruals	14,719	-	-	-
Guarantee and facilitation fees payable	32,608	-	-	-
Audit fee payable	14,448	-	-	-
Net assets attributable to noteholders	4,569,642	-	-	-

Series III EUR Class at 31 December 2010

All amounts stated in EUR	Less than 1 month	1-3 months	3 months to 1 year	No stated maturity
Financial liabilities				
Management fee payable	-	719,033	-	-
Other payables and accruals	287,926	-	-	-
Guarantee and facilitation fees payable	32,308	-	-	-
Net assets attributable to noteholders	4,905,586	-	-	-

The following table shows the remaining contractual, undiscounted cash flows of the Company's liabilities at the 31 December 2009.

US$ Class at 31 December 2009

All amounts stated in US$	Less than 1 month	1-3 months	3 months to 1 year	No stated maturity
Financial liabilities				
Management fee payable	-	742,059	-	-
Guarantee and facilitation fees payable	31,586	-	-	-
Other payables and accruals	11,029	-	-	-
Audit fee payable	7,524	-	-	-
Net assets attributable to noteholders	6,174,841	-	-	-

14 Financial instrument disclosures and associated risks *(continued)*

(c) Liquidity risk *(continued)*

EUR Class at 31 December 2009

All amounts stated in EUR	Less than 1 month	1-3 months	3 months to 1 year	No stated maturity
Financial liabilities				
Management fee payable	-	809,876	-	-
Guarantee and facilitation fees payable	279,773	-	-	-
Other payables and accruals	29,945	-	-	-
Net assets attributable to noteholders	6,157,425	-	-	-

15 Fair value measurements recognised in the statement of financial position

The following table provides an analysis of financial instruments that are measured subsequent to initial recognition at fair value, grouped into Levels 1 to 3 based on the degree to which the fair value is observable:

- Level 1 fair value measurements are those derived from quoted prices (unadjusted) in active markets for identical assets or liabilities;
- Level 2 fair value measurements are those derived from inputs other than quoted prices included within Level 1 that are observable for the asset or liability, either directly (i.e. as prices) or indirectly (i.e. derived from prices); and
- Level 3 fair value measurements are those derived from valuation techniques that include inputs for the asset or liability that are not based on observable market data (unobservable inputs).

Fair value measurements at 31 December 2010:

Series III US$ Class at 31 December 2010

	Total US$	Level 1 US$	Level 2 US$	Level 3 US$
Assets				
Financial assets designated at fair value through profit or loss				
Investment in debt instruments	5,153,823	-	5,153,823	-
	5,153,823	**-**	**5,153,823**	**-**

15 Fair value measurements recognised in the statement of financial position *(continued)*

Series III EUR Class at 31 December 2010

	Total EUR	Level 1 EUR	Level 2 EUR	Level 3 EUR
Assets				
Financial assets designated at fair value through profit or loss				
Investment in debt instruments	5,648,350	-	5,648,350	-
	5,648,350	**-**	**5,648,350**	**-**

Fair value measurements at 31 December 2009:

Series III US$ Class at 31 December 2009

	Total US$	Level 1 US$	Level 2 US$	Level 3 US$
Assets				
Financial assets at fair value through profit or loss				
Investment in debt instruments	6,061,735	-	6,061,735	-
	6,061,735	**-**	**6,061,735**	**-**

Series III EUR Class at 31 December 2009

	Total EUR	Level 1 EUR	Level 2 EUR	Level 3 EUR
Assets				
Financial assets at fair value through profit or loss				
Investment in debt instruments	6,088,708	-	6,088,708	-
	6,088,708	**-**	**6,088,708**	**-**

In certain cases, the inputs used to measure fair value may fall into different levels of the fair value hierarchy. In such cases, an investment's level within the fair value hierarchy is based on the lowest level of input that is significant to the fair value measurement. Management's assessment of the significance of a particular input to the fair value measurement in its entirety requires judgement, and considers factors specific to the investment.

There were no transfers between levels in the year.

15 Fair value measurements recognised in the statement of financial position *(continued)*

Valuation methods
All of the Note Accounts' investments in debt instruments are carried at fair value on the statement of financial position. Usually the fair value of the financial instruments can be reliably determined within a reasonable range of estimates. The major methods and assumptions used in estimating the fair values of financial instruments are set out below.

Investment in debt instruments
The fair value of the debt instruments is determined by reference to prices provided by the Guarantor, which calculates the cancellation value based on the contractual terms of the instruments. The Note Accounts' investment in debt instruments are therefore categorised in level 2 of the fair value hierarchy.

16 Related party transactions

Royal Bank of Scotland N.V. is a related party of the company and acts as the Guarantor, and earned guarantee fees and facilitation fees during the year (refer to note 7). The Note Accounts' investments are held in custody by Royal Bank of Scotland N.V., which is also the Guarantor.

Directors' fees are disclosed in note 9.

There were no other related party transactions.

17 Contingency

As disclosed in note 12, the Notes are guaranteed by the London Branch of Royal Bank of Scotland N.V. in respect of 100% of the face value of each Note. The guarantees are only available in respect of the Notes outstanding as at the maturity date and are not applicable to any Notes which are redeemed prior to the maturity date.

The Company is not in compliance with the filing requirements of the Netherlands Authority for the Financial Markets as the financial statements for the prior and current period were not filed according to the specified deadlines. Accordingly, enforcement action could be taken against the Company at any time, including possible fines.

18 Subsequent events

In January 2012 the Company's payment bank, First Caribbean Bank, froze all payments from the Company's bank account. First Caribbean Bank took this action following an internal audit which revealed that it did not hold the necessary due diligence documentation on the Company. The Directors of the company wrote to shareholders advising them of a potential delay in the payment of redemptions. In May 2012 the account was unfrozen and the Company transferred its account to Royal Bank of Scotland International.

There were no other material subsequent events which necessitate revision of the figures included in the financial statements.

19 Reconciliation of audited net asset value to net asset value as reported to the noteholders in the calculation of the dealing net asset value

During the audit of the financial statements for the year ended 31 December 2010, certain audit adjustments were identified and actioned. These adjustments primarily related to the write-back of over-accruals. The below table reconciles the resulting difference between the net asset value as reported to noteholders and the net asset value per the financial statements

	RBS FX Notes Series III US$ 31-Dec-10 US$	RBS FX Notes Series III US$ 31-Dec-09 US$
Net assets per financial statements	4,569,642	6,174,841
Effect of audit adjustments brought forward	(94,547)	-
Audit adjustments in the current year	58,657	(93,807)
Net assets as reported to noteholders	4,533,752	6,081,034
A reconciliation of the net asset value per note is as follows:	US$	US$
Net asset value per note as per the financial statements	1.0023	0.9474
Effect of audit adjustments brought forward	(0.021)	-
Audit adjustments in the current year	0.013	(0.014)
Net asset value per note as reported to noteholders	0.9945	0.9334

19 Reconciliation of audited net asset value to net asset value as reported to the noteholders in the calculation of the dealing net asset value *(continued)*

	RBS FX Notes Series III EUR 31-Dec-10 EUR	RBS FX Notes Series III EUR 31-Dec-09 EUR
Net assets per financial statements	4,905,586	6,157,425
Effect of audit adjustments brought forward	130,337	-
Audit adjustments in the current year	108,443	(14,819)
Net assets as reported to noteholders	5,144,366	6,142,606
	EUR	EUR
A reconciliation of the net asset value per note is as follows:		
Net asset value per note as per the financial statements	0.9602	0.9442
Effect of audit adjustments brought forward	0.0255	-
Audit adjustments in the current year	0.0212	(0.0023)
Net asset value per note as reported to noteholders	1.0069	0.9419

20 Comparative figures

During the course of the audit of the financial statements for the year ended 31 December 2010, certain errors were identified in the presentation of amounts in the statement of comprehensive income for the year ended 31 December 2009.

In accordance with IAS 8 *Accounting Policies, Changes in Accounting Estimates and Errors* the Company has corrected these prior period errors retrospectively in these, the first set of financial statements authorised for issue after their discovery. The correction has been affected by restating the comparative amounts for the prior period presented in which the error occurred. The comparative amounts presented in the statement of comprehensive income in these financial statements have therefore been restated.

The errors arose due to the unavailability of certain underlying accounting records as described in the financial statements for the year ended 31 December 2009, which resulted in the qualification of those accounts by the Company's auditor.

The line items affected are: Movement in investments held at fair value through profit or loss; Corporate secretarial fees; Other operating expenses; Claim agent fees; and Bank charges.

There is no effect on the Change in net assets attributable to noteholders from operations arising as a result of these restatements.

Further to these adjustments, an error was identified in the statement of comprehensive income of the EUR Note Account for the year ended 31 December 2009. As detailed in note 5, an amount of EUR 263,843 was received by the EUR Note Account of RBS FX Notes (Series III) Ltd in error. Upon receiving the amount, a gain was recognised in the statement of comprehensive income. The effect of correcting this misstatement is to reduce the Change in net assets attributable to noteholders from operations and hence the net assets attributable to noteholders by EUR 263,843.

21 Approval of financial statements

The financial statements were approved by the Board of Directors on 21 September 2012.