

Company No. 1124733

ROYAL BANK OF CANADA HOLDINGS (U.K.) LIMITED

REPORT AND FINANCIAL STATEMENTS

31st October 1993



ROYAL BANK OF CANADA HOLDINGS (U.K.) LIMITED

REPORT OF THE DIRECTORS

For the year ended 31st October 1993

The Directors present their annual report and the audited financial statements for the year ended 31st October, 1993.

Activity

The principal activity of the Company is the holding of investments.

Results

The loss after taxation for the year was £91,000 (1992: profit £3,302,000). The directors do not propose the payment of a dividend.

Statement of directors' responsibilities in respect of the financial statements

Company law requires the directors to prepare financial statements for each financial year which give a true and fair view of the state of affairs of the company as at the end of the financial year and of the profit or loss of the company for that period. In preparing those 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;
- prepare the financial statements on the going concern basis unless it is inappropriate to presume that the company would continue in business.

The directors are responsible for keeping proper accounting records which disclose with reasonable accuracy at any time the financial position of the company and to enable them to ensure that the financial statements comply with the Companies Act. 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.

ROYAL BANK OF CANADA HOLDINGS (U.K.) LIMITED

REPORT OF THE DIRECTORS (contd)

For the year ended 31st October, 1993

Directors

The following served as directors throughout the year:

A.B. Marshall (Chairman)
Professor Sir James Ball
C.J.H. Fisher
R.A. Masleck
D.P. Pritchard

The Company is an indirect wholly owned subsidiary of Royal Bank of Canada. None of the directors has any disclosable interest in the shares of the Company.

Auditors

Touche Ross & Co. have expressed their willingness to continue in office as auditors, and a resolution to re-appoint them will be proposed at the forthcoming Annual General Meeting.

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



C.J.H. Fisher
Secretary

17 December, 1993.

AUDITORS' REPORT TO THE MEMBERS

of

ROYAL BANK OF CANADA HOLDINGS (U.K.) LIMITED

We have audited the financial statements on pages 4 to 13 which have been prepared under the accounting policies set out on page 3.

Respective responsibilities of directors and auditors

As described on page 1 the company's directors are responsible for the preparation of the financial statements. It is our responsibility to form an independent opinion, based on our audit, on those financial statements and to report our opinion to you.

Basis of opinion

We conducted our audit in accordance with Auditing Standards issued by the Auditing Practices Board. An audit includes examination, on a test basis, of evidence relevant to the amounts and disclosures in the financial statements. It also includes an assessment of the significant estimates and judgements made by the directors in the preparation of the financial statements, and of whether the accounting policies are appropriate to the company's circumstances, consistently applied and adequately disclosed.

We planned and performed our audit so as to obtain all the information and explanations which we considered necessary in order to provide us with sufficient evidence to give reasonable assurance that the financial statements are free from material misstatement, whether caused by fraud or other irregularity or error. In forming our opinion we also evaluated the overall adequacy of the presentation of information in the financial statements.

Opinion

In our opinion the financial statements give a true and fair view of the state of the company's affairs as at 31st October 1993 and of its loss for the year then ended and have been properly prepared in accordance with the Companies Act 1985.

Touche Ross & Co

Touche Ross & Co
Chartered Accountants
and Registered Auditors

17 December, 1993

Peterborough Court
133 Fleet Street
London EC4A 2TR

ROYAL BANK OF CANADA HOLDINGS (U.K.) LIMITEDPROFIT AND LOSS ACCOUNTFor the year ended 31st October 1993

| | Note | 1993 £'000 | 1992 £'000 |
|--|------|---------------|---------------|
| Interest receivable | | 3,345 | 4,953 |
| Exceptional items | 4 | (2,157) | (2,941) |
| Administrative expenses | | (124) | (344) |
| Operating profit | | 1,064 | 1,668 |
| Interest payable | | - | (1) |
| Other income | | - | 249 |
| Profit on ordinary activities before taxation | 2 | 1,064 | 1,916 |
| Tax on profit on ordinary activities | 7 | (1,155) | 1,386 |
| (Loss)/profit on ordinary activities after taxation | | (91) | 3,302 |
| | | ===== | ===== |

There were no other recognised gains or losses in the year.

The results for the year reflect continuing activities.

STATEMENT OF MOVEMENT ON RESERVES

| | 1993 £'000 | 1992 £'000 |
|--|---------------|---------------|
| Profit and loss account brought forward | (65,068) | (68,370) |
| (Loss)/profit for the financial year | (91) | 3,302 |
| Goodwill written-off upon acquisition of subsidiary undertaking | (1,043) | - |
| Profit and loss account carried forward | (66,202) | (65,068) |
| | ===== | ===== |

ROYAL BANK OF CANADA HOLDINGS (U.K.) LIMITEDBalance sheet at 31st October 1993

| | Note | 1993 £'000 | 1992 £'000 |
|--|------|-----------------|-----------------|
| FIXED ASSETS | | | |
| Interests in subsidiaries | 5 | 146,731 | 142,787 |
| Other investments | | 34 | 34 |
| | | <u>146,765</u> | <u>142,821</u> |
| CURRENT ASSETS | | | |
| Amounts owed by parent companies | | 16,543 | 12,961 |
| Deferred taxation | 8 | 231 | 1,386 |
| Prepayments and accrued income | | 109 | 296 |
| | | <u>16,883</u> | <u>14,643</u> |
| CREDITORS: AMOUNTS FALLING DUE WITHIN ONE YEAR | | | |
| Amounts owed to subsidiaries | | (3,000) | (3,000) |
| Other creditors including taxation | | (213) | (213) |
| NET CURRENT ASSETS | | <u>13,670</u> | <u>11,430</u> |
| TOTAL ASSETS LESS CURRENT LIABILITIES | | | |
| | | 160,435 | 154,251 |
| CREDITORS: AMOUNTS FALLING DUE AFTER MORE THAN ONE YEAR | | | |
| Loans from parent companies | 6 | (183,160) | (180,262) |
| PROVISIONS AGAINST LOSSES OF SUBSIDIARY UNDERTAKINGS | | | |
| | | (21,722) | (17,302) |
| | | <u>(44,447)</u> | <u>(43,313)</u> |
| CAPITAL AND RESERVES | | | |
| Called up share capital | 9 | 21,755 | 21,755 |
| Profit and loss account | | (66,202) | (65,068) |
| | | <u>(44,447)</u> | <u>(43,313)</u> |

The financial statements were approved by the Board of Directors on
17 December, 1993. Signed on behalf of the Board of Directors.

.....*D.P. Pritchard*.....
D.P. Pritchard
Director

.....*R.A. Masleck*.....
R.A. Masleck
Director

ROYAL BANK OF CANADA HOLDINGS (U.K.) LIMITEDCASH FLOW STATEMENTFor the year ended 31st October 1993

| | 1993 £'000 | 1992 £'000 |
|--|---------------|---------------|
| NET CASH INFLOW FROM OPERATING ACTIVITIES | | |
| Interest received | 3,532 | 5,145 |
| Administrative expenses paid | (124) | (344) |
| | ----- | ----- |
| | 3,408 | 4,801 |
| | ----- | ----- |
| NET CASH INFLOW/(OUTFLOW) FROM INVESTING ACTIVITIES | | |
| Acquisition of subsidiary undertaking | (1,396) | - |
| Purchase of additional shares in subsidiary undertaking | - | (2,500) |
| Receipt from sale of subsidiary undertaking | 1,500 | - |
| Purchase of other investments | - | (34) |
| Loans to subsidiary undertakings | - | (51,002) |
| Capital distribution from subsidiary undertaking | - | 249 |
| | ----- | ----- |
| | 104 | (53,287) |
| NET CASH OUTFLOW FROM SERVICING OF FINANCE | | |
| Interest paid | | (1) |
| FINANCING | | |
| New loans from parent companies | - | 51,002 |
| | ----- | ----- |
| INCREASE IN CASH AND CASH EQUIVALENTS | 3,512 | 2,515 |
| | ===== | ===== |

ROYAL BANK OF CANADA HOLDINGS (U.K.) LIMITEDNOTES TO THE CASH FLOW STATEMENTFor the year ended 31st October 1993

| | | | |
|----|--|-----------------|--|
| 1. | RECONCILIATION OF OPERATING PROFIT TO NET CASH FLOW FROM OPERATING ACTIVITIES | 1993 £'000 | 1992 £'000 |
| | Operating profit | 1,064 | 1,668 |
| | Decrease in interest receivable | 187 | 192 |
| | Provision against interests in and losses of subsidiaries | 3,226 | 3,085 |
| | Profit on foreign currency translation | (70) | (144) |
| | Profit on sale of subsidiary | (999) | - |
| | Net cash inflow from operating activities | 3,408 ===== | 4,801 ===== |
| 2. | ANALYSIS OF CHANGES IN CASH AND CASH EQUIVALENTS DURING THE YEAR | | £'000 |
| | Balance at 1 November 1992 | | 9,961 |
| | Net cash inflow | | 3,512 |
| | Effect of foreign exchange differences | | 70 |
| | Balance at 31 October 1993 | | 13,543 ===== |
| 3. | ANALYSIS OF THE BALANCE OF CASH AND CASH EQUIVALENTS | 1993 £'000 | 1992 £'000 |
| | Money at call and short notice owed to parent companies | 16,543 | 12,961 |
| | Short-term borrowings from subsidiaries | (3,000) | (3,000) |
| | | 13,543 ===== | 9,961 ===== |
| 4. | ANALYSIS OF CHANGES IN FINANCING DURING THE YEAR | | Loans from parent companies £'000 |
| | Balance at 1 November 1992 | | 180,262 |
| | Effect of foreign exchange differences | | 2,898 |
| | Balance at 31 October 1993 | | 183,160 ===== |

ROYAL BANK OF CANADA HOLDINGS (U.K.) LIMITED

NOTES TO THE FINANCIAL STATEMENTS

For the year ended 31st October 1993

1. Accounting policies

The financial statements have been prepared in accordance with applicable accounting standards. The particular accountancy policies adopted are described below:

- (a) The financial statements are prepared under the historical cost convention. Group financial statements have not been prepared as the company is a wholly owned subsidiary of a company incorporated in the European Community for whom consolidated financial statements are filed in the UK.
- (b) Foreign currency balances are translated at exchange rates ruling at the year end. Resultant movements are dealt with through the profit and loss account. Foreign currency transactions during the year are translated at the rate ruling on the relevant transaction date.
- (c) Premiums payable on forward foreign exchange contracts, entered into as hedging transactions, are amortised to the profit and loss account evenly over the period of the contract. Balance sheet figures do not include the gross amount of forward purchases and sales.
- (d) Investments in subsidiaries are stated at cost or lower valuation where in the opinion of the directors a permanent diminution in value has been sustained.

Other unlisted investments are held at cost less provisions, which the Directors consider to be a fair valuation.
- (e) Deferred taxation is provided at the anticipated tax rates on timing differences arising from the inclusion of items of income and expenditure in taxation computations in the periods different from those in which they are included in the financial statements to the extent that it is probable that a liability or asset will crystallise in the future.
- (g) Goodwill upon acquisition is written off direct to reserves.

ROYAL BANK OF CANADA HOLDINGS (U.K.) LIMITEDNOTES TO THE FINANCIAL STATEMENTS (cont'd)For the year ended 31st October 19932. Profit on ordinary activities before taxation

Profit on ordinary activities before taxation is after charging:

| | 1993 £'000 | 1992 £'000 |
|------------------------|---------------|---------------|
| Auditors' remuneration | 38 ===== | 33 ===== |

Interest receivable is mainly derived from investments in UK group companies.

3. Emoluments of directors and employees

(a) The emoluments of the Chairman and highest paid director were £2,000 (1992: £2,000).

(b) The emoluments of the other directors who discharged their duties wholly or mainly within the United Kingdom were within the indicated ranges:-

| | 1993 | 1992 |
|-------------|------------|------------|
| £0 - £5,000 | 1 ===== | 1 ===== |

No disclosable emoluments were paid in respect of any other directors, in the year to 31st October, 1993 (1992: Nil).

(c) The Company has no employees (1992: Nil).

4. Exceptional items

| | 1993 £'000 | 1992 £'000 |
|--|---------------------------|---------------------------|
| Profit on foreign currency translation | 70 | 144 |
| Provision against interests in and losses of subsidiary undertakings | (3,226) | (3,085) |
| Profit on sale of subsidiary undertaking | 999 | - |
| | ----- (2,157) ===== | ----- (2,941) ===== |

ROYAL BANK OF CANADA HOLDINGS (U.K.) LIMITEDNOTES TO THE FINANCIAL STATEMENTS (Cont'd)For the year ended 31st October 19935. Interests in subsidiaries

| | Subsidiary shares £'000 | Company loans £'000 | Total £'000 |
|----------------------|-------------------------------|---------------------------|----------------|
| Cost: | | | |
| At 1st November 1992 | 48,056 | 127,414 | 175,470 |
| Additions | 353 | 2,898 | 3,251 |
| Disposals | (1) | - | (1) |
| | ----- | ----- | ----- |
| At 31st October 1993 | 48,408 | 130,312 | 178,720 |
| | ----- | ----- | ----- |
| Provisions: | | | |
| At 1st November 1992 | 32,683 | - | 32,683 |
| Released in the year | (694) | - | (694) |
| | ----- | ----- | ----- |
| At 31st October 1993 | 31,989 | - | 31,989 |
| | ----- | ----- | ----- |
| Net Book Value: | | | |
| At 31st October 1993 | 16,419 | 130,312 | 146,731 |
| | ===== | ===== | ===== |
| At 31st October 1992 | 15,373 | 127,414 | 142,787 |
| | ===== | ===== | ===== |

Details of the Company's subsidiaries are as follows:-

| <u>Company</u> | <u>Business</u> |
|---------------------------------------|-----------------|
| Chancellor Investments Limited | Holding company |
| Royal Bank of Canada Europe Limited | Banking |
| and its wholly owned subsidiaries: | |
| Kingfisher Drilling Limited | Dormant |
| KD Perfuracoes Limitada (Brazil) | Dormant |
| Orion Cayman Limited (Cayman Islands) | Finance |
| Orion Royal Bank Limited | Dormant |
| Orion Leasing Holdings Limited | Leasing |
| and its subsidiary | |
| Orion Finance Limited | Leasing |
| Montco Nominees Limited | Nominee |
| Roytru Nominees Limited | Nominee |

ROYAL BANK OF CANADA HOLDINGS (U.K.) LIMITEDNOTES TO THE FINANCIAL STATEMENTS (Cont'd)For the year ended 31st October 1993

| <u>Company</u> | <u>Business</u> |
|--|--------------------------|
| Roycan Nominees Limited | Nominee |
| RBC Properties (London) Limited | Property |
| RBC Properties (Stamford Street) Limited | Property |
| Profitmore Limited | Leasing |
| Orion Royal Bank Participations Limited | Holding company |
| Royal Bank of Canada Trust Corporation Limited (formerly Royal Bank of Canada (London) Limited) | Trustee |
| RBC Pension Trustees Limited | Trustee |
| Royal Bank of Canada Trade Finance Limited | Trade finance |
| The Royal Bank of Canada Trade Credit Limited | Dormant |
| The Royal Bank of Canada Forfait Finance Limited | Trade finance |
| The Royal Bank of Canada Export Credit Limited | Dormant |
| RBC Trade Finance Inc. (USA) | Dormant |
| Royal Bank of Canada Investment Management (U.K.) Limited (formerly Royal Trust Investment Management Limited) | Investment management |
| Roy Nominees Limited | Nominee |

All subsidiaries are 100% owned, incorporated and registered in England except where shown.

On 18th May, 1993, the Company sold its subsidiary AST Trans-Act Limited for a consideration of £1,500,000. Furthermore, on 1st September, 1993, the Company acquired Royal Trust Investment Management Limited and its nominee company as part of the global acquisition by Royal Bank of Canada of the Royal Trust group. Consideration and stamp duty for the latter amounted to £1,396,000 of which £1,043,000 has been written off immediately as goodwill.

6. Loans from parent companies

| | 1993 £'000 | 1992 £'000 |
|---|---------------|---------------|
| Subordinated unsecured repayable interest free; | | |
| in equal annual instalments 2006-2015 | 16,100 | 16,100 |
| in equal annual instalments 2007-2016 | 2,200 | 2,200 |
| 30th September 2006 | 7,650 | 7,650 |
| 23rd October 2009 | 27,100 | 27,100 |
| 2nd August 2011 | 17,000 | 17,000 |
| 5th August 2011 | 15,000 | 15,000 |
| 9th August 2011 | 23,000 | 23,000 |
| 31st October 2011 | 13,000 | 13,000 |
| 16th December 2011 | 62,110 | 59,212 |
| | ----- | ----- |
| | 183,160 | 180,262 |
| | ===== | ===== |

ROYAL BANK OF CANADA HOLDINGS (U.K.) LIMITEDNOTES TO THE FINANCIAL STATEMENTS (Cont'd)For the year ended 31st October 19937. Tax on profit on ordinary activities

| | 1993 £'000 | 1992 £'000 |
|------------------------------|------------------|----------------|
| Deferred tax (charge)/credit | (1,155) ===== | 1,386 ===== |

No UK corporation tax charge/credit arises on the profit for the year. There are taxation losses of approximately £1 million available to carry forward.

8. Deferred taxation

The amount of deferred tax provided in the financial statements and the potential amount not provided are:-

| | <u>Amount provided</u> | | <u>Potential amount not provided</u> | |
|-------------------------------------|----------------------------------|--------------------------------------|--|--------------------------|
| | 1993 £'000 | 1992 £'000 | 1993 £'000 | 1992 £'000 |
| Interest receivable | 36 | 98 | - | - |
| Less: excess management expenses | (267) ----- (231) ===== | (1,484) ----- (1,386) ===== | - ----- - ===== | - ----- - ===== |

9. Called up share capital

| | 1993 £'000 | 1992 £'000 |
|---|-----------------|-----------------|
| Authorised: 50,000,000 ordinary shares of £1 each | 50,000 ===== | 50,000 ===== |
| Allotted and fully paid: 21,754,572 ordinary shares of £1 each | 21,755 ===== | 21,755 ===== |

ROYAL BANK OF CANADA HOLDINGS (U.K.) LIMITED

NOTES TO THE FINANCIAL STATEMENTS (Cont'd)

For the year ended 31st October 1993

10. Capital Commitments

The Company had no capital commitments at 31st October, 1993 (1992:Nil).

11. Parent Companies

The Company's ultimate parent company is Royal Bank of Canada, incorporated in Canada, which is also the parent undertaking of the largest group which includes the Company and for which group accounts are prepared. The parent company of the smallest such group is RBC Finance B.V., a company registered in The Netherlands. Copies of the group financial statements of Royal Bank of Canada and RBC Finance B.V. are available at 71 Queen Victoria Street, London EC4V 4DE.

Royal Bank of Canada has indicated its continuing support of the Company.