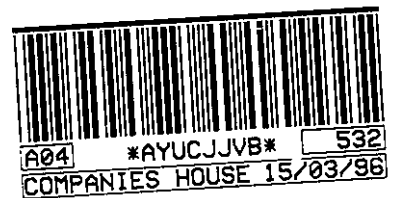


C02H2

Company No. 1124733

ROYAL BANK OF CANADA HOLDINGS (U.K.) LIMITED  
REPORT AND FINANCIAL STATEMENTS  
31st October 1995



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

REPORT OF THE DIRECTORS

For the year ended 31st October 1995

The directors present their annual report and the audited financial statements for the year ended 31st October, 1995.

**Activity**

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

As explained in note 5 to the financial statements, on 26th October, 1995, the company purchased 100% of the share capital of Royal Bank of Canada Europe Limited (which was previously owned by Chancellor Investments Limited, a subsidiary) for £144,330,000. On the same date, Chancellor Investments Limited repaid loans amounting to £88,813,000.

**Results**

The profit after taxation for the year of £40,489,000 (1994: £3,438,000) was transferred to reserves. 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;
- state whether applicable accounting standards have been followed;
- prepare the financial statements on the going concern basis unless it is inappropriate to presume that the company will 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 1985. 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 1995

**Directors**

The following served as directors throughout the year except as shown below:

Professor Sir James Ball	(Chairman - Appointed 26th January 1995)
P.M. Cutts	
C.J.H. Fisher	
R.E. Stanley	(Appointed 15th December 1994)
A.B. Marshall	(Chairman - Resigned 26th January 1995)
D.P. Pritchard	(Resigned 15th December 1994)

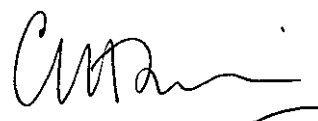
The company is an indirect wholly owned subsidiary of Royal Bank of Canada. None of the directors has any disclosable interest in the shares of the company or any other group company with the exception of the ultimate parent company. The latter is incorporated outside the UK, and thus the directors are exempt from disclosing their interests in its shares or debentures.

**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.

21<sup>st</sup> December, 1995.

  
C.J.H. Fisher  
Secretary

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 8.

**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 1995 and of its profit 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

Stonecutter Court  
1 Stonecutter Street  
London EC4A 4TR

21 December, 1995

ROYAL BANK OF CANADA HOLDINGS (U.K.) LIMITEDPROFIT AND LOSS ACCOUNTFor the year ended 31st October 1995

	Note	1995 £'000	1994 £'000
Interest receivable	2	1,065	1,406
Exceptional items	4	27,265	2,525
Income from shares in group undertakings		12,575	-
Administrative expenses		(56)	(43)
Profit on ordinary activities before taxation	2	40,849	3,888
Tax on profit on ordinary activities	7	(360)	(450)
Profit on ordinary activities after taxation		40,489	3,438

There were no other recognised gains or losses or movements in shareholders' funds in the current and preceding financial years.

The results for the current and preceding financial years reflect continuing activities.


STATEMENT OF MOVEMENT ON RESERVES


	1995 £'000	1994 £'000
Profit and loss account brought forward	(62,764)	(66,202)
Profit for the financial year	40,489	3,438
Profit and loss account carried forward	(22,275)	(62,764)

ROYAL BANK OF CANADA HOLDINGS (U.K.) LIMITEDBalance sheet at 31st October 1995

	Note	1995 £'000	1994 £'000
FIXED ASSETS			
Interests in subsidiaries	5	182,287	104,280
Other investments		18	34
		-----	-----
		182,305	104,314
		-----	-----
CURRENT ASSETS			
Amounts owed by parent companies		1,550	17,863
Amounts owed by subsidiaries		18,900	-
Prepayments and accrued income		1	31
		-----	-----
		20,451	17,894
CREDITORS: AMOUNTS FALLING DUE WITHIN ONE YEAR			
Amounts owed to subsidiaries		(35,816)	(3,000)
Deferred taxation	8	-	(11)
Other creditors including taxation		(575)	(421)
		-----	-----
NET CURRENT (LIABILITIES)/ASSETS		(15,940)	14,462
		-----	-----
TOTAL ASSETS LESS CURRENT LIABILITIES		166,365	118,776
CREDITORS: AMOUNTS FALLING DUE AFTER MORE THAN ONE YEAR			
Loans from parent companies	6	(159,695)	(140,015)
PROVISIONS AGAINST LOSSES OF SUBSIDIARY UNDERTAKINGS	10	(7,190)	(19,770)
		-----	-----
		(520)	(41,009)
		=====	=====
CAPITAL AND RESERVES			
Called up share capital	9	21,755	21,755
Profit and loss account		(22,275)	(62,764)
		-----	-----
EQUITY SHAREHOLDERS' FUNDS		(520)	(41,009)
		=====	=====

The financial statements were approved by the Board of Directors on  
21<sup>st</sup> December, 1995. Signed on behalf of the Board.

  
.....  
C.J.H. Fisher  
Director

  
.....  
P.M. Cutts  
Director

ROYAL BANK OF CANADA HOLDINGS (U.K.) LIMITEDCASH FLOW STATEMENTFor the year ended 31st October 1995

	1995 £'000	1994 £'000
NET CASH INFLOW FROM OPERATING ACTIVITIES		
Interest received	1,096	1,484
Administrative expenses paid	(56)	(43)
Dividend received from subsidiary	12,575	-
	<u>13,615</u>	<u>1,441</u>
TAXATION		
Corporation tax paid	(217)	-
	<u>-----</u>	<u>-----</u>
NET CASH OUTFLOW FROM INVESTING ACTIVITIES		
Acquisition of subsidiary undertaking	(144,330)	-
Capital injection into subsidiary	(300)	-
Early redemption of loans by subsidiaries	88,813	-
	<u>(55,817)</u>	<u>-----</u>
NET CASH INFLOW FROM FINANCING		
Loans to parent companies assigned from subsidiary	12,134	-
	<u>-----</u>	<u>-----</u>
(DECREASE)/INCREASE IN CASH AND CASH EQUIVALENTS	<u>=====(30,285)=====</u>	<u>=====<u>1,441</u>=====</u>

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

NOTES TO THE CASH FLOW STATEMENT

For the year ended 31st October 1995

1.	RECONCILIATION OF OPERATING PROFIT TO NET CASH INFLOW FROM OPERATING ACTIVITIES	1995 £'000	1994 £'000
	Operating profit	40,849	3,888
	Decrease in interest receivable	31	78
	Release of provision against interests in and losses of subsidiaries	(27,265)	(2,025)
	Profit on sale of subsidiary	-	(500)
	Net cash inflow from operating activities	13,615	1,441
		=====	=====
2.	ANALYSIS OF CHANGES IN CASH AND CASH EQUIVALENTS DURING THE YEAR	1995 £'000	1994 £'000
	Balance at 1st November	14,863	13,543
	Net cash (outflow)/inflow	(30,285)	1,441
	Effect of foreign exchange differences	56	(121)
	Balance at 31st October	(15,366)	14,863
		=====	=====
3.	ANALYSIS OF THE BALANCE OF CASH AND CASH EQUIVALENTS	1995 £'000	1994 £'000
	Money at call and short notice owed to parent companies	20,450	17,863
	Short-term borrowings from subsidiaries	(35,816)	(3,000)
		(15,366)	14,863
		=====	=====
4.	ANALYSIS OF CHANGES IN FINANCING DURING THE YEAR	1995 £'000	1994 £'000
	Loans from parent companies		
	Balance at 1st November	140,015	183,160
	Cash inflow/(outflow)	12,134	(38,000)
	Effect of foreign exchange differences	7,546	(5,145)
	Balance at 31st October	159,695	140,015
		=====	=====



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

NOTES TO THE FINANCIAL STATEMENTS

For the year ended 31st October 1995

1. Accounting policies

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

- (a) The financial statements are prepared under the historical cost convention. Group financial statements are not 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 rates ruling on the relevant transaction dates.
- (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 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.
- (f) 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 19952. Profit on ordinary activities before taxation

Profit on ordinary activities before taxation is after charging:

	1995 £'000	1994 £'000
Auditors' remuneration	19 =====	23 =====

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 £1,672 (1994: £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:-

	1995	1994
£0 - £5,000	1 =====	1 =====

No disclosable emoluments were paid in respect of any other directors, in the year to 31st October, 1995 (1994: £Nil).

(c) The company has no employees (1994: Nil).

4. Exceptional items

	1995 £'000	1994 £'000
Release of provision against interests in and losses of subsidiary undertakings	27,265	2,025
Profit on sale of subsidiary undertaking	-	500
	-----	-----
	27,265	2,525
	=====	=====

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

NOTES TO THE FINANCIAL STATEMENTS (Cont'd)

For the year ended 31st October 1995

5. Interests in subsidiaries

	Subsidiary shares £'000	Company loans £'000	Total £'000
Cost:			
At 1st November 1994	48,408	87,167	135,575
Additions	144,630	-	144,630
Effect of foreign exchange differences	-	1,646	1,646
Disposals	-	(88,813)	(88,813)
	-----	-----	-----
At 31st October 1995	193,038	-	193,038
	-----	-----	-----
Provisions:			
At 1st November 1994	31,295	-	31,295
Released in the year	(20,544)	-	(20,544)
	-----	-----	-----
At 31st October 1995	10,751	-	10,751
	-----	-----	-----
Net Book Value:			
At 31st October 1995	182,287	-	182,287
	=====	=====	=====
At 31st October 1994	17,113	87,167	104,280
	=====	=====	=====

On 26th October, 1995, the company purchased 100% of the share capital of Royal Bank of Canada Europe Limited (which was previously owned by Chancellor Investments Limited) for a consideration of £144,330,000.

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

<u>Company</u>	<u>Business</u>
Chancellor Investments Limited	In liquidation
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 1995

<u>Company</u>	<u>Business</u>
Roycan Nominees Limited	Nominee
RBC Properties (London) Limited	Property
RBC Properties (Stamford Street) Limited	Property
Profitmore Limited	Dormant
Orion Royal Bank Participations Limited	Holding company
Royal Bank of Canada Trust Corporation 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
Royal Bank of Canada Investment Management (U.K.) Limited	Investment management
Roy Nominees Limited	Nominee

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

6. Loans from parent companies

	1995 £'000	1994 £'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	31,234	27,100
29th October 2010	8,000	-
2nd August 2011	17,000	17,000
31st October 2011	13,000	13,000
16th December 2011	64,511	56,965
	-----	-----
	159,695	140,015
	=====	=====

ROYAL BANK OF CANADA HOLDINGS (U.K.) LIMITEDNOTES TO THE FINANCIAL STATEMENTS (Cont'd)For the year ended 31st October 19957. Tax on profit on ordinary activities

	1995 £'000	1994 £'000
Corporation tax at 33% (1994 - 33%)		
- Current year	362	208
- Prior year	9	-
Deferred tax (credit)/charge	(11)	242
	-----	-----
	360	450
	=====	=====

The tax charge for the year is low due to exceptional items and intra-group dividends not chargeable to corporation tax.

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>	
	1995 £'000	1994 £'000	1995 £'000	1994 £'000
Interest receivable	-	11	-	-
	=====	=====	=====	=====

9. Called up share capital

	1995 £'000	1994 £'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.) LIMITEDNOTES TO THE FINANCIAL STATEMENTS (Cont'd)For the year ended 31st October 199510. Provisions against losses of subsidiary undertakings

	1995 £'000	1994 £'000
Balance at 1st November	19,770	21,722
Net release in the year	(12,580)	(1,952)
	-----	-----
Balance at 31st October	7,190	19,770
	=====	=====

11. Capital Commitments

The company had no capital commitments at 31st October, 1995 (1994:£Nil).

12. 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.