

Co's House

Company No. 1124733

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

REPORT AND FINANCIAL STATEMENTS

31st October 1999



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

REPORT OF THE DIRECTORS

For the year ended 31st October 1999

The directors present their annual report and the audited financial statements for the year ended 31st October 1999.

Activity

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

Results

The profit after taxation for the year of £1,577,000 (1998: £230,000) was transferred to reserves. The directors do not propose the payment of a dividend.

Year 2000 Issues

Following their initial review, the directors continue to be alert to the potential risks and uncertainties surrounding the Year 2000 issue. As at the date of this report, the directors are not aware of any significant factors which have arisen, or that may arise, which will affect the activities of the business. However, the situation is still being monitored and any future costs associated with this issue cannot be quantified but are not expected to be significant.

Post Balance Sheet Events

Effective as of 1st November, the Company agreed to issue 20,912,767 ordinary shares of 1 euro each at par to Royal Bank of Canada to acquire shares in a subsidiary. On 29th December 1999, the authorised share capital of the company was increased by 25,000,000 shares of 1 euro each and 20,912,767 ordinary shares of these were issued on 10th January 2000.

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.

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

REPORT OF THE DIRECTORS (contd)

For the year ended 31st October 1999

Statement of directors' responsibilities in respect of the financial statements (cont)

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.

Directors

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

C S Brown	(Resigned 18th May 1999)
J W Burbidge	(Appointed 18th October 1999)
C J H Rowan-Hamilton	
R E Stanley	(Resigned 31st October 1999)

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.

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

11th July 2000.



C J H Rowan-Hamilton
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 12 which have been prepared under the accounting policies set out on page 7.

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 1999 and of its profit for the year then ended and have been properly prepared in accordance with the Companies Act 1985.


Deloitte & Touche
Chartered Accountants
and Registered Auditors

Stonecutter Court
1 Stonecutter Street
London EC4A 4TR

11 July 2000

ROYAL BANK OF CANADA HOLDINGS (U.K.) LIMITEDPROFIT AND LOSS ACCOUNTFor the year ended 31st October 1999

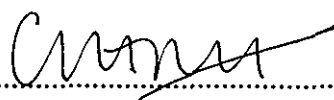
	Note	1999 £'000	1998 £'000
Interest receivable	2	130	546
Operating expenses	2	1,196	(237)
Income from shares in group undertakings		400	-
Administrative expenses		(51)	(79)
		-----	-----
Operating profit on ordinary activities before taxation	2	1,675	230
Tax charge on profit on ordinary activities	6	(98)	-
		-----	-----
Profit on ordinary activities after taxation		<u>1,577</u>	<u>230</u>

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

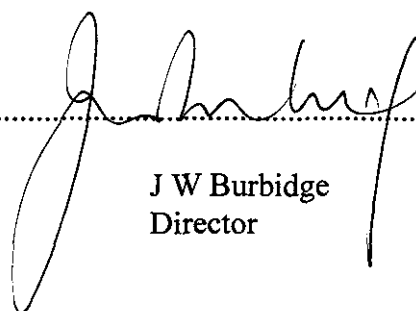
ROYAL BANK OF CANADA HOLDINGS (U.K.) LIMITEDBalance sheet at 31st October 1999

	Note	1999 £'000	1998 £'000
FIXED ASSETS			
Tangible fixed assets	8	330	-
Interests in subsidiaries	4	259,099	256,188
		-----	-----
		259,429	256,188
		-----	-----
CURRENT ASSETS			
Amounts owed by parent companies		688	817
Amounts owed by subsidiaries		10,790	10,815
Prepayments and accrued income		81	1
		-----	-----
		11,559	11,633
CREDITORS: AMOUNTS FALLING DUE WITHIN ONE YEAR			
Amounts owed to subsidiaries		(17,235)	(16,905)
Other creditors including taxation		(431)	(214)
		-----	-----
NET CURRENT LIABILITIES		(6,107)	(5,486)
		-----	-----
TOTAL ASSETS LESS CURRENT LIABILITIES		253,322	250,702
CREDITORS: AMOUNTS FALLING DUE AFTER MORE THAN ONE YEAR			
Loans from parent companies	5	(159,695)	(159,695)
PROVISIONS AGAINST LOSSES OF SUBSIDIARY UNDERTAKINGS			
	7	(5,876)	(6,586)
		-----	-----
		87,751	84,421
		=====	=====
CAPITAL AND RESERVES			
Called up share capital	9	106,497	106,497
Profit and loss account		(18,746)	(22,076)
		-----	-----
EQUITY SHAREHOLDERS' FUNDS		87,751	84,421
		=====	=====

The financial statements were approved by the Board of Directors on 11th July 2000.
Signed on behalf of the Board.



C J H Rowan-Hamilton
Director



J W Burbidge
Director

ROYAL BANK OF CANADA HOLDINGS (U.K.) LIMITEDStatement of Movement in ReservesFor the year ended 31st October 1999

	Reserves Profit & Loss £'000	Share Capital £'000	Total Shareholders' Funds £'000
Balance at 1st November 1998	(22,076)	106,497	84,421
Profit for the financial year	1,577	-	1,577
Difference on translation of share capital	1,753	-	1,753
Balance at 31st October 1999	<u>(18,746)</u>	<u>106,497</u>	<u>87,751</u>
Balance at 1st November 1997	(22,306)	64,758	42,452
Profit for the financial year	230	-	230
Issue of shares	-	41,739	41,739
Balance at 31st October 1998	<u>(22,076)</u>	<u>106,497</u>	<u>84,421</u>

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

ROYAL BANK OF CANADA HOLDINGS (U.K.) LIMITEDNOTES TO THE ACCOUNTSFor the year ended 31st October 19991. 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 which 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 reserves. 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 on timing differences, arising from the different treatment of items for accounting and taxation purposes, which can be expected to reverse in the future, calculated at the rate at which it is expected that tax will arise.
- (f) Goodwill upon acquisition is written off direct to reserves.
- (g) Under Financial Reporting Standard 8, the company is exempt from the requirement to disclose related party transactions within the group on the grounds that more than 90% of the voting rights are controlled within the group and the consolidated financial statements of the ultimate parent company are publicly available.

ROYAL BANK OF CANADA HOLDINGS (U.K.) LIMITEDNOTES TO THE ACCOUNTS (cont'd)For the year ended 31st October 19992. Operating profit on ordinary activities before taxation

Operating profit on ordinary activities before taxation is after charging:

	1999 £'000	1998 £'000
Auditors' remuneration - audit	5	9
- non-audit	1	1
Operating expenses:		
Amortisation of hedge premium	(1,097)	(1,097)
Decrease in provision against interests in and losses of subsidiary undertakings	2,415	860
	<u>2,415</u>	<u>860</u>

Interest receivable is mainly derived from placements to UK group companies.

Segmental information

All turnover arises on loans to UK incorporated subsidiaries and Net assets are invested in UK incorporated subsidiaries.

3. Emoluments of directors and employees' remuneration

None of the directors serving during the year received any emoluments from the company (1998: £nil). The company has no employees (1998: nil).

ROYAL BANK OF CANADA HOLDINGS (U.K.) LIMITEDNOTES TO THE ACCOUNTS (cont'd)For the year ended 31st October 19994. Interests in subsidiaries

	Subsidiary Shares £'000
Cost:	
At 1st November 1998	264,625
Increase in investments	550
Movement in exchange rates	1,753
Disposals	-

At 31st October 1999	266,928
	=====
Provisions:	
At 1st November 1998	8,437
Released in the year	(608)

At 31st October 1999	7,829
	=====
Net Book Value:	
At 31st October 1999	259,099
	=====
At 31st October 1998	256,188
	=====

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

<u>Company</u>	<u>Business</u>
Royal Bank of Canada Europe Limited and its wholly owned subsidiaries:	Banking
Orion Cayman Limited (Cayman Islands)	Finance
Orion Royal Bank Limited	Dormant
Orion Leasing Holdings Limited and its subsidiary:	Leasing
Orion Finance Limited	Leasing
Montco Nominees Limited	Nominee
Roytru Nominees Limited	Nominee

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

NOTES TO THE ACCOUNTS (cont'd)

For the year ended 31st October 1999

4. Interests in subsidiaries (cont'd)

<u>Company</u>	<u>Business</u>
Roycan Nominees Limited	Nominee
RBC Properties (London) Limited	Property
RBC Properties (Stamford Street) Limited	Property
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
Royal Bank of Canada Investment Management (U.K.) Limited	Investment Management
and its wholly owned subsidiaries:	
Royal Bank of Canada Investment Management (USA) Limited	Investment Management
Royal Trust (U.K.) Nominees Limited	Nominee
RT Global Investment Management Limited	Investment Management
Roy Nominees Limited	Nominee

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

5. Loans from parent companies

	1999 £'000	1998 £'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	31,234
29th October 2010	8,000	8,000
2nd August 2011	17,000	17,000
31st October 2011	13,000	13,000
16th December 2011	64,511	64,511
	----- 159,695	----- 159,695

ROYAL BANK OF CANADA HOLDINGS (U.K.) LIMITEDNOTES TO THE ACCOUNTS (cont'd)For the year ended 31st October 19996. Tax charge on profit on ordinary activities

	1999 £'000	1998 £'000
Corporation Tax at 30.42% (1998 – 31%)	98	-

7. Provisions against losses of subsidiary undertakings

	1999 £'000	1998 £'000
Balance at 1st November	6,586	5,175
Net (decrease)/increase in the year	(710)	1,411
Balance at 31st October	<u>5,876</u>	<u>6,586</u>

8. Tangible fixed assets

	1999 £'000	1998 £'000
Land and buildings	-	-
Balance at 1st November	-	-
Additions in year	330	-
Disposals	-	-
Balance at 31st October	<u>330</u>	<u>-</u>

No depreciation was charged in the year, as the asset was acquired near the year end and subsequent to the balance sheet date has been disposed of at a value in excess of the cost.

ROYAL BANK OF CANADA HOLDINGS (U.K.) LIMITEDNOTES TO THE ACCOUNTS (cont'd)For the year ended 31st October 19999. Called up share capital

	1999	1998
	£'000	£'000
Authorised:		
50,000,000 ordinary shares of £1 each	50,000	50,000
140,000,000 ordinary shares of US\$1 each	86,006	86,006
	<u>136,006</u>	<u>136,006</u>
Allotted and fully paid:		
21,754,572 ordinary shares of £1 each	21,755	21,755
140,000,000 ordinary shares of US\$1 each	84,742	84,742
	<u>106,497</u>	<u>106,497</u>

On 29th December 1999 the company increased its authorised share capital by 25,000,000 shares of 1 euro each, and on 10th January 2000 20,912,767 of these shares were issued at par.

10. Capital commitments

The company had no capital commitments at 31st October 1999 (1998: £nil).

11. Parent companies

The company's ultimate parent company and controlling entity 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.