

Company No. 1124733

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

**REPORT AND FINANCIAL STATEMENTS**

**31st October 2000**



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

REPORT OF THE DIRECTORS

For the year ended 31st October 2000

The directors present their annual report and the audited financial statements for the year ended 31st October 2000.

**Activity**

The principal activity of the company is the holding of investments in group companies.

**Results and dividends**

The profit after taxation for the year of £ 1,689,000 (1999: £1,577,000) was transferred to reserves. The directors do not propose the payment of a dividend (1999: nil).

**Issue of share capital**

On 29<sup>th</sup> December 1999, the authorised share capital of the company was increased by 25,000,000 ordinary shares of 1 euro each. On 10<sup>th</sup> January 2000 the company issued 20,912,767 ordinary shares of 1 euro each. The aggregate nominal value of the shares issued, and the consideration received was €20,912,767 (£12,995,000).

**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 2000

**Directors**

The directors who held office during the year are shown below:

J W Burbidge  
C J H Fisher

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 ultimate parent company is incorporated outside the UK, and thus the directors are exempt from disclosing their interests in its shares or debentures.

**Auditors**

Following a reorganisation of the audit responsibilities within the Royal Bank of Canada, Deloitte & Touche have resigned as auditors of the company. The Board has appointed PricewaterhouseCoopers as the auditors of Royal Bank of Canada Holdings (UK) Limited.

By order of the Board.



C J H Fisher  
Secretary  
27 June 2001

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 7 and 8.

**Respective responsibilities of directors and auditors**

The directors are responsible for preparing the Annual Report. As described on page 1, this includes responsibility for preparing the financial statements, in accordance with applicable United Kingdom accounting standards. Our responsibilities, as independent auditors, are established in the United Kingdom by statute, the Auditing Practices Board and our profession's ethical guidance.

We report to you our opinion as to whether the financial statements give a true and fair view and are properly prepared in accordance with the United Kingdom Companies Act. We also report to you if, in our opinion, the directors' report is not consistent with the financial statements, if the company has not kept proper accounting records, if we have not received all the information and explanations we require for our audit, or if the information specified by law regarding directors' remuneration and transactions is not disclosed.

We read the other information contained in the Annual Report and consider the implications for our report if we become aware of any apparent misstatements or material inconsistencies with the financial statements.

**Basis of audit 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 2000 and of its profit for the year then ended and have been properly prepared in accordance with the Companies Act 1985.

*PricewaterhouseCoopers*

PricewaterhouseCoopers  
Chartered Accountants and Registered Auditors  
27 June 2001

Southwark Towers  
32 London Bridge Street  
London SE1 9SY

ROYAL BANK OF CANADA HOLDINGS (U.K.) LIMITEDPROFIT AND LOSS ACCOUNTFor the year ended 31st October 2000

	Note	2000 £'000	1999 £'000
Administrative expenses	3	(8)	(51)
Operating expenses	3	(1,100)	(1,219)
Other operating income		10	-
Operating loss		(1,098)	(1,270)
Income from shares in group undertakings		-	400
Interest receivable from subsidiary undertaking		303	130
Write-back of provisions against subsidiary undertakings	6, 9	2,993	2,415
Profit on ordinary activities before taxation		2,198	1,675
Taxation on profit on ordinary activities	5	(509)	(98)
Profit on ordinary activities after taxation		1,689	1,577

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

There is no difference between the profits on ordinary activities before taxation and the retained profit for the year stated above and their historical cost equivalents.

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

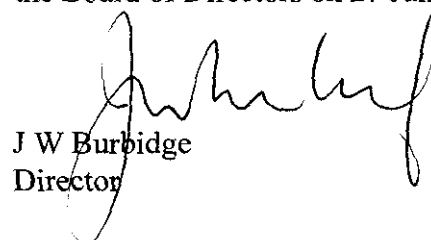
Balance sheet at 31st October 2000

	Note	2000 £'000	1999 £'000
FIXED ASSETS			
Tangible fixed assets	10	-	330
Investments in subsidiaries	6	272,598	258,728
		-----	-----
		272,598	259,058
		-----	-----
CURRENT ASSETS			
Amounts owed by parent undertakings		817	688
Amounts owed by subsidiary undertakings		11,077	10,790
Prepayments and accrued income		-	81
Other assets		940	2,126
		-----	-----
		12,834	13,685
		-----	-----
CREDITORS: AMOUNTS FALLING DUE WITHIN ONE YEAR			
Amounts owed to subsidiary undertakings	7	(16,923)	(17,235)
Other creditors including taxation		(866)	(431)
		-----	-----
		(17,789)	(17,666)
		-----	-----
NET CURRENT LIABILITIES		(4,955)	(3,981)
		-----	-----
TOTAL ASSETS LESS CURRENT LIABILITIES		267,643	255,077
CREDITORS: AMOUNTS FALLING DUE AFTER MORE THAN ONE YEAR			
Loans from parent undertakings	8	(159,695)	(159,695)
PROVISIONS AGAINST LOSSES OF SUBSIDIARY UNDERTAKINGS			
	9	(5,884)	(8,002)
		-----	-----
TOTAL NET ASSETS		102,064	87,380
		=====	=====
CAPITAL AND RESERVES			
Called up share capital	11	119,492	106,497
Profit and loss account		(17,428)	(19,117)
		-----	-----
EQUITY SHAREHOLDERS' FUNDS		102,064	87,380
		=====	=====

The financial statements on pages 4 to 13 were approved by the Board of Directors on 27 June 2001 and were signed on its behalf by:



C J H Fisher  
Director



J W Burbidge  
Director

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

Statement of Movement in Reserves

For the year ended 31st October 2000

	Reserves Profit & Loss £'000	Share Capital £'000	Total Shareholders' Funds £'000
Balance at 1 <sup>st</sup> November 1999	(19,117)	106,497	87,380
Profit for the financial year	1,689	-	1,689
Ordinary Shares Issued	-	12,995	12,995
Balance at 31 <sup>st</sup> October 2000	<u>(17,428)</u>	<u>119,492</u>	<u>102,064</u>
Balance at 1 <sup>st</sup> November 1998	(22,076)	106,497	84,421
Change in accounting policy (refer to note 1)	1,382	-	1,382
Restated balance at 1 <sup>st</sup> November 1998	<u>(20,694)</u>	<u>106,497</u>	<u>85,802</u>
Profit for the financial year	1,577	-	1,577
Balance at 31st October 1999	<u>(19,117)</u>	<u>106,497</u>	<u>87,380</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.) LIMITED  
NOTES TO THE ACCOUNTS  
For the year ended 31st October 2000

1. Basis of preparation

- (a) The financial statements are prepared under the historic cost convention and in accordance with the Companies Act 1985 and applicable UK Accounting Standards. Consolidated financial statements are not prepared as the company is a wholly owned subsidiary of a company incorporated in the European Union for which consolidated financial statements are prepared.
- (b) Under Financial Reporting Standard 1 (Revised), Cash flow statements, the company is exempt from the requirement to prepare a cash flow statement as more than 90% of the voting rights of the company are controlled within the group and the consolidated financial statements of the ultimate parent company are publicly available.
- (c) Under Financial Reporting Standard 8, Related party disclosures, 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 of the company are controlled within the group and the consolidated financial statements of the ultimate parent company are publicly available.
- (d) Change in accounting policy – Comparative figures have been restated to reflect a change in accounting policy. Foreign currency denominated investments in subsidiary undertakings are stated at historic cost, translated at the exchange rate ruling at the date of acquisition. Previously, such investments were translated using the exchange rate ruling at the balance sheet date. As a result, the value of investments in subsidiary undertakings at 31<sup>st</sup> October 1999 has been restated from £259,099,000, as previously reported, to £258,728,000. There was no effect on the current or prior year's profit before tax. The accounting policy has been changed in order that the valuation of foreign currency denominated investments is consistent with the matched financing of these investments.

2. Accounting policies

- (a) Investments in subsidiaries are stated at cost less, where necessary, any provision for permanent diminution in value.
- (b) Transactions in foreign currencies are translated at the exchange rate ruling at the date of the transaction, or where forward cover contracts have been arranged, at the contracted rates. Monetary foreign currency assets and liabilities are translated at exchange rates ruling at the balance sheet date or at the contracted rates if applicable and any exchange differences arising are taken to the profit and loss account.



ROYAL BANK OF CANADA HOLDINGS (U.K.) LIMITED  
NOTES TO THE ACCOUNTS (cont'd)  
For the year ended 31st October 2000

2. Accounting policies (continued)

- (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. The gross amount of forward purchases and sales are excluded from the balance sheet.
- (d) 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.

3. Operating profit on ordinary activities before taxation

Operating profit on ordinary activities before taxation is after charging:

	2000 £'000	1999 £'000
Profit on sale of tangible fixed assets	5	-
Auditors' remuneration – audit	(6)	(5)
- non-audit	(2)	(1)
Operating expenses:		
Amortisation of hedge premium	(1,100)	(1,097)
	<u>=====</u>	<u>=====</u>

4. Emoluments of directors and employees' remuneration

None of the directors serving during the year received any emoluments from the company (1999: £nil). The company has no employees (1999: nil).

5. Tax charge on profit on ordinary activities

	2000 £'000	1999 £'000
UK Corporation Tax at 30% (1999 – 30.42%)	509	98
	<u>=====</u>	<u>=====</u>

ROYAL BANK OF CANADA HOLDINGS (U.K.) LIMITED  
NOTES TO THE ACCOUNTS (cont'd)  
For the year ended 31st October 2000

6. Investments in subsidiaries

	Subsidiary Shares 2000 £'000
Cost:	
At 1st November 1999	266,928
Change in accounting policy (refer note 1)	(371)
	-----
At 1 <sup>st</sup> November 1999 as restated	266,557
Increase in investments	12,995
	-----
At 31st October 2000	279,552
	=====
Provisions:	
At 1st November 1999	7,829
Released in the year	(875)
	-----
At 31st October 2000	6,954
	=====
Net Book Value:	
At 31st October 2000	272,598
	=====
At 31st October 1999 as restated	258,728
	=====

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

<u>Company</u>	<u>Business</u>
Royal Bank of Canada Europe Limited	Banking
and its wholly owned subsidiaries:	
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.) LIMITED  
NOTES TO THE ACCOUNTS (cont'd)  
For the year ended 31st October 2000

6. Investments 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.

7. Amounts owed to subsidiary undertakings

All amounts owed to subsidiary undertakings have been lent interest free.

8. Loans from parent companies

	2000	1999
	£'000	£'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.) LIMITED  
NOTES TO THE ACCOUNTS (cont'd)  
For the year ended 31st October 2000

9. Provisions against losses of subsidiary undertakings

	2000 £'000	1999 £'000
Balance at 1st November	8,002	9,687
Net (decrease)/increase in the year	(2,118)	(1,685)
Balance at 31st October	<u>5,884</u>	<u>8,002</u>

10. Tangible fixed assets

	2000 £'000	1999 £'000
<u>Land and buildings</u>		
Balance at 1st November	330	-
Additions in year	-	330
Disposals	(330)	-
Balance at 31st October	<u>-</u>	<u>330</u>

No depreciation was charged in the year, as the asset was disposed of shortly after the start of the financial year, at a value in excess of the cost.

ROYAL BANK OF CANADA HOLDINGS (U.K.) LIMITED  
NOTES TO THE ACCOUNTS (cont'd)  
For the year ended 31st October 2000

11. Called up share capital

	2000	1999
	£'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
25,000,000 ordinary shares of EUR 1 each	15,535	-
	-----	-----
	151,541	136,006
	=====	=====
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
20,912,767 ordinary shares of EUR 1 each	12,995	-
	-----	-----
	119,492	106,497
	=====	=====

On 29th December 1999 the company increased its authorised share capital by 25,000,000 shares of 1 euro each, and on 10<sup>th</sup> January 2000 20,912,767 of these shares were issued at par in order to finance an increase in investment in a subsidiary undertaking. The aggregate nominal value of the shares issued, and the consideration received was €20,912,767 (£12,995,000).

12. Capital commitments

The company had no capital commitments at 31st October 2000 (1999: £nil).

ROYAL BANK OF CANADA HOLDINGS (U.K.) LIMITED  
NOTES TO THE ACCOUNTS (cont'd)  
For the year ended 31st October 2000

13. 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 at Keizergracht 604, 1017 EP, Amsterdam. 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.