

COMPANY NO. 1124733

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

REPORT AND FINANCIAL STATEMENTS

31st October, 1991

THE ROYAL BANK OF CANADA HOLDINGS (U.K.) LIMITED
REPORT OF THE DIRECTORS
For the year ended 31st October, 1991

The Directors present their annual report and the audited financial statements for the year ended 31st October, 1991.

Activities and State of Affairs

The principal activity of the Company is the holding of investments. The activities of its principal subsidiaries during the period were those of a U.K. authorised banking group encompassing commercial lending, bond trading, property management, leasing finance, trade finance and the provision of financial advisory and data processing services.

Results

The result for the year ended 31st October 1991 before and after dividends was a profit of £9,036,000 (1990: loss £3,588,000).

No dividends have been proposed or paid.

Directors

The following served as Directors of the Company throughout the year to 31st October, 1991.

A.B. Marshall (Chairman)	
Professor Sir James Ball	(Appointed 1st January, 1991)
C.J.H. Fisher	
Sir Charles Hardie C.B.E.	(Resigned 31st December, 1990)
R.A. Masleck	
D.P. Pritchard	

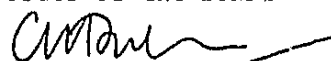
The Company is a wholly owned subsidiary of Royal Bank of Canada and none of the directors has any disclosable interest in the Company.

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.

23rd June, 1992

By order of the Board


C.J.H. Fisher
Secretary

AUDITORS' REPORT TO THE MEMBERS

of

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

We have audited the financial statements on pages 3 to 21 in accordance with Auditing Standards.

In our opinion the financial statements, give a true and fair view of the state of the affairs of the Company and the Group at 31st October, 1991 and of the profit and source and application of funds of the Group 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
& Registered Auditor
Peterborough Court
133 Fleet Street
London EC4A 2TR.

23rd June, 1992

THE ROYAL BANK OF CANADA HOLDINGS (U.K.) LIMITEDConsolidated Profit and Loss AccountFor the year ended 31st October, 1991

	<u>Notes</u>	1991 £'000	1990 £'000
Profit/(loss) on ordinary activities before taxation	3	6,708	(3,180)
Tax on profit/(loss) on ordinary activities	16	(45)	(23)
Profit/(loss) on ordinary activities after taxation		8,663	(3,203)
Minority interest		(52)	(8)
Extraordinary items	17	425	(377)
Profit/(loss) transferred to reserves		9,036	(3,588)

Statement of Consolidated Reserves


Total deficit on reserves brought forward	(67,089)	(61,764)
Exchange differences on consolidation	(372)	(1,737)
Retained profit/(loss)	9,036	(3,588)
Total deficit on reserves carried forward	(58,425)	(67,089)

THE ROYAL BANK OF CANADA HOLDINGS (U.K.) LIMITEDConsolidated Balance Sheet at 31st October, 1991

	<u>Notes</u>	1991 £'000	1990 £'000
ASSETS			
Tangible fixed assets	9	10,840	12,157
Amounts due from other banks		217	11,683
Bills receivable and promissory notes	6	8,796	12,321
Securities	7	135,986	154,322
Loans, advances and special deposits		303,171	256,200
Finance lease receivables and instalment credit contracts	8	64,293	130,703
Other debtors	5	312,936	354,475
		-----	-----
		836,239	931,861
		=====	=====
LIABILITIES			
CAPITAL AND RESERVES			
Called up share capital	10	21,755	21,755
Reserves	11	(58,425)	(67,089)
		-----	-----
		(36,670)	(45,334)
Minority interests		209	1,529
Long term loans from parent companies	14	239,299	164,351
		-----	-----
		202,838	120,546
Term Deposits exceeding one year		16,759	26,278
Finance lease payables	8	20,013	46,816
Amounts due to other banks		168,690	128,064
Other liabilities	15	427,939	610,157
		-----	-----
		836,239	931,861
		=====	=====

These financial statements were approved by the directors on 23rd June, 1992.

Signed on behalf of the Board of Directors


A B Marshall
Chairman



R A Masleck
Director


THE ROYAL BANK OF CANADA HOLDINGS (U.K.) LIMITEDBalance Sheet at 31st October, 1991

	<u>Notes</u>	1991 £'000	1990 £'000
FIXED ASSETS			
Interest in subsidiaries	12	81,461	18,622
CURRENT ASSETS			
Other debtors		25	10
Amounts owed by parent companies		10,563	9,424
Amounts owed by subsidiaries		202	202
		10,790	9,636
CREDITORS: AMOUNTS FALLING DUE WITHIN ONE YEAR			
Amounts owed to subsidiaries		(3,000)	(10,553)
Other creditors		(213)	(381)
		(3,213)	(10,934)
NET CURRENT ASSETS/(LIABILITIES)		7,577	(1,298)
TOTAL ASSETS LESS CURRENT LIABILITIES		89,038	17,324
CREDITORS: AMOUNTS FALLING DUE AFTER MORE THAN ONE YEAR			
Amounts owed to parent companies	14	(121,050)	(53,050)
Provisions for liabilities and charges	13	(14,603)	(9,917)
		(46,615)	(45,643)
CAPITAL AND RESERVES			
Called up share capital	10	21,755	21,755
Reserves	11	(68,370)	(67,398)
		(46,615)	(45,643)

These financial statements were approved by the Board of Directors on 23rd June, 1992

Signed on behalf of the Board of Directors


A B Marshall
Chairman


R A Masleck
Director

THE ROYAL BANK OF CANADA HOLDINGS (U.K.) LIMITEDConsolidated Statement of Source and Application of Funds
For the year ended 31st October, 1991

	1991 £'000	1990 £'000
SOURCE OF FUNDS		
Profit on ordinary activities before taxation	8,708	-
Extraordinary items	425	-
	-----	-----
	9,133	-
Adjustments for items not involving the movement of funds:		
Foreign exchange differences on long term loans	6,948	(13,697)
Depreciation of fixed assets	2,291	2,693
Foreign exchange differences taken directly to reserves	(372)	(1,737)
Foreign exchange differences	-	(342)
Profit on sale of fixed assets	(52)	98
	-----	-----
TOTAL (ABSORBED)/GENERATED BY OPERATIONS	17,948	(12,985)
FUNDS FROM OTHER SOURCES		
Additions to long term loans	68,000	17,419
Disposal of tangible fixed assets	815	411
Addition of minority interest	-	-
	-----	-----
TOTAL SOURCE OF FUNDS	86,763	4,845
APPLICATION OF FUNDS		
Loss on ordinary activities before taxation	-	(3,180)
Repayment of long term loans	-	(8)
Purchases of tangible fixed assets	(1,737)	(3,792)
Taxation paid	(45)	(23)
Repayment of term deposits	(9,519)	(15,842)
Extraordinary item	-	(377)
Minority interest	(1,372)	(91)
	-----	-----
TOTAL APPLICATION OF FUNDS	(12,673)	(23,313)
	-----	-----
NET MOVEMENT IN WORKING CAPITAL	74,090	(18,468)
	=====	=====

THE ROYAL BANK OF CANADA HOLDINGS (U.K.) LIMITED
Consolidated Statement of Source and Application of Funds
For the year ended 31st October, 1991
(Continued)

	1991 £'000	1990 £'000
ANALYSIS OF MOVEMENTS IN WORKING CAPITAL:		
Increase/(Decrease) in:		
Bills receivable and promissory notes	(3,525)	(3,210)
Finance lease receivables and instalment credit contracts	(66,410)	(13,505)
Loans, advances and special deposits	46,971	199,237
Securities	(18,336)	(92,567)
Amounts due from other banks	(11,466)	(341)
Other debtors	(41,539)	86,946
	-----	-----
	(94,305)	176,560
Decrease/(Increase) in:		
Amounts due to other Banks	(40,626)	(113,395)
Other liabilities	182,218	(56,740)
Finance lease payables	26,803	(24,893)
	-----	-----
	74,090	(18,468)
	=====	=====

THE ROYAL BANK OF CANADA HOLDINGS (U.K.) LIMITED
Notes to the Financial Statements
31st October, 1991

1. Accounting policies

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

(a) Basis of preparation

The financial statements are prepared under the historical cost convention with certain exceptions noted below.

(b) Basis of consolidation and format

The accounts of the Company are drawn up in compliance with the Companies Act 1985 and the Group accounts in compliance with Section 255A of, and schedule 9 to the Companies Act 1985. As permitted by Section 230 of the Companies Act 1985, the profit and loss account of the Holding Company is not presented.

The Group financial statements consolidate the financial statements of the Company and all subsidiaries, made up to 31st October 1991. Some overseas subsidiaries prepared financial statements for the period to 30th September, 1991 to avoid delay in the preparation of the consolidated financial statements. The effect of this on the consolidated financial statements is not material.

(c) Foreign currencies

There are outstanding forward foreign exchange contracts entered into in the normal course of business. Balance Sheet figures do not include the gross amounts of forward purchases and sales. Profits and losses on forward foreign exchange transactions are brought into the profit and loss account on a time apportionment basis. Foreign currency balances have been translated at exchange rates ruling at the year end, except for bills receivable and promissory notes which are covered by forward sales or matching currency loans and have been translated at the rate of exchange ruling at the date of the contract.

The resultant movement in the value of the investment in subsidiary companies has been taken direct to reserves. All other movements are dealt with through the profit and loss account.

(d) Depreciation

Depreciation has been provided at the following rates using the straight line method to write off assets over their estimated useful lives:-

Freehold buildings	50 years
Leasehold property	The period of the lease
Leasehold costs	Period to the next rent review
Motor vehicles	4 years
Office equipment and other assets	3 to 10 years

(e) Finance lease receivables and payables

Receivables under finance lease agreements are shown as the total remaining rentals receivable less deferred finance charges. Income is released to the profit and loss account from the deferred charges in each accounting period using the Investment Period Method, taking into account, if applicable, taxation allowances receivable, in order to establish, over the period of the agreement, a constant rate of return on funds invested.

Finance lease payables reflects total payables due over the period of the contracts less deferred finance charges. The deferred finance charges are taken to the profit and loss account using the same method as is set out above.

(f) Instalment credit contracts

Instalment credit contracts reflect total receivables due over the period of the contracts less deferred finance charges. Finance charges due under each contract are taken to the profit and loss account to produce a constant rate of return on the funds outstanding in each contract.

(g) Securities

Securities are carried in the balance sheet at closing market prices and the resultant profits and losses are included in the profit and loss account, with the exception of certain assets which are held for the long term. These are carried at cost adjusted to reflect discount accretion or premium amortisation. Where long term securities are held within portfolios, profits or losses arising on trading are taken over the life of the portfolio based on the incidence of the cash flow over that period.

Interest rate swaps held as hedges against security positions are revalued at closing market prices and the resultant profits and losses are included in the profit and loss account.

(h) Deferred taxation

Deferred taxation is provided at the anticipated tax rates on 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.

(i) Loan Interest

Interest receipts from loans where the borrower has discharged an overseas withholding tax liability on behalf of the group have been grossed up to include the related tax credits where the credits are supported by adequate evidence and there is reasonable expectation of offset within the taxation account.

(j) Financial futures

Financial futures transactions have been valued at closing market prices and resultant profits and losses have been included in the profit and loss account except those in respect of hedging transactions which are deferred and released to the profit and loss account on a time apportionment basis in accordance with the original intent of the hedging transaction.

(k) Foreign currency options

Open foreign currency options are held at market value using prices quoted on a recognised exchange or calculated using an appropriate valuation model. Resultant profits and losses have been included in the profit and loss account.

(l) Investments

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.

Listed long term investments are held at original cost and unlisted long term investments are included at cost less provisions, which the Directors consider to be a fair valuation.

(m) Pension costs

The expected cost of providing pensions, as calculated periodically by professionally qualified actuaries, is charged to the profit and loss account so as to spread the cost over the service lives of employees in the scheme, in such a way that the pension cost is a substantially level percentage of current and expected future pensionable payroll.

2. Segmental analysis

i) Turnover of the group is attributable to the business of banking and other related activities and is not shown separately in these financial statements.

11) Classes of business

	Banking	Leasing	Trade Finance	Properties	Other	Total
	£ '000	£ '000	£ '000	£ '000	£ '000	£ '000
PROFIT BEFORE TAXATION	10,062	(2,723)	1,311	(171)	229	8,708
	-----	-----	-----	-----	-----	=====
Segment total assets	717,221	78,248	19,650	8,307	12,813	
	-----	-----	-----	-----	-----	
TOTAL ASSETS						836,239
						=====
NET ASSETS	(38,284)	(11,502)	10,258	(874)	3,732	(36,670)
	-----	-----	-----	-----	-----	-----

iii) Geographical segments

	Europe	North America	South America	Africa	Asia	Australasia	Total
	£'000	£'000	£'000	£'000	£'000	£'000	£'000
Segment net income	9,994	2,959	455	2,338	668	703	
Common costs							(8,409)
TOTAL PROFIT BEFORE TAXATION							8,708
Segment total assets	721,774	73,343	9,356	3,095	9,562	19,109	
TOTAL ASSETS							836,239
NET ASSETS	(21,097)	(11,209)	2,602	1,558	(27,522)	18,998	(36,670)

3. Profit/(loss) on ordinary activities before taxation

The profit/(loss) on ordinary activities before taxation for the year is arrived at after taking into account:-

	1991 £'000	1990 £'000
Income from:		
Listed investments	699	1,332
Finance leases	7,213	8,286
	=====	=====
	1991 £'000	1990 £'000
Charge, in respect of:		
Interest on customers' accounts and bank balances	62,901	59,483
Interest on long-term loans	19,691	13,153
Interest on finance leases	3,553	2,176
Auditors' remuneration	168	165
Depreciation of fixed assets	2,291	2,693
Hire of equipment	1,361	557
Exceptional charge		
-Specific provision for bad debts (Note 18)	853	6,854
	=====	=====

As permitted by Section 230 of the Companies Act 1985, the profit and loss account of the Company is not presented separately as part of these financial statements. The consolidated profit after taxation and extraordinary items includes a loss of £972,000 (1990: £5,101,000 profit) in respect of the Company.

4. Emoluments of directors and employees

- (a) The emoluments of the Chairman and highest paid director were £2,000 (1990: £ 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:-

	1991	1990
£0 - £5,000	1	1
	=====	=====

No disclosable emoluments were paid in respect of any of the other directors, in the year to 31st October, 1991 (1990: Nil).

Employees

The Company has no employees. The average number of persons employed by the Group, excluding Directors and those who worked wholly or mainly outside the United Kingdom, was 170 (1990: 155) and their aggregate remuneration was:

	1991 £'000	1990 £'000
Wages and Salaries	5,755	3,927
Social Securities Cost	450	436
Pensions Cost	430	347
	-----	-----
	6,635	4,710
	=====	=====
5. <u>Other debtors</u>		
GROUP	1991 £'000	1990 £'000
Accrued interest receivable	3,076	4,794
Amounts due from parent companies	302,763	339,497
Other debtors	7,097	10,184
	-----	-----
	312,936	354,475
	=====	=====
6. <u>Bills receivable and promissory notes</u>		
GROUP	1991 £'000	1990 £'000
Amount falling due:		
within one year	8,796	9,430
in more than one year	-	2,891
	-----	-----
	8,796	12,321
	=====	=====
7. <u>Securities</u>		
GROUP	1991 £'000	1990 £'000
Investments listed on a recognised investment exchange		
- held at market value:		
long positions	8,648	10,187
- held for the long term at: amortised cost	126,176	142,909
Unlisted Investments		
- held for the long term at cost less provisions	1,162	1,226
	-----	-----
	135,986	154,322
	=====	=====

8. Finance leasing

(a) Finance lease receivables and instalment credit contracts

	1991			1990
	Due within 1 year £'000	Due between 1 & 5 years £'000	Total £'000	Total £'000
GROUP				
Finance lease receivables	11,069	21,943	33,012	71,460
Deferred finance charges	(1,897)	(3,186)	(5,083)	(13,304)
	9,172	18,757	27,929	58,156
Instalment credit contracts	14,857	30,130	45,047	87,205
Deferred finance charges	(1,962)	(6,721)	(8,683)	(14,658)
Net book value at 31 October	22,067	42,226	64,293	130,703

Finance lease receivables received by the group in the year amounted to £29,729,000 (1990: £20,625,000) and the related cost of assets acquired during the year was £NIL (1990: £44,984,000).

Instalment credit rentals received by the group in the year amounted to £35,713,000 (1990: £37,180,000) and the related cost of assets acquired during the year was £NIL (1990: £1,988,000).

(b) Finance lease payables

	1991			1990
	Due within 1 year £'000	Due between 1 & 5 years £'000	Total £'000	Total £'000
GROUP				
Finance lease payables	8,363	14,898	23,261	56,171
Deferred finance charges	(1,507)	(1,741)	(3,248)	(9,555)
Net book value at 31st October	6,856	13,157	20,013	46,616

9. Tangible fixed assets

	Freehold buildings £'000	Lease- hold property £'000	Office equipment & motor vehicles £'000	Total £'000
GROUP				
Cost:				
At 1st November, 1990	5,050	165	15,553	20,768
Additions	26	21	1,690	1,737
Disposals	-	-	(2,021)	(2,021)
	-----	-----	-----	-----
At 31st October, 1991	5,076	186	15,222	20,484
	=====	=====	=====	=====
Depreciation:				
At 1st November, 1990	260	36	8,315	8,611
Charges	58	18	2,215	2,291
Disposals	-	-	(1,258)	(1,258)
	-----	-----	-----	-----
At 31st October, 1991	318	54	9,272	9,644
	=====	=====	=====	=====
Net Book Value				
At 31st October, 1991	4,758	132	5,950	10,840
	=====	=====	=====	=====
At 31st October, 1990	4,790	129	7,238	12,157
	=====	=====	=====	=====

Included in the cost of Freehold buildings is land of £2,208,000 which is not depreciated.

10. Called up share capital

	1991 £'000	1990 £'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
	=====	=====

11. Reserves

PROFIT & LOSS	GROUP		COMPANY	
	1991 £'000	1990 £'000	1991 £'000	1990 £'000
Deficit				
At 1st November, 1990	(68,399)	(63,274)	(67,398)	(62,297)
Retained profit/(loss) for the year	9,036	(3,588)	(972)	(5,101)
Foreign exchange translation difference	(372)	(1,737)	-	-
	-----	-----	-----	-----
At 31st October, 1991	(59,935)	(68,599)	(68,370)	(67,398)
Non-distributable reserve arising on consolidation	1,510	1,510	-	-
	-----	-----	-----	-----
Net deficit on reserves	(58,425)	(67,089)	(68,370)	(67,398)
	=====	=====	=====	=====

12. Interest in subsidiaries

COMPANY	Subsidiary shares £'000	Company loans £'000	Total £'000
Cost			
At 1st November, 1990	60,958	382	61,340
Additions	-	68,000	68,000
Disposals/Repayments	(15,402)	(180)	(15,582)
	-----	-----	-----
At 31st October, 1991	45,556	68,202	113,758
	-----	-----	-----
Provisions			
At 1st November, 1990	42,718	-	42,718
Charges	478	-	478
Disposals/Repayments	(10,899)	-	(10,899)
	-----	-----	-----
At 31st October, 1991	32,297	-	32,297
	-----	-----	-----
Net Book Value			
At 31st October, 1991	13,259	68,202	81,461
	=====	=====	=====
At 31st October, 1990	18,240	382	18,622
	=====	=====	=====

	Business
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 Nominees Limited	Nominee
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
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
The Royal Bank of Canada (London) Limited	Dormant
RBC Pension Trustees Limited	Trustee
The 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
AST Trans-Act Limited (75%)	Systems
Trans-Act Limited	Dormant
Applied Software Technology Limited	Systems

All subsidiaries are 100% owned and incorporated in Great Britain except where shown.

13. Provisions for liabilities and charges

A provision of £14,603,000 (1990: £9,917,000) has been set up in the company to recognise possible liabilities arising in respect of the accumulated losses of certain subsidiary companies.

14. Amounts owed to parent companies

Balances with other group companies are disclosed in notes 5 and 15. In addition there are long-term loans as follows:-

GROUP	1991 £'000	1990 £'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	39,234	39,234
2nd August, 2011	17,000	-
5th August, 2011	15,000	-
9th August, 2011	23,000	-
31st October, 2011	13,000	-
Subordinated unsecured repayable interest bearing:		
in equal annual instalments 1996 - 2000	34,495	30,870
Perpetual stock	31,620	28,297
Unsecured: repayable 15th December, 1991	40,000	40,000
	-----	-----
	239,299	164,351
	=====	=====

Interest bearing loans, unless otherwise stated are LIBOR based.

In the event that the Company or Group are unable to meet their existing or future liabilities out of their own funds, the ultimate parent company, the Royal Bank of Canada, has confirmed that it will meet any such liabilities.

COMPANY	1991 £'000	1990 £'000
AMOUNTS FALLING DUE AFTER ONE YEAR		
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	-
5th August, 2011	15,000	-
9th August, 2011	23,000	-
31st October, 2011	13,000	-
	-----	-----
	121,050	53,050
	=====	=====

15. Other liabilities

GROUP

	1991 £'000	1990 £'000
Accrued interest payable	4,193	3,742
Amounts due to parent companies	380,262	503,174
Other	43,439	106,050
Current taxation	45	191
	-----	-----
	427,939	610,157
	=====	=====

16. Taxation

The charge for taxation of the company and its subsidiaries is as follows:-

	1991 £'000	1990 £'000
(a) Tax charge on profit/(loss) on ordinary activities		
UK Corporation Tax at 33% (1990: 34%) based on the results for the year	(45)	(70)
Prior period adjustments	-	55
Overseas taxation	-	(8)
Deferred taxation	-	-
Relief for overseas taxation	-	-
Tax credit on franked investment income	-	-
	-----	-----
	(45)	(23)
	=====	=====

The current year tax charge consists of tax on ring fence income which cannot be relieved by other group companies' losses. The excess unrelieved group losses for the period are carried forward against future trading profits.

(b) Deferred taxation

GROUP	Amount provided in accounts		Total potential deferred tax	
	1991 £'000	1990 £'000	1991 £'000	1990 £'000
Accelerated depreciation	1,259	2,589	1,259	2,589
Short-term and other timing differences	(1,259)	(2,589)	(1,259)	(2,589)
	-----	-----	-----	-----
	-	-	-	-
	=====	=====	=====	=====

17. Extraordinary items

	1991 £'000	1990 £'000
Release of provision against leased equipment	387	(387)
Profit on Disposal of Subsidiary	38	10
	-----	-----
	425	(377)
	=====	=====

18. Contingent liabilities

There were contingent liabilities at 31st October 1991 amounting to £5,746,000 (1990: £5,746,000) in respect of uncalled share capital of wholly owned subsidiary companies.

As part of their ordinary business, banking companies have contingent liabilities in respect of undrawn commitments and other off balance sheet transactions.

During the previous financial year two vendor clients, Atlantic Computer Systems plc (ACS) and Blackspur Leasing plc (Blackspur), of the Group's leasing subsidiaries, became the subject of insolvency proceedings. During this financial year, two further vendor clients have become the subject of insolvency proceedings. As a result the Orion Leasing Group now has direct exposures to a number of lease rental streams. Exposures have been identified resulting in a specific provision of £7,707,000 (1990: £6,854,000). This provision is considered sufficient by the Directors.

19. Capital commitments

	1991		1990	
	Group £'000	Company £'000	Group £'000	Company £'000
Contracted for but not provided	22	Nil	12	Nil
	=====	=====	=====	=====
Authorised but not contracted for	103	Nil	258	Nil
	=====	=====	=====	=====

20. Pensions

The Royal Bank of Canada Group of which the Company is a member, operates a pension scheme for UK employees of the defined benefit type for UK employees. The annual charge to each group employer's profit and loss account is computed to spread the cost of pensions over employee's working lives with the group company. The assets are held in separate trustee administered funds.

The total pension cost in the Group was £421,137 (1990: £347,161) of which £Nil (1990: £129,218) was made under a money purchase scheme in one subsidiary. The remainder of the cost is assessed in accordance with the advice of qualified actuaries using the projected unit method, and their latest evaluation was at 1st April 1991. At that date the market value of the UK scheme's assets was £17,285,733 representing 114% of the benefits that had accrued to members. The assumptions most material to the results of that valuation are those relating to the rate of return on investments and the rate of increase in salaries which are 8.5% and 7.5% respectively. In view of the surplus in the funds, caused by a reduction in membership due to reorganisation in the Company, a five month contribution holiday was taken in 1991. This holiday will continue for 1992, after which the contribution rate will resume at 10.2% of pensionable earnings.

In addition contributions of £8,747 (1990: £Nil) were made under pension schemes held outside the Group.

21. Parent Companies

The ultimate parent is the Royal Bank of Canada, incorporated in Canada, and which is also the parent undertaking of the largest group which includes the Company.

Copies of the group financial statement of the Royal Bank of Canada are now available from the Royal Bank of Canada Centre at 71, Queen Victoria Street, London EC4V 4DE.