

Company Registration No: 01850376

NATWEST ASSET MANAGERS LIMITED

DIRECTORS' REPORT AND FINANCIAL STATEMENTS

31 December 2005

**Group Secretariat
The Royal Bank of Scotland Group plc
3 Princess Way
Redhill
Surrey
RH1 1NP**



NATWEST ASSET MANAGERS LIMITED

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NATWEST ASSET MANAGERS LIMITED

OFFICERS AND PROFESSIONAL ADVISERS

DIRECTORS: A M Cunningham
R J Hopkins

SECRETARY: M Castro

REGISTERED OFFICE: Waterhouse Square
138-142 Holborn
London
EC1N 2TH

Registered in England and Wales

NATWEST ASSET MANAGERS LIMITED

DIRECTORS' REPORT

The directors present their report and financial statements for the year ended 31 December 2005.

ACTIVITIES AND BUSINESS REVIEW

The Company is a dormant company.

DIRECTORS AND SECRETARY

The present directors and secretary, who have served throughout the year except where noted below are listed on page 1.

From 1 January 2005 to date the following changes have taken place:

	Appointed	Resigned
Secretary		
C J Whittaker		23 November 2005
M Castro	23 November 2005	

DIRECTORS' INTERESTS

No director had an interest in the shares of the Company.

The following directors were beneficially interested in the ordinary shares of The Royal Bank of Scotland Group plc:

	As at 1 January 2005	As at 31 December 2005
A M Cunningham	707	1,006
R J Hopkins	1,393	1,040

Options to subscribe for ordinary shares of 25p each in The Royal Bank of Scotland Group plc granted to and exercised during the period by the following directors of the Company and connected persons are:

	As at 1 January 2005	Granted during the period		Exercised during the period		As at 31 December 2005
		Options	Price (p)	Options	Price (p)	
A M Cunningham	1,363	-	-	284	1364	1,079
R J Hopkins	690	174	1304	184	1235	680

No director had an interest in any of the preference shares of The Royal Bank of Scotland Group plc during the year to 31 December 2005.

Other than as disclosed, none of the directors in office at 31 December 2005 held any interest in the share or loan capital of the Company or any other group company.

NATWEST ASSET MANAGERS LIMITED

ELECTIVE RESOLUTIONS

The Company has elected to dispense with the requirement to hold annual general meetings, lay accounts before a general meeting and re-appointment of auditors annually.

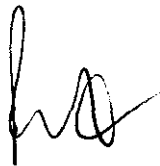
AUDITORS

A Special Resolution has been passed exempting the Company from the requirement to appoint auditors.

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

R J Hopkins

Director

A handwritten signature in black ink, appearing to be 'R J Hopkins', written over a horizontal line.

Date: 22 May 2006

BALANCE SHEET AS AT 31 December 2005

	Note	2005 £	2004 £
Current Assets			
Debtors:		<u>2</u>	<u>2</u>
Amounts owed by Group Company			
Net Assets		<u>2</u>	<u>2</u>
Capital			
Called up share capital	5	<u>2</u>	<u>2</u>

The Notes on pages 5 and 6 form part of these accounts.

DIRECTORS DECLARATION

- 1 For the period ended 31 December 2005 the Company was entitled to exemption under section 249AA(1) of the Companies Act 1985.
- 2 No members have required the Company to obtain an audit of its accounts for the period in question in accordance with section 249B(2).
- 3 The directors acknowledge their responsibility for:
 - a) ensuring the Company keeps accounting records which comply with section 221; and
 - b) preparing accounts which fairly present the financial position of the Company as at the end of its financial year, and of its financial performance and cash flows for the year in accordance with International Accounting Standards referred to by Section 226 (2(b)) of the Companies Act 1985.

R J Hopkins

Director:



Date: 22 May 2006

NOTES

1 Principal Accounting Policies

The accounts have been prepared in accordance with applicable Accounting International Financial Reporting Standards issued by the International Accounting Standards Board and interpretations issued by the International Financial Reporting Interpretations Committee (together 'IFRS') as endorsed by the European Union. A summary of the more important accounting policies, which have been applied consistently, is set out below.

The transition to IFRS on 1 January 2004 did not entail any changes in accounting policy.

2 Basis of Accounting

The accounts have been prepared under the historical cost convention.

3 Ultimate Holding Company

The Company's ultimate holding company, ultimate controlling party, and the parent of the largest group into which the Company is consolidated is The Royal Bank of Scotland Group plc which is incorporated in Great Britain and registered in Scotland. Financial statements for The Royal Bank of Scotland Group plc can be obtained from The Royal Bank of Scotland Group plc, Gogarburn, PO Box 1000 Edinburgh, EH12 1HQ.

The Company's immediate parent and smallest subgroup into which the Company is consolidated is National Westminster Bank Plc, a company incorporated in Great Britain and registered in England and Wales. Copies of the consolidated financial statements for this subgroup can be obtained from The Royal Bank of Scotland Group plc, Gogarburn, PO Box 1000 Edinburgh, EH12 1HQ.

4 Related Party Transactions

The Company entered into no transactions during the year and its only assets are balances with Group companies.

5 Called Up Share Capital

	Authorised	Share capital allotted, called up and fully paid
At 31 December 2005 and 31 December 2004:		
Ordinary Shares of £1 each	£100	£2

6 **Profit and Loss Account**

The Company has not traded during the accounting period, has received no income and incurred no expenditure and consequently has made neither a profit nor a loss. A profit and loss account is therefore not presented. None of the directors received any remuneration.

7 **Approval of Accounts**

The accounts were approved at a meeting of the board of directors.