

# RBS Trade Services Limited

**Directors:** John Anthony Smith (Chairman)  
Alexander Lennox Harrower  
Allan Collard

**Secretary:** John Albert Lea

**Registered Office:** Waterhouse Square  
138-142 Holborn  
London  
EC1N 2TH

**Telephone Number:** 0171 427 8000

**Principal Office:** 62-63 Threadneedle Street  
London  
EC2R 8LA

**Telephone Number:** 0171 374 6099

**Registered in England No:** 1920933



# **RBS Trade Services Limited**

## **Directors' report for the year ended 30 September 1996**

The directors present their report and the audited financial statements for the year ended 30 September 1996.

### **1 Principal activities & review of the business**

The profit and loss account for the year is set out on page 6. The company makes loans for the purpose of trade finance and undertakes confirming house business.

### **2 Dividends**

The directors do not recommend the payment of a dividend (1995: Nil).

### **3 Directors**

The names of the present directors are as listed on page 1.

At 30 September 1996 the Members of the Board of Directors were:-

Alan Collard  
Alexander Lennox Harrower  
John Anthony Smith

Christopher George Pearson resigned as a director of the company on 25 March 1996.

# RBS Trade Services Limited

## 4 Directors interests

No director had a beneficial interest in the shares of the company on either 30 September 1996 nor on 1 October 1995.

The following directors were beneficially interested in the 25p ordinary shares of The Royal Bank of Scotland Group plc, the ultimate parent company.

|              | At 30 September 1996 | At 1 October 1995 |
|--------------|----------------------|-------------------|
|              | Shares               | Shares            |
| A Collard    | 3,915                | 2,414             |
| A L Harrower | 4,280                | 804               |
| J A Smith    | 2,340                | 1,543             |

Options to subscribe for 25p ordinary shares in The Royal Bank of Scotland Group plc granted to and exercised by directors during the year to 30 September 1995 are included in the table below:

|              | Options Granted |        |         | Options Exercised |         |            |
|--------------|-----------------|--------|---------|-------------------|---------|------------|
|              | At 1/10/95      | Number | Price £ | Number            | Price £ | At 30/9/96 |
| A Collard    | 3,703           | 577    | 4.18    | 1,381             | 1.52    | 2,899      |
| A L Harrower | 9,347           | 1,155  | 4.18    | 3,453             | 1.52    | 7,049      |
| J A Smith    | 6,465           | 907    | 4.18    | 1,726             | 1.52    | 5,646      |

No Director had an interest in any of the preference shares of The Royal Bank of Scotland Group plc during the year to 30 September 1996.

In addition, during that period none of the Directors held a beneficial interest in the loan capital of The Royal Bank of Scotland Group plc or in the share or loan capital of any of the other subsidiaries of The Royal Bank of Scotland Group plc, including the Company.

## 5 Supplier Payment Policy

The Company is committed to maintaining a sound commercial relationship with its suppliers. Consequently, it is the Company's policy to negotiate and agree terms and conditions with its suppliers, which includes the giving of an undertaking by the Company to pay suppliers within 30 days of the date of invoice or such other agreed payment period.

# RBS Trade Services Limited

## 6 Directors' responsibilities

The directors are required by UK company law to prepare financial statements for each financial year that give a true and fair view of the state of affairs of the company at the end of the financial year and of the profit or loss for that period.

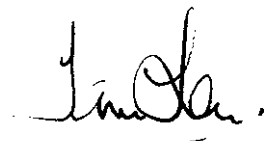
The directors confirm that suitable accounting policies have been used and applied consistently and reasonable and prudent judgements and estimates have been made in the preparation of the financial statements for the year ended 30 September 1996. The directors also confirm that applicable accounting standards have been followed and that the financial statements have been prepared on the going concern basis.

The directors are responsible for keeping proper accounting records, for taking reasonable steps to safeguard the assets of the company and the group and to prevent and detect fraud and other irregularities.

## 7 Auditors

A resolution to re-appoint the auditors, Coopers & Lybrand, will be proposed at the Annual General Meeting.

By order of the Board



J A Lea  
Secretary

Date: 15th November, 1996

# **RBS Trade Services Limited**

## **Report of the auditors to the members of RBS Trade Services Limited**

We have audited the financial statements on pages 7 to 12.

### **Respective responsibilities of directors and auditors**

As described on page 5 the company's directors are responsible for the preparation of financial statements. It is our responsibility to form an independent opinion, based on our audit, on those 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, consistency 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 at 30 September 1996 and of its profit for the year then ended and have been properly prepared in accordance with the Companies Act 1985.

*Coopers & Lybrand*

Coopers & Lybrand  
Chartered Accountants and Registered Auditors  
London

*21 November 1996.*

# RBS Trade Services Limited

## Profit and Loss Account

For the year ended 30 September 1996

|  | Note | 1996<br>£      | 1995<br>£      |
|--|------|----------------|----------------|
| Interest receivable and similar income                   |      | 175,013        | 131,296        |
| Interest payable to parent company                       |      | (101,537)      | (58,206)       |
|  |      | 73,476         | 73,090         |
| Bad debt release   | 5    | 1,189          | 2,236          |
| Administrative expenses                                  |      | (177,744)      | (149,117)      |
| Other operating income                                   |      | <u>210,702</u> | <u>174,019</u> |
| <b>Profit on ordinary activities<br/>before taxation</b> | 2    | 107,623        | 100,228        |
| Taxation   | 4    | (27,220)       | (29,233)       |
| <b>Profit on ordinary activities<br/>after taxation</b>  | 7    | <u>80,403</u>  | <u>70,995</u>  |

All items in the Profit and Loss account relate to continuing operations.

The company has no recognised gains and losses other than those included in the profits above, and therefore no separate statement of total recognised gains and losses has been presented.

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

# RBS Trade Services Limited

## Balance Sheet at 30 September 1996

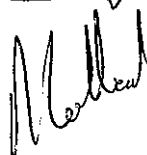
|   |   | 1996<br>£        | 1995<br>£        |
|---|---|------------------|------------------|
| <b>Current Assets</b>                                 |   |                  |                  |
| Advances to customers                                 | 5 | 2,896,159        | 1,828,490        |
| Other debtors   |   | 41,410           | 34,130           |
| Amounts due from parent company                       |   | -                | 36,401           |
|   |   | <u>2,937,569</u> | <u>1,899,021</u> |
| <b>Creditors: Amounts falling due within one year</b> |   |                  |                  |
| Amounts due to parent company                         |   | 2,426,827        | 1,484,044        |
| Other creditors                                       |   | 28,458           | 13,096           |
|   |   | <u>2,455,285</u> | <u>1,497,140</u> |
| <b>Net Current Assets</b>                             |   | <u>482,284</u>   | <u>401,881</u>   |
| <b>Capital and Reserves</b>                           |   |                  |                  |
| Share Capital   | 6 | 250,000          | 250,000          |
| Profit and loss account                               | 7 | 232,284          | 151,881          |
| <b>Equity Shareholders' funds</b>                     | 8 | <u>482,284</u>   | <u>401,881</u>   |

The financial statements on pages 7 to 12 were approved by the board of directors on 17<sup>th</sup> November 1996 and are signed on their behalf by:

J A Smith, Chairman



A Collard, Director



# **RBS Trade Services Limited**

## **Notes to the Financial Statements for the year ended 30 September 1996**

### **1 Principal accounting policies**

The financial statements have been prepared in accordance with applicable Accounting Standards in the United Kingdom. A summary of the more important accounting policies, which have been applied consistently, is set out below.

#### **Basis of accounting**

The accounts are prepared under the historical cost convention and in compliance with the Companies Act 1985.

#### **Provision for bad and doubtful debts**

Provision is made against advances to the extent that they may be irrecoverable, after taking into account the value of any related security.

#### **Foreign currencies**

Foreign currency balances are expressed in sterling at the rates of exchange ruling at the balance sheet date. All exchange differences relating to trade are taken to the profit and loss account.

### **2 Profit on ordinary activities before taxation**

Profit on ordinary activities before taxation is stated after charging:

|                                     | <b>1996</b> | <b>1995</b> |
|-------------------------------------|-------------|-------------|
|                                     | <b>£</b>    | <b>£</b>    |
| Interest payable to group companies | 101,537     | 58,206      |
| Auditors' remuneration              | 6,750       | 7,000       |
| Management charge                   | 78,000      | 72,000      |

The management charge relates to services provided by the Parent Company.



# RBS Trade Services Limited

## Notes to the Financial Statements

For the year ended 30 September 1996 (continued)

### 3 Directors' remuneration

The aggregate emoluments of the directors' who served during the year were:

|   | 1996<br>£     | 1995<br>£     |
|---|---------------|---------------|
| Emoluments (including pension contributions and benefits in kind) | <u>30,768</u> | <u>19,694</u> |

### 4 Taxation

|  | 1996<br>£     | 1995<br>£     |
|--|---------------|---------------|
| UK Corporation tax at 33%                        | 27,220        | 33,393        |
| Double taxation relief                           | (14,702)      | (8,695)       |
|  | <u>12,518</u> | <u>24,698</u> |
| Overseas taxation                                | 14,702        | 8,695         |
| Under/(over) provision in respect of prior years | -             | (4,160)       |
|  | <u>27,220</u> | <u>29,233</u> |

### 5 Advances to customers

|   | 1996<br>£        | 1995<br>£        |
|---|------------------|------------------|
| Amounts falling due within one year                                   | 2,703,651        | 1,885,598        |
| Amounts falling due after more than one year                          | <u>248,427</u>   | <u>-</u>         |
|   | 2,952,078        | 1,885,598        |
| Provisions for bad and doubtful debts and movements in the year were: |                  |                  |
| At 1 October  | 57,108           | 59,344           |
| Amounts written off   | -                | -                |
| Amounts recovered   | (1,189)          | (2,236)          |
| At 30 September   | <u>55,919</u>    | <u>57,108</u>    |
| Net Advances  | <u>2,896,159</u> | <u>1,828,490</u> |

# RBS Trade Services Limited

## Notes to the Financial Statements

For the year ended 30 September 1996 (continued)

### 6 Share Capital

| Authorised, allotted, called up and fully paid | 1996<br>£      | 1995<br>£      |
|--|----------------|----------------|
| 250,000 Ordinary shares of £1 each             | <u>250,000</u> | <u>250,000</u> |

### 7 Profit and loss account

|                              | 1996<br>£      | 1995<br>£      |
|------------------------------|----------------|----------------|
| At 1 October                 | 151,881        | 80,886         |
| Retained profit for the year | <u>80,403</u>  | <u>70,995</u>  |
| At 30 September              | <u>232,284</u> | <u>151,881</u> |

### 8 Reconciliation of movements in shareholders' funds

|                               | 1996<br>£      | 1995<br>£      |
|-------------------------------|----------------|----------------|
| Opening shareholders' funds   | 401,881        | 330,886        |
| Profit for the financial year | <u>80,403</u>  | <u>70,995</u>  |
| Closing shareholders' funds   | <u>482,284</u> | <u>401,881</u> |

### 9 Guarantees and other obligations

Guarantees and other obligations given on behalf of customers under export credit arrangements totalled £1,543,501 (1995: £1,414,892). It is the view of the Directors that no actual loss is likely to arise.

### 10 Ultimate parent company

The company's ultimate parent company is The Royal Bank of Scotland Group plc which is incorporated in Great Britain and registered in Scotland. Consolidated financial statements may be obtained from 36 St Andrew Square, Edinburgh, EH2 2YB.

# **RBS Trade Services Limited**

## **11 Cash flow statements**

The company is exempt from the requirements of Financial Reporting Standard No.1, Cash Flow Statements. The company's ultimate parent company prepares consolidated financial statements which include a consolidated cash flow statement for the group.