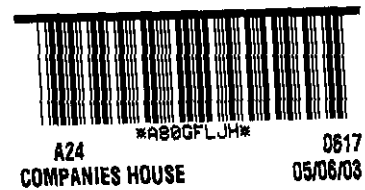


Company Registration No: 1920933

RBS TRADE SERVICES LIMITED

DIRECTORS' REPORT AND FINANCIAL STATEMENTS

31 December 2002



RBS TRADE SERVICES LIMITED

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RBS TRADE SERVICES LIMITED

OFFICERS AND PROFESSIONAL ADVISORS

DIRECTORS

Alan Collard
Alan Peter Dickinson
John Albert Lea
John Anthony Smith

SECRETARY

John Albert Lea

REGISTERED OFFICE

Waterhouse Square
138-142 Holborn
London
EC1N 2TH

AUDITORS

Deloitte & Touche
Saltire Court
20 Castle Terrace
Edinburgh
EH1 0BR

Registered in England and Wales.

RBS TRADE SERVICES LIMITED

DIRECTORS' REPORT

The directors present their annual report and the audited financial statements for the year ended 31 December 2002.

ACTIVITIES AND BUSINESS REVIEW

The Company makes loans for the purpose of trade finance and undertakes confirming house business.

The directors do not recommend the payment of a final dividend and recommend that the retained profit for the year of £16,295 (2001: £47,222) is transferred to reserves.

The directors expect that the company will continue to wind down operations and cease to trade in the forthcoming year.

DIRECTORS

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

On 23 September 2002 John Albert Lea was appointed as a director of the company.

DIRECTORS' RESPONSIBILITIES

United Kingdom 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 the 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; and
- 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.

The directors confirm that these financial statements comply with the aforementioned requirements.

RBS TRADE SERVICES LIMITED

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 2002*	As at 31 December 2002
A Collard	7,925	8,504
A P Dickinson	10,387	3,238
J A Lea	10,980	11,073
J A Smith	4,504	4,945

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 members of their immediate family are:

	As at 1 January 2002*	Granted during the period		Exercised during the period		As at 31 December 2002
		Options	Price	Options	Price	
A Collard	1,822	160	12.35	374	4.61	1,608
A P Dickinson	44,958	19,300 562	18.18 12.35	1,570	4.61	63,250
J A Lea	3,912	-	-	-	-	3,912
J A Smith	15,167	4,500 187	18.18 12.35	522	4.61	19,332

No director had an interest in any of the preference shares during the year to 31 December 2002.

The following directors were beneficially interested in the Additional Value Shares of The Royal Bank of Scotland Group plc:

	As at 1 January 2002*	As at 31 December 2002
A Collard	6,531	6,531
A P Dickinson	9,905	1,603
J A Lea	6,424	6,424
J A Smith	3,632	3,632

None of the directors in office at 31 December 2002 held any interest in the share or loan capital of the company or any other group company.

* or date of appointment, if later

RBS TRADE SERVICES LIMITED

ELECTIVE RESOLUTIONS

On 14 February 2002, the company passed elective resolutions pursuant to Section 379A of the Companies Act 1985, dispensing with the holding of annual general meetings, the laying of annual reports and accounts before the shareholders in general meeting, and the obligation to re-appoint auditors annually.

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

A handwritten signature in black ink, appearing to read 'J A Lea', is written over a horizontal line.

J A Lea
Director

Date: 22 May 2003

INDEPENDENT AUDITORS' REPORT TO THE MEMBERS OF RBS TRADE SERVICES LIMITED

We have audited the financial statements of RBS Trade Services Limited for the year ended 31 December 2002 which comprise the profit and loss account, the balance sheet and the related notes 1 to 12. These financial statements have been prepared under the accounting policies set out therein.

This report is made solely to the company's members, as a body, in accordance with section 235 of the Companies Act 1985. Our audit work has been undertaken so that we might state to the company's members those matters we are required to state to them in an auditors' report and for no other purpose. To the fullest extent permitted by law, we do not accept or assume responsibility to anyone other than the company and the company's members as a body, for our audit work, for this report, or for the opinions we have formed.

Respective responsibilities of directors and auditors

As described in the statement of directors' responsibilities, the company's directors are responsible for the preparation of the financial statements in accordance with applicable United Kingdom law and accounting standards. Our responsibility is to audit the financial statements in accordance with relevant United Kingdom legal and regulatory requirements and auditing standards.

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 Companies Act 1985. We also report 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 information specified by law regarding directors' remuneration and transactions with the company is not disclosed.

We read the directors' report for the above year and consider the implications for our report if we become aware of any apparent misstatements.

Basis of opinion

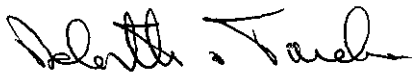
We conducted our audit in accordance with United Kingdom auditing standards issued by the Auditing Practices Board. An audit includes examination, on a test basis, of evidence relevant to the amounts and disclosures in the financial statements. It also includes an assessment of the significant estimates 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.

**INDEPENDENT AUDITORS' REPORT TO THE MEMBERS OF
RBS TRADE SERVICES LIMITED (Continued)**

Opinion

In our opinion the financial statements give a true and fair view of the state of the company's affairs as at 31 December 2002 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
Edinburgh

Date: 22 May 2003

RBS TRADE SERVICES LIMITED**PROFIT AND LOSS ACCOUNT****Year ended 31 December 2002**

	Notes	Year ended 31 December 2002 £	Year ended 31 December 2001 £
Interest receivable and similar income	2	24,524	33,615
Interest payable to parent company		-	(643)
NET INTEREST INCOME		24,524	32,972
Administrative expenses		(4,856)	(13,153)
Release of provision for bad and doubtful debts	6	3,611	47,641
PROFIT ON ORDINARY ACTIVITIES BEFORE TAXATION	4	23,279	67,460
Tax on profit on ordinary activities	5	(6,984)	(20,238)
PROFIT FOR THE FINANCIAL YEAR		16,295	47,222

There have been no recognised gains and losses attributable to the shareholders other than the profit for the current and preceding financial year and accordingly no Statement of Total Recognised Gains and Losses is shown. All transactions are derived from discontinued activities.

RBS TRADE SERVICES LIMITED

BALANCE SHEET

31 December 2002

	Notes	31 December 2002 £	31 December 2001 £
CURRENT ASSETS			
Advances to customers	6	-	52,621
Amounts due from parent company		494,248	437,379
Other debtors		8,058	6,440
		<u>502,306</u>	<u>496,440</u>
CREDITORS: amounts falling due within one year			
Corporation tax due		6,914	17,343
		<u>6,914</u>	<u>17,343</u>
NET CURRENT ASSETS		<u>495,392</u>	<u>479,097</u>
NET ASSETS		<u>495,392</u>	<u>479,097</u>
CAPITAL AND RESERVES			
Called up share capital	7	250,000	250,000
Profit and loss account	8	245,392	229,097
TOTAL EQUITY SHAREHOLDERS' FUNDS	9	<u>495,392</u>	<u>479,097</u>

These financial statements were approved by the Board of Directors on 22 May 2003.

Signed on behalf of the Board of Directors:



J A Lea
Director

RBS TRADE SERVICES LIMITED

NOTES TO THE ACCOUNTS

Year ended 31 December 2002

1. ACCOUNTING POLICIES

Basis of accounting

The accounts are prepared under the historical cost convention. The order of the profit and loss account has been varied from the standard requirements set out in Schedule 4 to the Companies Act 1985. In the opinion of the directors this is necessary in order to show a more appropriate view of the company's results.

Interest income

Interest receivable is derived from 2 sources.

Firstly, interest is charged on issued bills of exchange, and secondly, interest is receivable on the intercompany cash accounts.

Interest charged on issued bills of exchange is levied for the period between the date of issue and the date the client is due to pay the value per the bill back to RBS Trade Services.

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

Transactions denominated in foreign currencies are translated into sterling at the average rate for the year. Amounts receivable and payable in foreign currencies at the balance sheet date are translated at the rate ruling at that date. These translation differences are dealt with in the profit and loss account.

Taxation

Current tax is charged at 30% on profit on ordinary activities before adjusting for effects of any foreign and deferred tax respectively.

In respect of deferred tax, the company has fully adopted FRS 19 - Deferred tax. Deferred tax is provided in full on timing differences which result in an obligation at the balance sheet date to pay more tax, or a right to pay less tax, at a future date, at rates expected to apply when they crystallise based on current tax rates and law. Timing differences arise from the inclusion of items of income and expenditure in taxation computations in periods different from those in which they are included in financial statements. Deferred tax is not provided on timing differences arising from the revaluation of fixed assets where there is no commitment to sell the asset, or on unremitted earnings of subsidiaries and associates where there is no commitment to remit these earnings. Deferred tax assets are recognised to the extent that it is regarded as more likely than not that they will be recovered. Deferred tax assets and liabilities are not discounted.

2. INTEREST RECEIVABLE AND SIMILAR INCOME

	Year ended 31 December 2002 £	Year ended 31 December 2001 £
Interest receivable on issued bills of exchange	440	18,019
Bank interest receivable	24,084	15,596
	<u>24,524</u>	<u>33,615</u>

RBS TRADE SERVICES LIMITED

NOTES TO THE ACCOUNTS Year ended 31 December 2002

3. INFORMATION REGARDING EMPLOYEES

The company had no employees during the year ended 31 December 2002 (2001: None).

4. PROFIT ON ORDINARY ACTIVITIES BEFORE TAXATION

Auditors remuneration was borne by the immediate parent company in the current and prior financial year.

5. TAXATION

The tax charge comprises:

	Year ended 31 December 2002 £	Year ended 31 December 2001 £
Current Tax		
UK Corporation Tax		
Current tax on income for period at 30% (2001: 30%)	6,984	20,238
Double taxation relief	(70)	(2,895)
Overseas taxation	70	2,895
Total current tax	6,984	20,238
Deferred tax		
Capital allowances and other timing differences	-	-
Total deferred tax	6,984	20,238
Total tax charge on profit/(loss) on ordinary activities	6,984	20,238

The tax assessed for the current and prior year is in line with that resulting from applying the standard rate of corporation tax in the UK (30%).

6. ADVANCES TO CUSTOMERS

	31 December 2002 £	31 December 2001 £
Amounts falling due within one year	56,282	124,033
Provisions for bad and doubtful debts and movements in the year were:		
At 1 January 2002	71,412	128,228
Amounts written off	(11,519)	(9,175)
Amounts no longer required and released to profit and loss account	(3,611)	(47,641)
At 31 December 2002	56,282	71,412
Net Advances	-	52,621

RBS TRADE SERVICES LIMITED

NOTES TO THE ACCOUNTS Year ended 31 December 2002

7. SHARE CAPITAL

	31 December 2002 £	31 December 2001 £
Authorised, allotted, called up and full paid		
250,000 Ordinary share of £1 each	<u>250,000</u>	<u>250,000</u>

8. PROFIT AND LOSS ACCOUNT

	31 December 2002 £	31 December 2001 £
At 1 January 2002	229,097	181,875
Profit for the financial year	<u>16,295</u>	<u>47,222</u>
At 31 December 2002	<u>245,392</u>	<u>229,097</u>

9. RECONCILIATION OF MOVEMENTS IN SHAREHOLDERS' FUNDS

	31 December 2002 £	31 December 2001 £
Opening shareholders' funds	479,097	431,875
Profit for the financial year	<u>16,295</u>	<u>47,222</u>
Closing shareholders' funds	<u>495,392</u>	<u>479,097</u>

10. ULTIMATE PARENT COMPANY

The company's immediate parent company is The Royal Bank of Scotland plc.

The company's ultimate holding company, ultimate controlling party, and the parent of the smallest and largest group into which the company is consolidated is The Royal Bank of Scotland Group plc that 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, 42 St Andrew Square, Edinburgh, EH2 2YE.

11. CASH FLOW STATEMENT

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.

12. RELATED PARTY TRANSACTIONS

The company is exempt from the requirement of Financial Reporting Standard 8 'Related Party Disclosures' to disclose transactions and balances with other subsidiaries or investees of the group as its results are included in the Consolidated Financial Statements of The Royal Bank of Scotland Group plc.

There were no other related party transactions during the year or any amounts due to or from related parties outstanding at the balance sheet date.