

Company Registration No: 1920933

RBS TRADE SERVICES LIMITED

DIRECTORS' REPORT AND FINANCIAL STATEMENTS

31 December 2004

Group Secretary's Department
The Royal Bank of Scotland Group plc
1 Princes Street
London EC2R 8PB



RBS TRADE SERVICES LIMITED

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RBS TRADE SERVICES LIMITED

OFFICERS AND PROFESSIONAL ADVISERS

DIRECTORS:

Alan Collard	(resigned 06 June 2005)
Alan Peter Dickinson	(resigned 06 June 2005)
John Albert Lea	(resigned 20 April 2004)
John Anthony Smith	(resigned 06 June 2005)
Angela Mary Cunningham	(appointed 20 April 2004, resigned 08 June 2005)
Derek John Lewis	(appointed 20 April 2004, resigned 08 June 2005)
Graham Clemett	(appointed 08 June 2005)
Jackie Matear	(appointed 08 June 2005)

SECRETARY:

John Albert Lea	(resigned 20 April 2004)
Marina Louise Thomas	(appointed 20 April 2004)

REGISTERED OFFICE:

Waterhouse Square
138-142 Holborn
London EC1N 2TH

AUDITORS:

Deloitte & Touche LLP
London
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 2004.

ACTIVITIES AND BUSINESS REVIEW

The company was in the business of making loans for the purpose of trade finance and undertaking confirming house business. However, the company did not trade during 2004. The directors expect that the company will continue not to trade in the forthcoming year.

The retained profit for the year was £16,976 (2003: £12,034) and was transferred to reserves. The directors do not recommend that a final dividend be paid (2003: £Nil).

DIRECTORS

The names of the directors who served throughout the year and to date are as listed on page 1.

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 United Kingdom 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' REPORT (CONTINUED)

DIRECTORS' INTERESTS

No director had an interest in the shares of the company during the current or prior year.

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

	As at 1 January 2004*	As at 31 December 2004
A Collard	9,166	9,657
A M Cunningham	699	707
A P Dickinson	1,378	29,691
D J Lewis	508	570
J A Smith	5,031	5,538

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 2004*	Granted During the Period		Exercised during the period		As at 31 December 2004
		Options	Price	Options	Price	
A Collard	1,575	270	12.09	234	10.06	1,461
				150	12.40	
A M Cunningham	584	779	12.09	-	-	1,363
A P Dickinson	92,440	216	12.09	12,397	11.18	93,677
		28,835	17.34	15,000	12.87	
				150	12.40	
				267	10.06	
D J Lewis	4,162	311	12.09	-	-	4,473
J A Smith	26,441	270	12.09	335	10.06	33,556
		7,180	17.34			

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 2004.

Other than as disclosed, none of the directors in office at 31 December 2004 held any interest in the share or loan capital of the company or any other group company.

POLICY AND PRACTICE ON PAYMENT OF CREDITORS

The company follows the policy and practice on payment of creditors determined by The Royal Bank of Scotland Group plc, as outlined below.

In the year ending 31 December 2005, the Group will adhere to the following payment policy in respect of all suppliers. The Group is committed to maintaining a sound commercial relationship with its suppliers. Consequently, it is the Group's policy to negotiate and agree terms and conditions with its suppliers, which includes the giving of an undertaking to pay suppliers within 30 days of receipt of a correctly prepared invoice submitted in accordance with the terms of the contract or such other payment period as may be agreed.

* or date of appointment, if later

RBS TRADE SERVICES LIMITED

DIRECTORS' REPORT (Continued)

ELECTIVE RESOLUTIONS

The company has 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.

AUDITORS

The company has elected to dispense with the obligation to appoint auditors annually and, accordingly, Deloitte & Touche LLP shall be deemed to be re-appointed as auditors for a further term under the provisions of Section 386(2) of the Companies Act 1985.

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

A handwritten signature in black ink, appearing to read 'G C Clemett', with a stylized flourish at the end.

G C Clemett, Director
Date 30th June 2005

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 2004 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.

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 2004 and of its profit for the year then ended and have been properly prepared in accordance with the Companies Act 1985.



Deloitte & Touche LLP

Chartered Accountants and Registered Auditors
London

Date 4 July 2005

RBS TRADE SERVICES LIMITED

PROFIT AND LOSS ACCOUNT

Year ended 31 December 2004

	Notes	Year ended 31 December 2004 £	Year ended 31 December 2003 £
Interest receivable and similar income	2	25,973	24,990
NET INTEREST INCOME		25,973	24,990
Administrative expenses		(108)	(3,763)
PROFIT ON ORDINARY ACTIVITIES BEFORE TAXATION	4	25,865	21,227
Tax on profit on ordinary activities	5	(8,889)	(9,193)
PROFIT FOR THE FINANCIAL YEAR		16,976	12,034

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 2004

	Notes	31 December 2004 £	31 December 2003 £
CURRENT ASSETS			
Amounts due from parent company		532,162	509,385
Other debtors		-	4,409
		<u>532,162</u>	<u>513,794</u>
CREDITORS: amounts falling due within one year			
Corporation tax due		7,760	6,368
		<u>7,760</u>	<u>6,368</u>
NET CURRENT ASSETS		<u>524,402</u>	<u>507,426</u>
NET ASSETS		<u>524,402</u>	<u>507,426</u>
CAPITAL AND RESERVES			
Called up share capital	7	250,000	250,000
Profit and loss account	8	274,402	257,426
TOTAL EQUITY SHAREHOLDERS' FUNDS	9	<u>524,402</u>	<u>507,426</u>

These financial statements were approved by the Board of Directors on 30th June 2005.

Signed on behalf of the Board of Directors:



G C Clemett
Director

RBS TRADE SERVICES LIMITED

NOTES TO THE FINANCIAL STATEMENTS

Year ended 31 December 2004

1. ACCOUNTING POLICIES

Basis of accounting

The financial statements 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 is receivable on intercompany cash accounts.

Taxation

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

2. INTEREST RECEIVABLE AND SIMILAR INCOME

	Year ended 31 December 2004 £	Year ended 31 December 2003 £
Interest receivable due from parent company	<u>25,973</u>	<u>24,990</u>
	<u>25,973</u>	<u>24,990</u>

RBS TRADE SERVICES LIMITED

NOTES TO THE FINANCIAL STATEMENTS

Year ended 31 December 2004

3. INFORMATION REGARDING EMPLOYEES

The company had no employees during the year ended 31 December 2004 (2003: None).

4. PROFIT ON ORDINARY ACTIVITIES BEFORE TAXATION

Auditors remuneration was borne by the ultimate holding company in the current and prior financial year.

5. TAXATION

The tax charge comprises:

	Year ended 31 December 2004 £	Year ended 31 December 2003 £
Current Tax		
Current tax on income for period at 30% (2003: 30%)	7,760	6,368
Prior year adjustment	1,129	2,825
Total current tax	<u>8,889</u>	<u>9,193</u>
Total tax charge on profit/(loss) on ordinary activities	<u>8,889</u>	<u>9,193</u>

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 2004 £	31 December 2003 £
Amounts falling due within one year	-	31,337
Provisions for bad and doubtful debts and movements in the year were:		
At 1 January	31,337	56,282
Amounts written off	(31,337)	(24,945)
At 31 December	-	31,337
Net Advances	-	-

7. SHARE CAPITAL

	31 December 2004 £	31 December 2003 £
Authorised, allotted, called up and full paid		
250,000 Ordinary shares of £1 each	<u>250,000</u>	<u>250,000</u>

RBS TRADE SERVICES LIMITED

NOTES TO THE FINANCIAL STATEMENTS

Year ended 31 December 2004

8. PROFIT AND LOSS ACCOUNT

	31 December 2004 £	31 December 2003 £
At 1 January 2004	257,426	245,392
Profit for the financial year	16,976	12,034
At 31 December 2004	<u>274,402</u>	<u>257,426</u>

9. RECONCILIATION OF MOVEMENTS IN SHAREHOLDERS' FUNDS

	31 December 2004 £	31 December 2003 £
Opening shareholders' funds	507,426	495,392
Profit for the financial year	16,976	12,034
Closing shareholders' funds	<u>524,402</u>	<u>507,426</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.