

RBS TRADE SERVICES LIMITED

Report and Financial Statements

31 December 2000

Deloitte & Touche
39 George Street
Edinburgh
EH2 2HZ



REPORT AND FINANCIAL STATEMENTS 31 DECEMBER 2000

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REPORT AND FINANCIAL STATEMENTS 31 DECEMBER 2000

OFFICERS AND PROFESSIONAL ADVISERS

DIRECTORS

Alan Collard
Alan Peter Dickinson
John Anthony Smith

SECRETARY

John Albert Lea

REGISTERED OFFICE

Waterhouse Square
138-142 Holborn
London
EC1N 2TH

AUDITORS

Deloitte & Touche
39 George Street
Edinburgh
EH2 2HZ

DIRECTORS' REPORT

The directors present their annual report and the audited financial statements for the 15 month period ended 31 December 2000.

ACTIVITIES AND BUSINESS REVIEW

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

The profit after tax for the period was £1,297 (1999: £22,532 loss). The directors do not recommend the payment of a final dividend and recommend that the retained profit of £1,297 is transferred to reserves.

It is the directors' wish that the company will wind down operations and cease to trade in the forthcoming year.

ACCOUNTING REFERENCE PERIOD

On 17 May 2000 the accounting reference period of the Company was extended from 30 September to 31 December.

DIRECTORS

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

On 20 October 1999 Alexander Lennox Harrower resigned as a director of the Company.

SECRETARY

On 18 October 1999 Simon Dare resigned as secretary and John Lea was appointed secretary.

On 19 January 2000 John Lea resigned as secretary and Carolyn Smith was appointed secretary.

On 30 March 2001 Carolyn Smith resigned as secretary and John Lea was appointed secretary.

DIRECTORS' INTERESTS

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

The following directors were beneficially interested in The Royal Bank of Scotland plc ordinary shares of £0.25 each:

	SHAREHOLDINGS				SHARE OPTIONS				
	As at 1 October 1999*	As at 31 December 2000	As at 1 October 1999*	Post AVS adjustment #	Granted During the period		Exercised During the Period		As at 31 December 2000
					Options	Price	Options	Price	
A Collard	6,364	7,045	1,874	2,018	342	9.85	464	2.97	2,046
					150	£12.40			
A P Dickinson	13,554	15,447	119,384	128,703	15,000	12.87	37,752	4.96	63,019
					150	12.40	43,082	5.58	
J A Smith	3,182	4,487	3,622	3,901	7,500	12.87	1,742	2.97	10,322
					513	9.85			
					150	12.40			

DIRECTORS' REPORT - CONTINUED

DIRECTORS' INTERESTS (CONTINUED)

* (or date of appointment, if later)

(the "options granted" figures show, where applicable, the number of options and option price post AVS adjustment)

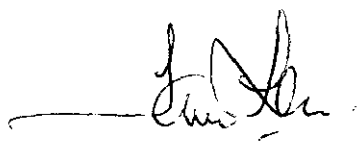
No director had an interest in any of the preference shares during the period to 31 December 2000.

As at 31 December 2000 A Collard also held 6,531 Additional Value Shares ('AVS'), A P Dickinson held 19,567 and J A Smith held 3,632.

AUDITORS

PricewaterhouseCoopers resigned as auditors on 21 March 2000 and the directors appointed Deloitte & Touche in their place. Deloitte & Touche have expressed their willingness to continue in office as auditors and resolution to re-appoint them will be proposed at the forthcoming Annual General Meeting.

Approved by the Board of Directors
and signed by order of the Board

A handwritten signature in black ink, appearing to be 'L. M. Smith', written over a horizontal line.

Secretary

27 June 2001

STATEMENT OF DIRECTORS' RESPONSIBILITIES

Company law requires the directors to prepare financial statements for each financial period which give a true and fair view of the state of affairs of the company as at the end of the financial period and of the profit or loss of the company for that period. In preparing those 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;
- 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.

AUDITORS' REPORT TO THE MEMBERS OF RBS TRADE SERVICES LIMITED

We have audited the financial statements on pages 6 to 10 which have been prepared under the accounting policies set out on page 8.

Respective responsibilities of directors and auditors

As described on page 4 the company's directors are responsible for the preparation of financial statements, which are required to be prepared in accordance with United Kingdom law and accounting standards. It is our responsibility to form an independent opinion, based on our audit, on those statements and to report our opinion to you.

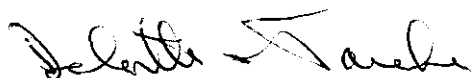
Basis of opinion

We conducted our audit in accordance with 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 at 31 December 2000 and of its profit for the fifteen month period then ended and have been properly prepared in accordance with the Companies Act 1985.



Chartered Accountants and Registered Auditors

19 July 2001

PROFIT AND LOSS ACCOUNT
15 months ended 31 December 2000

	Note	15 month period ended 31 December 2000 £	Year ended 30 September 1999 £
Interest receivable and similar income		51,900	118,258
Interest payable to group companies		(23,355)	(63,649)
		<u>28,545</u>	<u>54,609</u>
Administrative expenses		(33,969)	(169,392)
Other operating income		<u>12,169</u>	<u>115,198</u>
PROFIT ON ORDINARY ACTIVITIES BEFORE TAXATION	3	6,745	415
Tax on profit on ordinary activities	4	<u>(5,448)</u>	<u>(22,947)</u>
PROFIT/(LOSS) ON ORDINARY ACTIVITIES AFTER TAXATION FOR THE FINANCIAL PERIOD		<u><u>1,297</u></u>	<u><u>(22,532)</u></u>

All amounts relate to continuing operations.

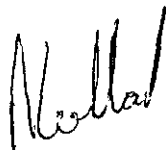
There have been no recognised gains or losses attributable to the shareholders other than the profit for the current and preceding financial period and accordingly, no Statement of Total Recognised Gains and Losses is shown.

BALANCE SHEET
31 December 2000

	Note	31 December 2000 £	30 September 1999 £
CURRENT ASSETS			
Advances to customers	5	308,391	1,475,458
Amounts due by parent company		135,374	14,984
Group relief receivable		-	7,181
Other debtors		11,600	25,722
		<u>455,365</u>	<u>1,523,345</u>
CREDITORS: amounts falling due within one year			
Amounts due to parent company		23,490	1,085,656
Other creditors		-	7,111
		<u>23,490</u>	<u>1,092,767</u>
NET CURRENT ASSETS		<u>431,875</u>	<u>430,578</u>
CAPITAL AND RESERVES			
Called up share capital	6	250,000	250,000
Profit and loss account	7	181,875	180,578
TOTAL EQUITY SHAREHOLDERS' FUNDS	8	<u>431,875</u>	<u>430,578</u>

These financial statements were approved by the Board of Directors on 27 June 2001.

Signed on behalf of the Board of Directors



Director

NOTES TO THE ACCOUNTS**Period ended 31 December 2000****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.

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 transactions are translated at the rate prevailing at the date of the transactions.

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

2. INFORMATION REGARDING DIRECTORS AND EMPLOYEES

15 month period ended 31 December 2000	Year ended 30 September 1999
£	£

Directors' remuneration

Emoluments (including pension contributions and benefits in kind)

-	44,170
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The company has no direct employees. A management charge is made in respect of work done on the company's business by employees of other group companies.

3. PROFIT ON ORDINARY ACTIVITIES BEFORE TAXATION

15 month period ended 31 December 2000	Year ended 30 September 1999
£	£

**Profit on ordinary activities before
taxation is after charging:**

Interest payable to group companies	23,355	63,649
Auditors' remuneration	-	6,500
Management charge	20,000	64,000

Auditors' remuneration will be paid by a fellow group company.

NOTES TO THE ACCOUNTS

Period ended 31 December 2000

4. TAXATION

	15 month period ended 31 December 2000 £	Year ended 30 September 1999 £
Group Relief at 30% (1999: 30.5%)	-	(7,181)
UK Corporation Tax		
Current tax on income for period at 30% (1999 : 30.5%)	2,336	-
Double taxation relief	(2,336)	-
	<hr/>	<hr/>
	-	(7,181)
Overseas taxation	5,448	15,727
Prior period adjustment	-	14,401
	<hr/>	<hr/>
	5,448	22,947
	<hr/>	<hr/>

5. ADVANCES TO CUSTOMERS

	31 December 2000 £	30 September 1999 £
Amounts falling due within one year	436,619	1,614,986
	<hr/>	<hr/>
Provisions for bad and doubtful debts and movements in the year were:		
At 1 October 1999	139,528	182,472
Amounts written off	(11,300)	(42,944)
	<hr/>	<hr/>
At 31 December 2000	128,228	139,528
	<hr/>	<hr/>
Net Advances	308,391	1,475,458
	<hr/>	<hr/>

6. SHARE CAPITAL

	31 December 2000 £	30 September 1999 £
Authorised, allotted, called up and fully paid		
250,000 Ordinary shares of £1 each	250,000	250,000
	<hr/>	<hr/>

NOTES TO THE ACCOUNTS

Period ended 31 December 2000

7. PROFIT AND LOSS ACCOUNT

	31 December 2000 £	30 September 1999 £
At 1 October 1999	180,578	203,110
Retained profit/(loss) for the period	1,297	(22,532)
At 31 December 2000	<u>181,875</u>	<u>180,578</u>

8. RECONCILIATION OF MOVEMENTS IN SHAREHOLDERS' FUNDS

	31 December 2000 £	30 September 1999 £
Opening shareholders' funds	430,578	453,110
Profit/(loss) for the financial period	1,297	(22,532)
Closing shareholders' funds	<u>431,875</u>	<u>430,578</u>

9. GUARANTEES AND OTHER OBLIGATIONS

Guarantees and other obligations given on behalf of customers under export credit arrangements totalled £nil (1999: £156,921). It is the view of the Directors that no actual loss is likely to arise.

10. ULTIMATE PARENT COMPANY

The company's ultimate holding company 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, 42 St Andrew Square, Edinburgh, EH2 2YE.

The smallest subgroup into which the company is consolidated has as its parent company The Royal Bank of Scotland plc, a company incorporated in Great Britain and registered in Scotland. Copies of the consolidated financial statements for this subgroup 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.