

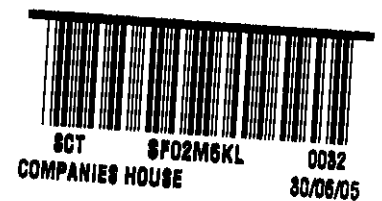
**Company Registration No: 2008984**

**NATWEST (HMHP) LIMITED**

**DIRECTORS' REPORT AND FINANCIAL STATEMENTS**

**31 December 2004**

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



## **NATWEST (HMHP) LIMITED**

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**NATWEST (HMHP) LIMITED**

**OFFICERS AND PROFESSIONAL ADVISERS**

**DIRECTOR:** J P Hourican

**SECRETARY:** A M Cunningham

**REGISTERED OFFICE:** 3 Princess Way  
Redhill  
Surrey  
RH1 1NP

**AUDITORS:** Deloitte & Touche LLP  
Edinburgh

**Registered in England and Wales**

## **NATWEST (HMHP) LIMITED**

### **DIRECTOR'S REPORT**

The director presents his report and the audited financial statements for the year ended 31 December 2004.

### **ACTIVITIES AND BUSINESS REVIEW**

The company was principally engaged in the leasing of IT equipment and artwork, however, as at 31 December 2003 the company ceased to trade.

During 2004 the company derived bank interest and dividends from the funds it is holding until a decision is taken as to the future of the company.

The retained profit for the period was £218,859 (2003: £91,728) and this was transferred to reserves. No interim dividend was paid during the year (2003:nil). The director does not recommend that a final dividend be paid (2003:nil).

### **DIRECTOR AND SECRETARY**

The present director and secretary, who have served throughout the year, are listed on page 1.

From 1 January 2004 to date there have been no changes in the officers of the Company.

### **DIRECTORS' RESPONSIBILITIES**

United Kingdom company law requires the director 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 director is 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 director is 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 director confirms that these financial statements comply with the aforementioned requirements.

## NATWEST (HMHP) LIMITED

### DIRECTOR'S REPORT (Continued)

#### DIRECTOR'S INTERESTS

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

The following director was beneficially interested in the ordinary shares of The Royal Bank of Scotland Group plc:

	As at 1 January 2004*	As at 31 December 2004
J P Hourican	15	107

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 director of the Company and connected persons was:

	As at 1 January 2004	Granted During the period		Exercised During the Period		As at 31 December 2004
		Options	Price (p)	Options	Price (p)	
J P Hourican	30,869	14,418	1734	-	-	45,287

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 is disclosed no director 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.

#### ELECTIVE RESOLUTIONS

The company has passed Elective Resolutions electing to dispense with the requirement to hold annual general meetings, lay accounts before a general meeting and re-appointment of auditors annually.

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\* or date of appointment if later.

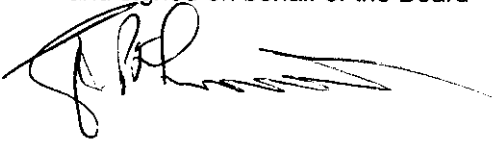
**NATWEST (HMHP) LIMITED**

**DIRECTOR'S REPORT (Continued)**

**AUDITORS**

Deloitte & Touche LLP have expressed their willingness to continue in office as auditors.

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

A handwritten signature in black ink, appearing to read 'J P Hourican', with a long horizontal flourish extending to the right.

J P Hourican  
Director

Date:

**INDEPENDENT AUDITORS' REPORT TO THE MEMBERS OF NATWEST (HMHP) LIMITED**

We have audited the financial statements of Natwest (HMHP) Limited for the year ended 31 December 2004 set out on pages 7 to 12 which 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 the 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 director's report, 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 director's 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 director's report for the above year and consider the implications for our report if we become aware of any apparent misstatements.

**Basis of audit opinion**

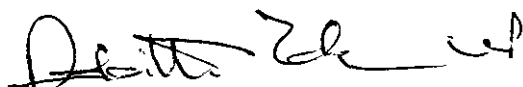
We conducted our audit in accordance with United Kingdom auditing standards issued by the Auditing Practices Board. An audit includes examination, on a test basis, of evidence relevant to the amounts and disclosures in the financial statements. It also includes an assessment of the significant estimates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

**NATWEST (HMHP) LIMITED**

**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  
Edinburgh

Date: 29 June 2005

**NATWEST (HMHP) LIMITED**

**PROFIT AND LOSS ACCOUNT  
YEAR ENDED 31 DECEMBER 2004**

	Note	2004 £	2003 £
Other operating income	3	-	386,387
Operating profit		-	386,387
Loss on disposal of fixed assets		-	(113,568)
Dividend income		857	-
Interest receivable	4	6,074	5,517
Amounts written back/(off) investments		127,475	(128,000)
Profit on ordinary activities before taxation	5	134,406	150,336
Tax credit/(charge) on profit on ordinary activities	6	84,453	(58,608)
Retained profit for the financial year		218,859	91,728
Retained profit brought forward		772,917	681,189
Retained profit carried forward		991,776	772,917

The results in the current year are derived wholly from the discontinuing operations.

There are no recognised gains or losses other than the retained profit for the current and prior financial year. Accordingly no Statement of Total Recognised Gains and Losses is presented.

The notes on pages 9 to 12 form part of these financial statements.

**NATWEST (HMHP) LIMITED**

**BALANCE SHEET AS AT 31 DECEMBER 2004**

	Notes	2004 £	2003 £
<b>Current assets</b>			
Investments	7	127,475	-
Debtors	8	17,004,920	17,004,063
Cash at bank and in hand	9	367,502	313,654
		<u>17,499,897</u>	<u>17,317,717</u>
<b>Creditors: amounts falling due within one year</b>	10	<u>(7,864)</u>	<u>(44,800)</u>
<b>Net current assets</b>		<u>17,492,033</u>	<u>17,272,917</u>
<b>Total assets less current liabilities</b>		17,492,033	17,272,917
<b>Provisions for liabilities and charges</b>	11	(257)	-
<b>Net assets</b>		<u>17,491,776</u>	<u>17,272,917</u>
<b>Capital and reserves</b>			
Called up share capital	12	16,500,000	16,500,000
Profit and loss account		991,776	772,917
<b>Equity shareholders' funds</b>	13	<u>17,491,776</u>	<u>17,272,917</u>

The financial statements were approved by the Board of Directors on June 2005 and signed on its behalf by:



J P Hourican  
Director

The notes on pages 9 to 12 form part of these financial statements.

**NOTES TO THE ACCOUNTS  
YEAR ENDED 31 DECEMBER 2004**

**1. Accounting Policies**

The financial statements have been prepared in accordance with applicable accounting standards. The accounting policies, which have been applied consistently, are set out below.

Basis of Accounting

The financial statements have been prepared in accordance with the historical cost convention and in accordance with United Kingdom law and accounting standards.

Cash Flow Statement

Under Financial Reporting Standard 1 (revised), the company is exempt from the requirement to prepare a cash flow statement on the grounds that more than 90% of the voting rights are controlled within the Group and a consolidated cash flow statement is included in the consolidated financial statements of The Royal Bank of Scotland Group plc that are publicly available.

Investment Income

Investment income has been recorded on a receivable basis.

Investments

Fixed asset investments are stated at cost less provision for any impairment. Listed investments shown as current assets are included at the lower of cost and market value.

Taxation

Provision is made for taxation at current enacted rates on taxable profits taking into account relief for overseas taxation where appropriate. Timing differences arise where gains and losses are accounted for in different periods for financial reporting purposes and for taxation purposes. Deferred taxation is accounted for in full for all such timing differences, except in relation to revaluations of fixed assets where there is no commitment to dispose of the asset, gains on sales of fixed assets that are rolled over into replacement assets, and the remittance of overseas earnings. Deferred tax assets are only recognised to the extent that it is considered more likely than not they will be recovered. Deferred tax amounts are not discounted.

<b>3. Other operating income</b> Amounts written off accruals	<b>2004</b> £ <hr/> -	<b>2003</b> £ <hr/> 386,387
<b>4. Interest receivable</b> <b>Intra group balances:</b> Bank interest receivable	<b>2004</b> £  <hr/> 6,074	<b>2003</b> £  <hr/> 5,517
<b>5. Profit on ordinary activities before taxation</b>		

The statutory audit fees are borne by another group company.

NOTES TO THE ACCOUNTS (Continued)  
YEAR ENDED 31 DECEMBER 2004

	2004 £	2003 £
<b>6. Tax on profit on ordinary activities</b>		
<b>Current taxation:</b>		
UK corporation tax charge for the year at 30% (2003:30%)	1,822	44,800
(Over)/under-provision in prior years	(86,532)	13,808
<b>Total Current Taxation</b>	<b>(84,710)</b>	<b>58,608</b>
<b>Deferred taxation (see note 11)</b>	<b>257</b>	<b>-</b>
<b>Total tax on profit on ordinary activities</b>	<b>(84,453)</b>	<b>58,608</b>

The actual tax charge differs from the expected tax charge computed by applying the standard UK corporation tax rate of 30% (2003:30%)

	2004 £	2003 £
<b>Expected tax charge</b>	<b>40,322</b>	<b>45,101</b>
Other deferred tax movements	(257)	-
Non taxable income	(38,243)	(301)
Current taxation adjustments relating to prior periods	(86,532)	13,808
<b>Current tax charge for year</b>	<b>(84,710)</b>	<b>58,608</b>

	2004		2003	
<b>7. Investments</b>	Balance Sheet £	Market Value £	Balance Sheet £	Market Value £
UK listed equities	63	63	-	-
Shares listed elsewhere	127,412	250,375	-	-
	<b>127,475</b>	<b>250,438</b>	<b>-</b>	<b>-</b>

	2004 £	2003 £
<b>8. Debtors</b>		
Amounts falling due from parent and fellow subsidiary undertakings	17,004,063	17,004,063
Other debtors – dividends receivable	6,205	-
- less provision against recoverability	(5,348)	-
	<b>17,004,920</b>	<b>17,004,063</b>

	2004 £	2003 £
<b>9. Cash at bank and in hand</b>		
<b>Intra group balances:</b>		
Placed within deposit account at National Westminster Bank	367,502	313,654

# NATWEST (HMHP) LIMITED

## NOTES TO THE ACCOUNTS (Continued) YEAR ENDED 31 DECEMBER 2004

<b>10. Creditors: amounts falling due within one year</b>	<b>2004</b>	<b>2003</b>
Other creditors including taxation	£ <u>7,864</u>	£ <u>44,800</u>
<b>11. Provisions for liabilities and charges</b>	<b>2004</b>	<b>2003</b>
Deferred tax on short term timing differences	£ <u>257</u>	£ <u>-</u>
The movement on the provision for deferred taxation is as follows:		
At 1 January 2005	-	-
Current period	<u>257</u>	<u>-</u>
At 31 December 2005	<u>257</u>	<u>-</u>
<b>12. Share capital</b>	<b>2004</b>	<b>2003</b>
	£	£
<b>Authorised</b>		
20,000,000 ordinary shares of £1 each	<u>20,000,000</u>	<u>20,000,000</u>
<b>Allotted, called up and fully paid</b>		
16,500,000 ordinary shares of £1 each	<u>16,500,000</u>	<u>16,500,000</u>
<b>13. Reconciliation of movements in shareholders' funds</b>	<b>2004</b>	<b>2003</b>
Opening equity shareholders' funds	£ 17,272,917	£ 17,181,189
Retained profit for the period	<u>218,859</u>	<u>91,728</u>
Closing equity shareholders' funds	<u>17,491,776</u>	<u>17,272,917</u>
<b>14. Directors' emoluments and employees</b>		
None of the directors receive any emoluments in respect of their services to the company (2003: £ nil).		
The company has no employees other than the directors (2003:nil).		
<b>15. Immediate and ultimate parent company</b>		
The company's immediate parent company is National Westminster Bank plc.		
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, 42 St Andrew Square, Edinburgh, EH2 2YE.		
The smallest subgroup into which the company is consolidated has as its parent company 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, 42 St Andrew Square, Edinburgh, EH2 2YE.		

**NOTES TO THE ACCOUNTS (Continued)**  
**YEAR ENDED 31 DECEMBER 2004**

**16. 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 Royal Bank of Scotland Group plc as the company's results are included in the consolidated financial statements of The Royal Bank of Scotland Group plc.