

Poppyhurst Limited

**Directors' report and financial
statements**

Registered number 2548026

31 December 1999



Directors' report and financial statements

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Directors' report

The Directors present their report together with the audited financial statements of the Company for the year ended 31 December 1999.

Principal activity

The principal activity of the Company is to act as security trustee for an aerospace financing transaction.

Results and dividends

The Company made neither profit nor loss during the year (1998:£nil). The Directors do not recommend the payment of a dividend (1998:£nil).

Directors

The Directors of the Company who held office during the financial year were as follows:

NA Burrough	
AN Guthrie	
ME Harrison	(appointed 23 April 1999)
RAH Morrow	(resigned 31 January 2000)
JG Schultz	(appointed 17 December 1999)
GP Smith	(resigned 17 December 1999)

Directors Interests

The interests, all beneficial, of those who were directors at 31 December 1999 in the ordinary shares of National Westminster Bank Plc were:

Ordinary shares of £1 each Share options								
	As at 1 January 1999 or date of appointment if later	As at 31 December 1999	As at 1 January 1999 or date of appointment if later	Granted during the year (exercisable between 2001 and 2004)		Exercised during the year		As at 31 December 1999
				Options	Price (p)	Options	Price (p)	
NA Burrough	691	-	1,624	348	969	-	-	1,972
AN Guthrie	-	-	1,240	348	969	-	-	1,588
ME Harrison	-	-	1,514	348	969	-	-	1,862
RAH Morrow	-	-	1,624	348	969	-	-	1,972
JG Schultz	2,602	2,611	1,624	348	969	-	-	1,972

Options outstanding are exercisable at share prices between 399p and 969p per share.

None of the directors in office at 31 December 1999 held any interest in the share or loan capital of the Company or any other group company.

Directors' report *(continued)*

Medium term equity plan

During 1999, certain NatWest Bank Group employees were granted potential awards under the Medium Term Equity Plan. This is a type of Employee Share Ownership Plan funded by National Westminster Bank Plc and administered by an independent trustee. The awards are subject to a stretching performance condition.

As at 31 December 1999, 1,527,727 (1998:1,487,592) shares were held by the independent trustee for the Plan and, in the terms of the trust deed setting up the Plan, all employees and Directors are deemed to have an interest as potential discretionary beneficiaries in those ordinary shares.

Qualifying employee share ownership trust

In October 1997 National Westminster Bank Plc established a Qualifying Employee Share Ownership Trust (QUEST) to operate in connection with the National Westminster Bank Plc Savings Related Share Option Scheme. The trustee of the QUEST is NatWest QUEST Limited, a wholly-owned subsidiary of National Westminster Bank Plc.

As at 31 December 1999 20,246 Ordinary Shares were held by the trustee. In the terms of the trust deed setting up the QUEST, all employees and executive directors are deemed to have an interest as potential discretionary beneficiaries in those Ordinary Shares.

Year 2000

The NatWest Group carried out extensive preparations to ensure the Millennium or Year 2000 problems, resulting from the use of only two digits to identify a year in computer systems and other equipment using embedded chips, did not cause any disruption to normal business operations and transaction processing. Most concern related to the date change on 1 January 2000 and, as a result of the successful preparation and testing programme carried out, all the NatWest Group's systems were fully operational and services to customers uninterrupted over the changeover date and subsequently. A possibility remains that problems may still be identified, either in the NatWest Group's systems or in those of its counterparties, suppliers or customers, but we remain confident that the NatWest Group's preparations and contingency plans will prevent any significant business disruption.

Offer from Royal Bank of Scotland Group PLC

On 29 November 1999 The Royal Bank of Scotland Group Plc ("RBS") announced an offer for all of the Ordinary Shares of National Westminster Bank Plc ("NatWest"), the Company's ultimate parent undertaking. This offer was increased on 31 January 2000 and on 14 February 2000 RBS announced that NatWest shareholders holding 60.05% of NatWest's Ordinary Shares had accepted the increased offer. The offer from RBS was approved by its own shareholders at an Extraordinary General Meeting of RBS held on 28 February 2000 and RBS acquired control of NatWest on 6 March 2000.

Directors' report *(continued)*

Auditors

KPMG Audit Plc will be resigning as auditors and it is proposed that Deloitte & Touche be appointed as auditors to the Company at the forthcoming Annual General Meeting of the Company.

On behalf of the Board



D Lewis
Secretary

25 October 2000

Directors' statement of responsibilities for financial reporting

The following statement, which should be read in conjunction with the Report of the Auditors on the following page, is made to enable shareholders to distinguish the respective responsibilities of the directors and of the auditors in relation to the financial statements.

The directors are required by the Companies Act 1985 to prepare, for each financial year, financial statements 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 for that financial year.

The directors confirm that the financial statements set out on pages 6 to 9 have been prepared on the going concern basis and consider that in preparing those financial statements, the Company has used appropriate accounting policies, consistently applied and supported by reasonable and prudent judgements and estimates, and that all accounting standards which they consider to be applicable have been followed.

The directors have responsibility for ensuring that the Company keeps accounting records which disclose with reasonable accuracy the financial position of the Company and which enable them to ensure that the financial statements comply with the Companies Act 1985.

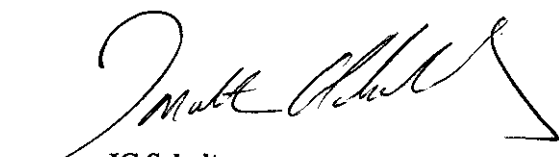
The Board of Directors is responsible for the Company's system of internal financial control. The responsibility for its day-to-day operation is delegated to executive management which has established and disseminated clearly defined Company policies and standards. The Company's system of internal financial control is designed to provide reasonable, but not absolute, assurance

- as to the reliability and integrity of the accounts;
- that assets are safeguarded and only authorised transactions are entered into;
- that fraud and other irregularities are prevented and detected.

In devising internal financial controls, the Board has regard to the materiality of the relevant financial risk, the likelihood of the risk crystallising and the costs of the control.

The system of internal control is subject to close scrutiny by management and internal audit.

For and on behalf of the Board of Directors



JG Schultz
Director



KPMG Audit Plc

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London
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Report of the Auditors to the members of Poppyhurst Limited

We have audited the financial statements on pages 6 to 9.

Respective responsibilities of directors and auditors

The directors are responsible for preparing the directors' report and, as described on page 4, the financial statements in accordance with applicable United Kingdom law and accounting standards. Our responsibilities, as independent auditors, are established in the United Kingdom by statute, the Auditing Practices Board and by our profession's ethical guidance.

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. We also report to you 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.

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, 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 1999 and have been properly prepared in accordance with the Companies Act 1985.

KPMG Audit Plc

KPMG Audit Plc
Chartered Accountants
Registered Auditor

25 October 2000

Profit and loss account

for the year ended 31 December 1999

During the financial period the Company did not trade. Consequently, during the period the Company made neither profit nor loss.

The Company had no recognised gains or losses for the year.

Balance sheet

at 31 December 1999

	Note	1999 £	1998 £
Current assets			
Other debtors		188	188
Cash at bank		100	100
		<hr/>	<hr/>
		288	288
		<hr/>	<hr/>
Net assets		288	288
		<hr/>	<hr/>
Capital and reserves			
Called up share capital	4	100	100
Profit and loss account	5	188	188
		<hr/>	<hr/>
Equity shareholders' funds		288	288
		<hr/>	<hr/>

The financial statements were approved by the Board of Directors on *25 October* 2000 and were signed on its behalf by:


Director

Notes

(forming part of the financial statements)

1 Accounting policies

Basis of preparation

The financial statements have been prepared in accordance with applicable accounting standards and under the historical cost accounting rules.

Foreign currencies

Monetary assets and liabilities denominated in foreign currencies are translated using the rate of exchange ruling at the balance sheet date and transactions are translated at average rates of exchange for the year. Exchange differences on translation are included in the profit and loss account.

Cash flow statement

The Company has not prepared a cash flow statement because it is exempt from doing so under Paragraph 2.1 of Financial Reporting Standard 1 (revised).

2 Remuneration of Directors

None of the Directors received any remuneration in respect of their directorship of the Company.

3 Staff numbers and costs

The Company does not have any employees.

4 Called up share capital

	1999 £	1998 £
<i>Authorised</i>		
Ordinary shares of £1 each	100	100
	<hr/>	<hr/>
<i>Allotted, called up and fully paid</i>		
Ordinary shares of £1 each	100	100
	<hr/>	<hr/>

Notes (continued)

5 Share Capital, Movement in Reserves and Reconciliation of Movements in Shareholders' Funds

	Share capital	Profit and loss account	Total shareholders' funds
	£	£	£
Balance at 31 December 1998	100	188	288
Profit for the financial year			
Balance at 31 December 1999	100	188	288

6 Holding company

The Company is a wholly owned subsidiary undertaking whose parent is National Westminster Bank Plc. The largest and smallest group in which the results of the Company are consolidated is National Westminster Bank Plc which is registered in England and Wales.

The consolidated accounts of National Westminster Bank Plc are available to the public and may be obtained from the Company Secretary's Department at Waterhouse Square, 138-142 Holborn, London EC1N 2TH.

On 6 March 2000, Royal Bank of Scotland Group Plc acquired control of National Westminster Bank Plc as more fully explained in the Directors Report.

7 Audit fees

Audit fees are borne by another group company.