

Company Registration No: 2718691

R. B. INVESTMENT HOLDINGS LIMITED

DIRECTORS' REPORT AND FINANCIAL STATEMENTS

30 September 2004



R.B. INVESTMENT HOLDINGS LIMITED

CONTENTS	Page
Officers and Professional Advisers	1
Directors' Report	2-4
Independent Auditors' Report	5
Profit and Loss Account	6
Statement of Total Recognised Gains and Losses	6
Balance Sheet	7
Notes to the Financial Statements	8-11

R.B. INVESTMENT HOLDINGS LIMITED

OFFICERS AND PROFESSIONAL ADVISERS

DIRECTORS:

**Sharon Jill Caterer
Adrian Colin Farnell
Trevor Castledine
Philip Anthony Tubb**

SECRETARY:

Marina Louise Thomas

REGISTERED OFFICE:

**The Quadrangle
The Promenade
Cheltenham
Gloucestershire GL50 1PX**

AUDITORS:

**Deloitte & Touche LLP
Bristol**

Registered in England and Wales.

R.B. INVESTMENT HOLDINGS LIMITED

DIRECTORS' REPORT

The directors present their annual report and the audited financial statements for the year ended 30 September 2004.

ACTIVITIES AND BUSINESS REVIEW

The principal activity of the company is that of a holding and investment company. The company will continue to operate in the investment market.

The retained profit for the year was £208,000 (2003: accumulated loss £4,000) and this was charged to reserves. The directors do not recommend payment of a dividend (2003: nil).

The directors' commenced winding up proceedings of the company's subsidiary undertakings Boxford Limited and Rushton Limited on 19 May 2005.

DIRECTORS AND SECRETARY

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

From 1 October 2003 to date the following changes have taken place:

Directors	Appointed	Resigned
Graham Colin Clemett		29 February 2004
Sharon Jill Caterer	1 March 2004	
Nigel Pearce		19 March 2004
Domhnal Slattery	18 March 2004	19 July 2004
Philip Anthony Tubb	19 May 2004	
William Vaughan Latter		7 June 2004
Trevor Castledine	18 June 2004	

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, subject to any material departures disclosed and explained in the financial statements; 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.

R.B. INVESTMENT HOLDINGS 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 October 2003	As at 30 September 2004
A C Farnell	12,352	13,544
S J Caterer	9,873	11,709
P A Tubb	1,421	1,421
T V Castledine	60	84

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 October 2003	Granted during the period		Exercised during the period		As at 30 September 2004
		Options	Price	Options	Price	
A C Farnell	1,400	-	-	938	£10.06	312
				150	£15.63	
S J Caterer	2,042	-	-	1,508	£10.06	534
P A Tubb	5,739	-	-	-	-	5,739
T V Castledine	707	-	-	-	-	707

No director had an interest in any of the preference shares during the year to 30 September 2004.

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

	As at 1 October 2003	As at 30 September 2004
A C Farnell	9,112	-

Other than detailed above, none of the directors in office at 30 September 2004 held any interest in the share or loan capital of the company or any other group company during the year to 30 September 2004.

R.B. INVESTMENT HOLDINGS LIMITED

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 30 September 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.

The proportion which the amount owed to trade creditors at 30 September 2004 bears to the amounts invoiced by suppliers during the year then ended equated to nil days proportion of 365 days (2003: nil days).

ELECTIVE RESOLUTIONS

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 were passed on 4 February 1994.

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



S J Caterer
Director

Date: 27 July 2005

INDEPENDENT AUDITORS' REPORT TO THE MEMBERS OF R. B. INVESTMENT HOLDINGS LIMITED

We have audited the financial statements of R.B. Investment Holdings Limited for the year ended 30 September 2004 which comprise the profit and loss account, the balance sheet, the statement of total recognised gains and losses and the related notes 1 to 13. 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 the opinions we have formed.

Respective responsibilities of directors and auditors

As described in the directors' 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 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 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.

Opinion

In our opinion the financial statements give a true and fair view of the state of the company's affairs at 30 September 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

Deloitte & Touche LLP
Chartered Accountants and Registered Auditors
Bristol

29 July 2005

R.B. INVESTMENT HOLDINGS LIMITED

PROFIT AND LOSS ACCOUNT
for the year ended 30 September 2004

	CONTINUING OPERATIONS		
	Note	2004 £'000	2003 £'000
Administrative expenses	4	<u>(12)</u>	<u>(11)</u>
OPERATING LOSS	4	(12)	(11)
Interest receivable	5	<u>309</u>	<u>5</u>
PROFIT/(LOSS) ON ORDINARY ACTIVITIES BEFORE TAXATION		297	(6)
Taxation (charge)/credit on profit/(loss) on ordinary activities	6	<u>(89)</u>	<u>2</u>
RETAINED PROFIT/(ACCUMULATED LOSS) FOR THE YEAR	11	<u><u>208</u></u>	<u><u>(4)</u></u>
STATEMENT OF TOTAL RECOGNISED GAINS AND LOSSES			
Profit/(loss) for the financial year		208	(4)
Unrealised surplus on revaluation of investment in subsidiaries		<u>-</u>	<u>78</u>
TOTAL GAINS RECOGNISED SINCE LAST ANNUAL REPORT		<u><u>208</u></u>	<u><u>74</u></u>

There is no difference between the profit on ordinary activities before taxation and the retained profit for the year stated above and their historical cost equivalents.

The notes on pages 8 to 11 form part of these financial statements.

R.B. INVESTMENT HOLDINGS LIMITED

BALANCE SHEET as at 30 September 2004

	Note	2004 £'000	2003 £'000
FIXED ASSETS			
Investments in subsidiary companies	7	569,637	569,309
CURRENT ASSETS			
DEBTORS:			
Debtors	8	<u>126</u>	<u>135</u>
		126	135
CREDITORS: AMOUNTS FALLING DUE WITHIN ONE YEAR	9	<u>(565,821)</u>	<u>(566,038)</u>
NET CURRENT LIABILITIES		<u>(565,695)</u>	<u>(565,903)</u>
TOTAL ASSETS LESS CURRENT LIABILITIES		3,942	3,406
		<u>3,942</u>	<u>3,406</u>
NET ASSETS			
CAPITAL AND RESERVES			
Called up share capital	10	200	200
Revaluation reserve	11	51,067	50,739
Profit and loss account	11	<u>(47,325)</u>	<u>(47,533)</u>
TOTAL EQUITY SHAREHOLDERS' FUNDS	12	<u>3,942</u>	<u>3,406</u>

The financial statements on pages 6 to 11 were approved by the Board of Directors on 27 July 2005 and were signed on its behalf by :-



S J Caterer
Director

The notes on pages 8 to 11 form part of these financial statements.

R.B. INVESTMENT HOLDINGS LIMITED

NOTES TO THE FINANCIAL STATEMENTS

1 ACCOUNTING POLICIES

The financial statements on pages 6 to 11 are prepared on the basis of the principal accounting policies adopted by the Company described below and applicable United Kingdom Accounting Standards. Accounting policies have been applied consistently.

a ACCOUNTING CONVENTION

The financial statements of the Company are prepared under the historical cost convention. In accordance with the Companies Act 1985, the Directors have adapted the prescribed formats of the financial statements as required by the special nature of the business.

The Company is exempt from preparing group accounts by virtue of it being a wholly owned subsidiary undertaking of The Royal Bank of Scotland Group plc, a company registered in England and Wales. Consequently, these statements include information about the Company as an individual entity and not as a group.

b INVESTMENT INCOME

Investment income represents premiums on the acquisition of investments.

c DEFERRED TAXATION

Certain items of income and expenditure are accounted for in different periods for financial reporting purposes than for taxation purposes. Deferred taxation is provided on the full liability method in respect of timing differences which have originated but not reversed at the balance sheet date. Deferred taxation is calculated on a non-discounted basis.

d INVESTMENTS

Investments in subsidiaries are included in the balance sheet at the investing company's share of net tangible assets.

The profit or loss on disposal of a subsidiary is recognised in the profit and loss account as the difference between sales proceeds and net asset value.

e CASH FLOW STATEMENT

The company is a wholly-owned subsidiary of The Royal Bank of Scotland Group plc and is included in the consolidated financial statements of The Royal Bank of Scotland Group plc, which are publicly available. Consequently, the Company has taken advantage of the exemption from preparing a cash flow statement under the terms of Financial Reporting Standard 1 (revised).

R.B. INVESTMENT HOLDINGS LIMITED

NOTES TO THE FINANCIAL STATEMENTS

2 IMMEDIATE AND 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 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.

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.

3 RELATED PARTY TRANSACTIONS

The Company is exempt from the requirements 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 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.

4	OPERATING LOSS	2004 £'000	2003 £'000
	Includes the following:		
	Administrative expenses:		
	Management charge	9	9
	Other	<u>3</u>	<u>2</u>
		<u>12</u>	<u>11</u>

The emoluments of Mr G C Clemett and Mr D Slattery are paid by fellow subsidiary companies, Lombard North Central PLC and RBS Aerospace Limited respectively. Neither of which make a recharge to the company. They are directors of a number of fellow subsidiaries and it is not possible to make an accurate apportionment of their emoluments in respect of each of the companies. Accordingly, the above details include no emoluments in respect of these directors.

Other directors and employees are employed by The Royal Bank of Scotland plc and remunerated by a recharge by Royal Bank Leasing Limited. Costs incurred in respect of their services to the Company are included in the management charge as shown below:

	£	£
Directors' emoluments	1,632	1,632
Auditors' remuneration - for audit services	-	-
Staff costs	<u>6,590</u>	<u>6,590</u>

The auditors' remuneration for audit services in 2004 and 2003 was borne by Royal Bank Leasing Limited which made no recharge to the company.

R.B. INVESTMENT HOLDINGS LIMITED

NOTES TO THE FINANCIAL STATEMENTS

5	INTEREST RECEIVABLE	2004 £'000	2003 £'000
---	---------------------	---------------	---------------

Interest receivable from group undertakings	<u>309</u>	<u>5</u>
---	------------	----------

6	TAXATION	2004 £'000	2003 £'000
---	----------	---------------	---------------

A) ANALYSIS OF CHARGE/(CREDIT) FOR THE YEAR

Current tax charge/(credit):

- Group relief payable/(receivable) on profits for the year	89	(2)
---	----	-----

Taxation charge/(credit) on profit on ordinary activities	<u>89</u>	<u>(2)</u>
---	-----------	------------

B) FACTORS AFFECTING THE CURRENT TAX CHARGE/(CREDIT) FOR THE YEAR

Profit/(loss) on ordinary activities before tax	<u>297</u>	<u>(6)</u>
---	------------	------------

Tax on profit/(loss) on ordinary activities at the standard rate of 30% (2003 (Note 2): 30%)	89	(2)
---	----	-----

Current tax charge/(credit)	<u>89</u>	<u>(2)</u>
-----------------------------	-----------	------------

7 INVESTMENTS IN SUBSIDIARY UNDERTAKINGS

The subsidiary companies, the capital of which consists solely of ordinary shares, are shown below.
All the companies operate in the United Kingdom and are 100% owned by the Company.

	Nature of business	Country of incorporation or registration
R.B. Investment Company	Investment	England
R.B. (2) Investment Company	Investment	England
R.B. (3) Investment Company	Investment	England
Boxford Limited	Investment	Jersey
Owned by Boxford Limited:- Rushton Limited	Investment	Jersey

Movement on investments:	2004 £'000	2003 £'000
--------------------------	---------------	---------------

At 1 October	569,309	569,231
Surplus on revaluation	<u>328</u>	<u>78</u>

At 30 September	<u>569,637</u>	<u>569,309</u>
-----------------	----------------	----------------

Historical cost	<u>518,570</u>	<u>518,570</u>
-----------------	----------------	----------------

R.B. INVESTMENT HOLDINGS LIMITED

NOTES TO THE FINANCIAL STATEMENTS

8	DEBTORS	2004	2003
		£'000	£'000

Amounts falling due within one year:

Amounts due from group undertakings	<u>126</u>	<u>135</u>
-------------------------------------	------------	------------

9	CREDITORS	2004	2003
		£'000	£'000

Amounts falling due within one year:

Amounts due to group undertakings	<u>565,821</u>	<u>566,038</u>
-----------------------------------	----------------	----------------

A right of set-off exists over the Company's bank account with The Royal Bank of Scotland plc against advances made to the Company's immediate holding company and its subsidiaries.

10	SHARE CAPITAL	2004	2003
-----------	----------------------	-------------	-------------

Ordinary shares of £1 each

Authorised	<u>50,000,000</u>	<u>50,000,000</u>
------------	-------------------	-------------------

Allotted, called up and fully paid	<u>200,000</u>	<u>200,000</u>
------------------------------------	----------------	----------------

11	RESERVES	REVALUATION RESERVE £'000	PROFIT & LOSS ACCOUNT £'000	TOTAL £'000
	At 1 October 2003	50,739	(47,533)	3,206
	Retained profit for the year	-	208	208
	Investment in Subsidiaries	<u>328</u>	<u>-</u>	<u>328</u>
	At 30 September 2004	<u>51,067</u>	<u>(47,325)</u>	<u>3,742</u>

12 RECONCILIATION OF SHAREHOLDERS' FUNDS

	2004	2003
	£'000	£'000
Profit/(loss) for the financial year	208	(4)
Other recognised gains in the year	<u>328</u>	<u>78</u>
Net addition to shareholders' funds	536	74
Opening shareholders' funds	<u>3,406</u>	<u>3,332</u>
Closing shareholders' funds	<u>3,942</u>	<u>3,406</u>

13 POST BALANCE SHEET EVENT

The directors' commenced winding up proceedings of the company's subsidiary undertakings Boxford Limited and Rushton Limited on 19 May 2005.