

COMPANY NO. 3068485

ROYAL BANK ASSET MANAGEMENT LIMITED

DIRECTORS' REPORT AND FINANCIAL STATEMENTS

31 JANUARY 2000



ROYAL BANK ASSET MANAGEMENT LIMITED

REPORT AND FINANCIAL STATEMENTS FOR THE YEAR ENDED 31 JANUARY 2000

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ROYAL BANK ASSET MANAGEMENT LIMITED

DIRECTORS AND OFFICERS

DIRECTORS

Davies Burns Elder
Adrian Colin Farnell
William Vaughan Latter
Jonathan Michael Sweetman

SECRETARY

Angela Mary Cunningham

REGISTERED OFFICE

The Quadrangle
The Promenade
Cheltenham
Gloucestershire GL50 1PX

PRINCIPAL OFFICE

The Quadrangle
The Promenade
Cheltenham
Gloucestershire GL50 1PX

ROYAL BANK ASSET MANAGEMENT LIMITED

DIRECTORS' REPORT

The Directors present their annual report, together with the financial statements for the year ended 31 January 2000.

BUSINESS REVIEW

The Company has not traded during the accounting period, received no income and incurred no expenditure and therefore a profit and loss account is not presented.

DIRECTORS

The present Members of the Board of Directors are named on page 2.

At 31 January 2000, the Members of the Board of Directors were:-

Mr Thomas Carr
Mr Adrian Colin Farnell
Mr William Vaughan Latter
Mr Jonathan Michael Sweetman

During the year to 31 January 2000, no changes were made in the composition of the Board of Directors.

On 26 June 2000, Mr Thomas Carr resigned as a Director of the Company.

On 1 July 2000, Mr Davies Burns Elder was appointed a Director of the Company.

COMPANY SECRETARY

On 30 June 2000, Mr John Albert Lea resigned as Secretary of the Company.

On 1 July 2000, Ms Angela Mary Cunningham was appointed Secretary of the Company.

DIRECTORS' INTERESTS

No Director had any interest in the ordinary shares of the Company on 31 January 2000 nor on 1 February 1999.

The interests of the Directors at 31 January 2000 in the share or loan capital of the ultimate holding company, The Royal Bank of Scotland Group plc, or in the share or loan capital of its subsidiary companies are shown on page 5.

ROYAL BANK ASSET MANAGEMENT LIMITED

YEAR 2000

Year 2000 was an important issue which was given considerable resource and attention by the Company and its holding company, The Royal Bank of Scotland plc. As a consequence of these actions, no adverse effects were experienced by the Company, either within its own activities or those of third parties.

The costs of addressing the Year 2000 issue have been absorbed in the on-going IT development expenditure of the Company's holding company.

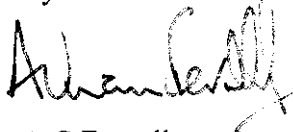
POLICY AND PRACTICE ON PAYMENT OF CREDITORS

The Company is committed to maintaining a sound commercial relationship with its suppliers. Consequently, it is the Company's policy to negotiate and agree terms and conditions with its suppliers, which includes the giving of an undertaking by the Company to pay suppliers within 30 days of receipt of a correctly prepared invoice submitted in accordance with the terms of the contract.

AUDITORS

At an Extraordinary General Meeting of the Company held on 12 March 1997 a resolution was passed making the Company exempt from the obligation to appoint auditors as otherwise required by Section 384 of the Companies Act 1985.

By Order of the Board.



A C Farnell
Director
CHELTENHAM

13th July 2000

ROYAL BANK ASSET MANAGEMENT LIMITED

DIRECTORS' INTERESTS IN THE SHARE OR LOAN CAPITAL OF THE ROYAL BANK OF SCOTLAND GROUP plc AND SUBSIDIARY COMPANIES

The following Directors were beneficially interested in the 25p ordinary shares of The Royal Bank of Scotland Group plc, the ultimate holding company.

	At 1 February 1999 (or date of appointment if later)	At 31 January 2000
	<u>Shares</u>	<u>Shares</u>
T Carr	5,331	5,090
A C Farnell	5,325	8,971
W V Latter	3,272	6,025
J M Sweetman	12,553	14,783

Options to subscribe for 25p ordinary shares of The Royal Bank of Scotland Group plc granted to and exercised by Directors during the year to 31 January 2000 are included in the table below:-

	At 1 February 1999 (or date of appointment if later)	<u>Options Number</u>	<u>Granted Price £</u>	<u>Options Number</u>	<u>Exercised Price £</u>	At 31 January 2000
T Carr	2,687	*{392 *{244	4.97} 7.99}	-	-	3,323
A C Farnell	3,925	870	10.85	2,808	3.44	1,987
W V Latter	4,885	622	10.85	2,005	3.44	3,502
J M Sweetman	8,641	2,500 399	12.055 10.85	1,183	3.44	10,357

* Wife's options

No other Director had an interest in any of the preference shares of The Royal Bank of Scotland Group plc during the year to 31 January 2000.

In addition, during that period, none of the Directors held a beneficial interest in the loan capital of The Royal Bank of Scotland Group plc or in the share or loan capital of any of the other subsidiaries of The Royal Bank of Scotland Group plc.

ROYAL BANK ASSET MANAGEMENT LIMITED

STATEMENT OF DIRECTORS' RESPONSIBILITIES

Company law requires the Directors to prepare financial statement for each financial year which give a true and fair view of the state of affairs of the Company and of the profit and 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;
- state whether applicable accounting standards have been followed, subject to any material departures disclosed and explained in the financial statements;
- 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.

ROYAL BANK ASSET MANAGEMENT LIMITED

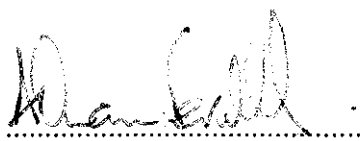
BALANCE SHEET AS AT 31 JANUARY 2000

	<u>Note</u>	<u>2000</u> £	<u>1999</u> £
CURRENT ASSETS			
Debtors:			
Amounts owed by Holding Company		2	2
NET ASSETS		<u>2</u>	<u>2</u>
CAPITAL			
Called up share capital	3	2	2
		<u>2</u>	<u>2</u>

DIRECTORS DECLARATION

The Company was dormant (within the meaning of Section 252 of the Companies Act 1985) throughout the accounting period ending at the date of this balance sheet.

Director



13th July 2000

NOTES

1. Accounting Policy

The financial statements have been prepared under the historical cost convention and in compliance with the Companies Act 1985 and applicable accounting standards.

2. Ultimate Holding 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. Copies of the Group financial statements of The Royal Bank of Scotland Group plc may be obtained from the Company Secretary's office 42, St Andrew Square, Edinburgh EH2 2YE.

ROYAL BANK ASSET MANAGEMENT LIMITED

NOTES (Continued)

3. Called up Share Capital

	<u>Authorised</u>	<u>Share capital allotted, called up and fully paid</u>
At 31 January 2000 and 1999		
Ordinary Shares of £1 each	<u>£1,000</u>	<u>£2</u>

4. Profit and Loss Account

The Company has not traded during the accounting period, has received no income and incurred no expenditure and consequently has made neither a profit nor a loss. A profit and loss account is therefore not presented. None of the Directors received any remuneration.

5. Approval of Financial Statements

The financial statements were approved at a meeting of the Board of Directors on 13th July 2000