

COMPANY NO. 3068485

ROYAL BANK ASSET MANAGEMENT LIMITED

(Formerly R.B. LEASING (JANUARY) LIMITED)

DIRECTORS' REPORT AND FINANCIAL STATEMENTS

31 JANUARY 1997



ROYAL BANK ASSET MANAGEMENT LIMITED
(Formerly R.B. LEASING (JANUARY) LIMITED)

REPORT AND FINANCIAL STATEMENTS FOR THE YEAR ENDED 31 JANUARY 1997

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ROYAL BANK ASSET MANAGEMENT LIMITED
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DIRECTORS AND OFFICERS

DIRECTORS

Thomas Carr
Adrian Colin Farnell
William Vaughan Latter
Jonathan Michael Sweetman

SECRETARY

John Albert Lea

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
(Formerly R.B. LEASING (JANUARY) LIMITED)

DIRECTORS' REPORT

The Directors present their annual report, together with the audited financial statements for the year ended 31 January 1997.

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.

CHANGE OF NAME

On 30 May 1997 the Company name changed from R.B. Leasing (January) Limited to Royal Bank Asset Management Limited.

DIRECTORS

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

On 31 January 1997, Mr Martin Graham Brown resigned as a Director of the Company.

On 6 May 1997, Mr William Vaughan Latter was appointed as a Director of the Company.

ROYAL BANK ASSET MANAGEMENT LIMITED
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DIRECTORS' INTERESTS

No Director had any interest in the ordinary shares of the Company on 31 January 1997 nor on 1 February 1996.

The interests of the Directors at 31 January 1997 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.

SUPPLIER PAYMENT POLICY

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 within 30 days of the date of the invoice or such other agreed payment period.

Items disclosed as trade creditors within the financial statements of this company relate to the purchase of assets for leasing on to customers. These would normally occur in the last month of the financial year and are settled in accordance with the payment policy stated above.

All administrative purchases are made through the Company's immediate parent, Royal Bank Leasing Limited, and these costs are re-charged to this company via the management charge. Accordingly, information in relation to the average number of days taken to pay administrative creditors is disclosed in the financial statements of Royal Bank Leasing Limited.

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

9 July 1997

**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 1996 (or date of appointment if later)	At 31 January 1997
	<u>Shares</u>	<u>Shares</u>
T Carr	3,555	4,796
A C Farnell	1,394	2,306
J M Sweetman	4,771	7,971

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 1997 are included in the table below:-

	At 1 February 1996 (or date of appointment if later)	<u>Options</u> Number	<u>Granted</u> Price £	<u>Options</u> Number	<u>Exercised</u> Price £	At 31 January 1997
T Carr	3,030	373	4.18	-	-	3,403
A C Farnell	3,291	825	4.18	-	-	4,116
J M Sweetman	8,404	693	4.18	2,072	1.52	7,025

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 1997.

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
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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.

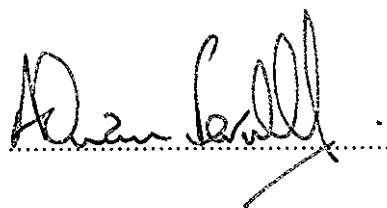
The Directors are responsible for keeping proper accounting records which disclose with reasonable accuracy at any time the financial position of the Company and to enable them to ensure that the financial statements comply with the Companies Act 1985. They are also responsible for safeguarding the assets of the Company and hence for taking reasonable steps for the prevention and detection of fraud and other irregularities.

ROYAL BANK ASSET MANAGEMENT LIMITED
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BALANCE SHEET AS AT 31 JANUARY 1997

	<u>Note</u>	<u>1997</u> £	<u>1996</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>

Director



Date: 9 July 1997

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.

3. Called up Share Capital

	<u>Authorised</u>	<u>Share capital allotted, called up and fully paid</u>
At 31 January 1997 and 96 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 9 July 1997.

ROYAL BANK ASSET MANAGEMENT LIMITED
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REPORT OF THE AUDITORS TO THE MEMBERS OF ROYAL BANK ASSET MANAGEMENT LIMITED

We have audited the financial statements on pages 7 to 8.

Respective responsibilities of directors and auditors.

As described on page 6 the Company's Directors are responsible for the preparation of financial statements. It is our responsibility to form an independent opinion, based on our audit, on those statements and to report our opinion to you.

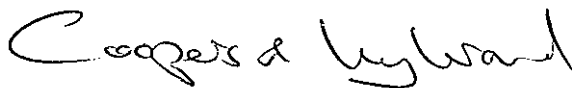
Basis of opinion

We conducted our audit in accordance with 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 January 1997 and have been properly prepared in accordance with the Companies Act 1985.



Coopers & Lybrand
Chartered Accountants and Registered Auditors
GLOUCESTER

9 July 1997.