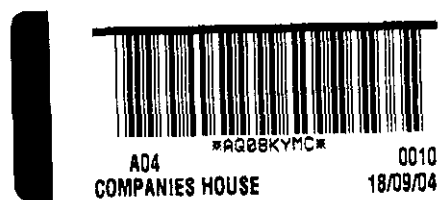


Company Registration No: 4422287

PRIMEMODERN LIMITED

DIRECTORS' REPORT AND FINANCIAL STATEMENTS

31 December 2003



PRIMEMODERN LIMITED

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PRIMEMODERN LIMITED

OFFICERS AND PROFESSIONAL ADVISERS

DIRECTORS:

**T J D Boag
P Carpenter
S B Eighteen
J F Greenshields**

SECRETARY:

M L Thomas

REGISTERED OFFICE:

**135 Bishopsgate,
London EC2M 3UR**

AUDITORS:

**Deloitte & Touche LLP
Chartered Accountants and
Registered Auditors
London**

Registered in England and Wales.

PRIMEMODERN LIMITED

DIRECTORS' REPORT

The directors present their report and the audited financial statements for the period ended 31 December 2003.

ACTIVITIES AND BUSINESS REVIEW

The principal activity of the company is that of a holding company of subsidiary undertakings.

The retained profit for the period was £2,598,598 (Period from 23 April 2002 to 30 April 2003: No profit nor loss) and this was transferred to reserves. The directors did not recommend a dividend for the period (Period from 23 April 2002 to 30 April 2003: £nil).

The directors do not anticipate any material change in either the type or level of activities of the company.

DIRECTORS AND SECRETARY

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

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

	Appointed	Resigned
Directors		
I L J Robertson		5 March 2004

Secretary

On 21 April 2004 Marina L Thomas was appointed secretary of the company and Paul E Bartlett resigned as secretary of the company.

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; 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 the system of internal control, for safeguarding the assets of the company and hence for taking reasonable steps for the prevention and detection of fraud and other irregularities.

The directors confirm that these financial statements comply with the aforementioned requirements.

PRIMEMODERN LIMITED

DIRECTORS' REPORT (continued)

DIRECTORS' INTERESTS

No director had an interest in the shares of the company at any time during the year.

The following directors were beneficially interested in the ordinary shares of The Royal Bank of Scotland Group plc:

	As at 1 May 2003	As at 31 December 2003
TJD Boag	2,408	1,970
P Carpenter	1,826	2,234
S B Eighteen	16	16
J F Greenshields	2,254	2,373
I L J Robertson	7,427	51,703

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 May 2003	Granted during the period		Exercised during the period		As at 31 December 2003
		Options	Price	Options	Price	
T J D Boag	9,413	5,700	1626p	-	-	15,113
P Carpenter	26,330	283	1307p	393	985p	26,220
S B Eighteen	3,228	3,700	1626p	-	-	6,928
J F Greenshields	1,283	3,700 1,293	1626p 1307p	150	1240p	6,126
I L J Robertson	105,783	-	-	38,774 5,000 150	558p 1287p 1240p	61,859

No director had an interest in any of the preference shares of The Royal Bank of Scotland Group plc during the period to 31 December 2003.

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

	As at 1 May 2003	As at 31 December 2003
T J D Boag	318	-
P Carpenter	824	-
S B Eighteen	16	-
J F Greenshields	1,093	-
I L J Robertson	6,571	-

On 31 December 2003, the Additional Value Shares were de-listed from The London Stock Exchange, converted to Non-Voting Deferred Shares and transferred to RBS NVDS Nominees Limited. None of the directors has an interest in the Non-Voting Deferred Shares.

PRIMEMODERN LIMITED

DIRECTORS' REPORT (continued)

DIRECTORS' INTERESTS (continued)

The following directors were beneficially interested in the Floating Rate Unsecured Loan Notes 2005 of The Royal Bank of Scotland Group plc:

	As at 1 January 2003	As at 31 December 2003
P Carpenter	768	768

None of the directors in office at 31 December 2003 held any other 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 2004, 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

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 18 February 2004.

AUDITORS

On 1 August 2003, Deloitte & Touche, the company's auditors transferred their business to Deloitte & Touche LLP, a limited liability partnership incorporated under the Limited Liability Partnership Act 2000. The company's consent has been given to treating the appointment of Deloitte & Touche as extending to Deloitte & Touche LLP with effect from 24 September 2003 under the provisions of Section 26(5) of the Companies Act 1989. The company has elected to dispense with the obligation to appoint auditors annually and, accordingly, Deloitte & Touche LLP shall be deemed to be re-appointed as auditors for a further term under the provisions of Section 386(2) of the Companies Act 1985.

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



M L Thomas
Secretary

Date:

13 September 2004

PRIMEMODERN LIMITED

INDEPENDENT AUDITORS' REPORT TO THE MEMBERS OF PRIMEMODERN LIMITED

We have audited the financial statements of Primemodern Limited for the period from 1 May 2003 to 31 December 2003 which comprise the profit and loss account, the balance sheet and the related notes 1 to 12. 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 for the opinions we have formed.

Respective responsibilities of directors and auditors

As described in the statement of directors' responsibilities, 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 period 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 as at 31 December 2003 and of its profit for the period from 1 May 2003 to 31 December 2003 and have been properly prepared in accordance with the Companies Act 1985.

Deloitte + Touche LLP

Deloitte & Touche LLP
Chartered Accountants and Registered Auditors
London

Date *15 September 2004*

PRIMEMODERN LIMITED

PROFIT AND LOSS ACCOUNT

For the period ended 31 December 2003

		Period from 1 May 2003 to 31 December 2003 £	Period from 23 April 2002 to 30 April 2003 £
	Note		
Dividends received		516,457	-
Profit on sale of investment		4,244,000	-
Administrative expenses		(1,267,458)	-
PROFIT ON ORDINARY ACTIVITIES BEFORE TAXATION	3	<u>3,492,999</u>	<u>-</u>
Tax on profit on ordinary activities	4	(894,401)	-
RETAINED PROFIT FOR THE FINANCIAL YEAR	9	<u><u>2,598,598</u></u>	<u><u>-</u></u>

The notes on pages 8 - 11 form part of these accounts.

There are no recognised gains or losses in the current or prior period as disclosed in the profit and loss account. Accordingly, no statement of total recognised gains and losses is required.

All transactions are derived from continuing operations.

PRIMEMODERN LIMITED

BALANCE SHEET

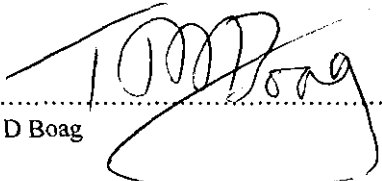
As at 31 December 2003

	Note	31 December 2003 £	30 April 2003 £
FIXED ASSETS			
Investment in subsidiary undertaking	5	-	28,462
CURRENT ASSETS			
Debtors - due within one year	6	168,592	-
Cash at bank		3,701,496	-
CREDITORS: Amounts due within one year			
Other creditors	7	(1,271,489)	(28,461)
NET CURRENT ASSETS		<u>2,598,599</u>	<u>(28,461)</u>
TOTAL ASSETS LESS CURRENT LIABILITIES		<u><u>2,598,599</u></u>	<u><u>1</u></u>
CAPITAL AND RESERVES			
Share capital	8	1	1
Profit and loss account	9	<u>2,598,598</u>	-
EQUITY SHAREHOLDERS' FUNDS	9	<u><u>2,598,599</u></u>	<u><u>1</u></u>

The notes on pages 8 - 11 form part of these accounts.

These financial statements on pages 6 - 11 were approved by the Board of Directors on 13 September 2004.

Signed on behalf of the Board of Directors


 T J D Boag

PRIMEMODERN LIMITED

NOTES TO THE ACCOUNTS

For the period ended 31 December 2003

1. ACCOUNTING POLICIES

The financial statements are prepared in accordance with applicable United Kingdom law and accounting standards. The particular accounting policies adopted are described below.

Accounting convention

The financial statements are prepared under the historical cost

a) Cash flow statement

The Company has not prepared a cash flow statement because it is exempt from doing so under Financial Reporting Standard 1 Cash flow statements (revised 1996).

b) Investments

Investments are carried at cost less any provision for permanent impairment in value.

2. DIRECTORS AND EMPLOYEES

None of the directors received any emoluments from the company during the current or prior period.

None of the directors had any material interest in any contract of significance in relation to the business of the company (prior period: £nil)

The company does not have any employees (prior period : nil)

3. PROFIT AND LOSS

The audit fee has been borne by the parent company in the current and prior period.

PRIMEMODERN LIMITED

NOTES TO THE ACCOUNTS

For the period ended 31 December 2003

4. TAX ON PROFIT ON ORDINARY ACTIVITIES

	Period from 1 May 2003 to 31 December 2003 £	Period from 23 April 2002 to 30 April 2003 £
Current tax		
UK corporation tax	894,401	-

The differences between the total current tax shown above and the amount calculated by applying the standard rate of UK corporation tax to the profit before tax is as follows:

Expected tax charge at 30%	1,047,900	-
Dividends	(154,937)	-
Profit on sale of investments	(1,273,200)	-
Chargeable gain	894,401	-
Administration Expenses	380,237	-
Current tax charge	894,401	-

5. INVESTMENT IN SUBSIDIARY UNDERTAKING

	£
Cost and net book value	
As at 1 May 2003	28,462
Disposals	(28,462)
As at 31 December 2003	-

6. DEBTORS

	31 December 2003 £	30 April 2003 £
Debtors due within one year:		
VAT	168,592	-

PRIMEMODERN LIMITED

NOTES TO THE ACCOUNTS

For the period ended 31 December 2003

7. CREDITORS : Amounts due with one year

	31 December 2003 £	30 April 2003 £
Creditors - due within one year		
Accruals	(348,627)	-
Tax liability	(894,401)	-
Amounts owed to group undertakings	(28,461)	(28,461)
	<u>(1,271,489)</u>	<u>(28,461)</u>

8. CALLED UP SHARE CAPITAL

	31 December 2003 £	30 April 2003 £
Authorised: 1000 ordinary share of £1 each	<u>1,000</u>	<u>1</u>
Called up, allotted and fully paid: 1 ordinary share of £1 each	<u>1</u>	<u>1</u>

9. RESERVES

	Issued share capital £	Profit and loss account £	Total £
As at 1 May 2003	1	-	1
Retained profit for the period	-	2,598,598	2,598,598
Balance as at 31 December 2003	<u>1</u>	<u>2,598,598</u>	<u>2,598,599</u>

10. CONTINGENT LIABILITY

The company has a contingent liability in respect of a joint and several undertaking for VAT due by certain fellow subsidiary undertakings under a group registration. The directors believe that settlement is considered a remote possibility.

11. RELATED PARTY TRANSACTIONS

The Company is exempt from the requirement to disclose transactions with other subsidiaries or investees of the Royal Bank of Scotland Plc under paragraph 3(c) of FRS8 'Related Party Disclosures'. There were no other related party transactions requiring disclosure.

PRIMEMODERN LIMITED

NOTES TO THE ACCOUNTS

For the period ended 31 December 2003

12. 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. 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.