

**CHARTERHOUSE JAPHET FINANCE LIMITED**

**DIRECTORS' REPORT AND ACCOUNTS**

**30th SEPTEMBER 1996**



**CHARTERHOUSE JAPHET FINANCE LIMITED**

**REPORT AND ACCOUNTS FOR THE YEAR ENDED 30th SEPTEMBER 1996**

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# **CHARTERHOUSE JAPHET FINANCE LIMITED**

## **DIRECTORS AND OFFICERS**

### **DIRECTORS**

David John McIntosh Finlayson  
John Reginald Pollard  
Michael Ian Charles Woodcock

### **SECRETARY**

Michael Ian Charles Woodcock

### **REGISTERED OFFICE**

RoyScot House  
The Promenade  
Cheltenham  
Gloucestershire GL50 1PL

## **CHARTERHOUSE JAPHET FINANCE LIMITED**

### **Directors' report**

The directors present their annual report, together with the audited accounts for the year ended 30th September 1996.

### **Results**

The results for the year are set out on page 7. The directors do not recommend the payment of a dividend (1995: Nil).

### **Business review**

The company, which is a wholly owned subsidiary of Charterhouse Japhet Credit Limited, ceased taking on any new business on 1st December 1986 but continues to maintain its existing contracts to trade out its position. The directors consider that the income of the company will decline over the forthcoming year in line with these actions.

### **Directors**

The present directors of the company, all of whom were directors at 30th September 1996, are listed on page 2.

During the year to 30th September 1996, no changes were made in the composition of the board of directors.

### **Directors' interests**

No director had any interest in the ordinary shares of the company on 30th September 1996 nor on 1st October 1995.

The interests of the directors at 30th September 1996 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 undertakings are shown on page 4.

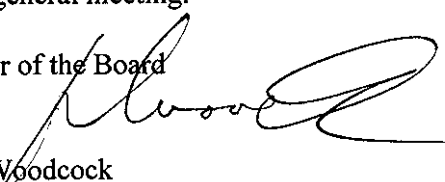
### **Supplier payment policy**

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 which includes the giving of an undertaking by the company to pay suppliers within 30 days of the date of invoice or such other agreed payment period.

### **Auditors**

The auditors, Coopers & Lybrand, have indicated their willingness to continue in office. Resolutions to reappoint them and to authorise the directors to fix their remuneration will be proposed at the annual general meeting.

By order of the Board

  
M I C Woodcock  
Secretary  
CHELTENHAM  
14 NOV 1996

## CHARTERHOUSE JAPHET FINANCE LIMITED

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

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

	<u>1st October 1995</u>	<u>30th September 1996</u>
	<u>Shares</u>	<u>Shares</u>
D J M Finlayson	12,350	12,925
J R Pollard	6,910	6,186
M I C Woodcock	4,432	4,540

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 30th September 1996 are included in the table below:

	<u>At 1st October 1995</u>	<u>Options granted</u>	<u>Price £</u>	<u>Options exercised</u>	<u>Price £</u>	<u>At 30th Sept 1996</u>
D J M Finlayson	49,141	330 20,000	4.18 5.35	2,467	1.52	67,004
J R Pollard	7,174	Nil	-	Nil	-	7,174
M I C Woodcock	2,005	2,799	4.18	Nil	-	4,804

No director had an interest in any of the preference shares of The Royal Bank of Scotland Group plc during the year to 30th September 1996.

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.

## **CHARTERHOUSE JAPHET FINANCE LIMITED**

### **Statement of directors' responsibilities**

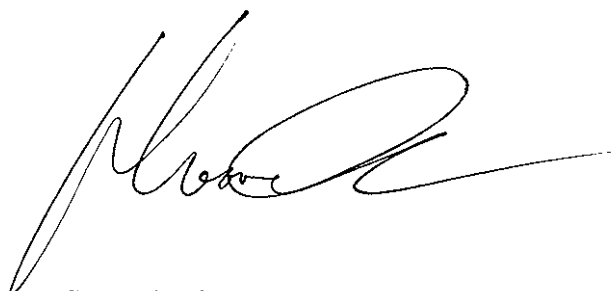
Company law requires the directors to prepare financial statements for each financial year which give a true and fair view of the state of affairs of the company and of the profit or loss of the company for that year. In preparing those financial statements, the directors are required to:

- 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; 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.

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

By order of the Board

A handwritten signature in black ink, appearing to read 'M I C Woodcock', written over a horizontal line.

M I C Woodcock  
Secretary  
CHELTENHAM

14 NOV 1996

## **CHARTERHOUSE JAPHET FINANCE LIMITED**

### **Accounting policies**

The accounts on pages 6 to 12 are prepared in accordance with applicable accounting standards in the United Kingdom. The principal accounting policies adopted by the company are described below.

#### **1. Accounting convention**

The accounts are prepared under the historical cost convention and in accordance with the Companies Act, 1985.

#### **2. Instalment credit agreements**

Where the amount of the total charges on instalment credit agreements is established at the commencement of the agreement, income for the period and unearned charges are calculated in accordance with the "Rule of 78" after deduction of commission payable to dealers. On contracts subject to variable rates of interest, charges are debited to customers' accounts as and when they fall due.

#### **3. Turnover**

Turnover consists of income receivable in the period in respect of finance charges, interest, fees and commission due to the company, and the sale proceeds of dealing assets.

#### **4. Tangible fixed assets**

Furniture and equipment are depreciated on a straight line basis at rates of 10% and 20% per annum respectively. Leasehold property is depreciated in equal annual instalments over the period of the leases concerned.

#### **5. Provisions for bad and doubtful debts**

Provisions are made against receivables when it is considered that recovery is doubtful or losses are anticipated.

Provisions made during the year are charged against profits. Receivables classified as bad debts are written off in part or in whole when the extent of the loss incurred has been confirmed.

#### **6. Taxation**

Provision is made for taxation at current rates on the taxable profits.

Certain items of income and expenditure are accounted for in different periods for financial reporting purposes and for taxation purposes. Deferred taxation is provided on the liability method in respect of timing differences to the extent that they are likely to crystallise in the foreseeable future.

## CHARTERHOUSE JAPHET FINANCE LIMITED

### Profit & loss account

for the year ended 30th September 1996

	Note	£	1995 £
Turnover		12,464	43,238
Operating income		<u>15,291</u>	<u>24,033</u>
Profit on ordinary activities before taxation	1	27,755	67,271
Taxation on profit on ordinary activities	3	<u>(9,158)</u>	<u>(22,200)</u>
Profit for the year	9	<u>18,597</u>	<u>45,071</u>

The company has no recognised gains and losses other than those included in the profit above, and therefore no separate statement of total recognised gains and losses has been presented.

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

The results above derive from the continuing operations of the company

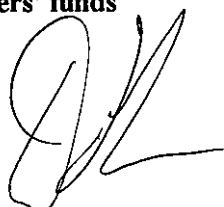


# CHARTERHOUSE JAPHET FINANCE LIMITED

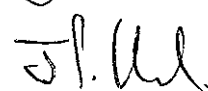
## Balance sheet at 30th September 1996

	Note	£	1995 £
<b>Fixed assets</b>			
Tangible assets	4	<u>1,017</u>	<u>2,145</u>
<b>Current assets</b>			
Debtors	5	1,386,131	1,382,839
<b>Current liabilities</b>			
Creditors: amounts falling due within one year	6	<u>(17,343)</u>	<u>(33,776)</u>
<b>Net current assets</b>		<u>1,368,788</u>	<u>1,349,063</u>
<b>Net assets</b>		<u>1,369,805</u>	<u>1,351,208</u>
<b>Capital and reserves</b>			
Called-up share capital	8	1,000	1,000
Profit and loss account	9	<u>1,368,805</u>	<u>1,350,208</u>
<b>Equity shareholders' funds</b>	10	<u>1,369,805</u>	<u>1,351,208</u>

D J M Finlayson  
Director



J R Pollard  
Director



# CHARTERHOUSE JAPHET FINANCE LIMITED

## Notes on the accounts

for the year ended 30th September 1996

	£	1995 £
<b>1. Profit on ordinary activities before taxation</b>		
The profit on ordinary activities before taxation is stated after charging:		
Depreciation	1,050	5,058
Auditors' remuneration	<u>830</u>	<u>805</u>
<b>2. Directors' emoluments</b>		
None of the directors received any emoluments in respect of their services to the company during the year.		
<b>3. Taxation on profit on ordinary activities</b>		
	£	1995 £
Group relief		
- current year	7,430	21,272
- prior year	<u>(1)</u>	<u>-</u>
	7,429	21,272
Deferred taxation		
- current year	<u>1,729</u>	<u>928</u>
	<u>9,158</u>	<u>22,200</u>

The tax charge for the current and prior years has been based on a corporation tax rate of 33%.

# **CHARTERHOUSE JAPHET FINANCE LIMITED**

## **Notes on the accounts - continued**

### **4. Tangible fixed assets**

	Short leasehold property £	Furniture & equipment £	Total £
<b>Cost</b>			
At beginning of year	5,000	141,354	146,354
Disposals	—	(47,337)	(47,337)
At end of year	<u>5,000</u>	<u>94,017</u>	<u>99,017</u>
<b>Depreciation</b>			
At beginning of year	3,670	140,539	144,209
Charge	313	737	1,050
Disposals	—	(47,259)	(47,259)
At end of year	<u>3,983</u>	<u>94,017</u>	<u>98,000</u>
<b>Net book value</b>			
At end of year	<u>1,017</u>	<u>—</u>	<u>1,017</u>
At beginning of year	<u>1,330</u>	<u>815</u>	<u>2,145</u>

### **5. Debtors**

	1995 £	£
Amounts falling due within one year:		
Amounts due from other group undertakings	1,380,599	1,375,027
Other debtors	<u>17</u>	<u>568</u>
	1,380,616	1,375,595
Amounts falling due after more than one year:		
Deferred taxation (note 7)	<u>5,515</u>	<u>7,244</u>
	<u>1,386,131</u>	<u>1,382,839</u>

# CHARTERHOUSE JAPHET FINANCE LIMITED

## Notes on the accounts - continued

	£	1995 £
<b>6. Creditors</b>		
Amounts falling due within one year:		
Bank overdraft	18	115
Amounts owed to other group undertakings	7,459	21,272
Other creditors	8,572	11,584
Accruals and deferred income	<u>1,294</u>	<u>805</u>
	<u>17,343</u>	<u>33,776</u>

## 7. Deferred taxation

The full potential deferred tax asset has been recognised in the accounts as shown below:

	£	1995 £
Timing differences on capital allowances	<u>5,515</u>	<u>7,244</u>
The movement during the year is as follows:		
At beginning of year	7,244	8,172
Charge for year	<u>(1,729)</u>	<u>(928)</u>
At end of year	<u>5,515</u>	<u>7,244</u>

There is no potential liability for deferred taxation.

## 8. Called-up share capital

	£	1995 £
Authorised, called-up and fully paid: 1,000 Ordinary shares of £1 each	<u>1,000</u>	<u>1,000</u>

## 9. Profit and loss account

	£	1995 £
At beginning of year	1,350,208	1,305,137
Profit for the year	<u>18,597</u>	<u>45,071</u>
At end of year	<u>1,368,805</u>	<u>1,350,208</u>

## CHARTERHOUSE JAPHET FINANCE LIMITED

### Notes on the accounts - continued

#### 10. Reconciliation of movements in shareholders' funds

	£	1995 £
Profit for the year	18,597	45,071
Shareholders' funds at beginning of year	<u>1,351,208</u>	<u>1,306,137</u>
Shareholders' funds at end of year	<u>1,369,805</u>	<u>1,351,208</u>

#### 11. Cash flow statement

A cash flow statement is not included in these accounts because the company is a wholly owned subsidiary undertaking of RoyScot Trust plc. RoyScot Trust plc has informed the company of its intention to prepare a consolidated cash flow statement, including the cash flow of the company, in accordance with Financial Reporting Standard no.1.

#### 12. Capital commitments

No capital expenditure was authorised or contracted for as at 30th September 1996 (1995 - nil).

#### 13. Contingent liabilities

There were no contingent liabilities at 30th September 1996.

#### 14. Ultimate holding company

The company is a wholly owned subsidiary of Charterhouse Japhet Credit Limited.

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 accounts of The Royal Bank of Scotland Group plc may be obtained from the Company Secretary's Office, The Royal Bank of Scotland Group plc, 42 St. Andrew Square, Edinburgh EH2 2YE.

#### 15. Approval of accounts

The accounts were approved by the board of directors on 14 NOV 1996

## **CHARTERHOUSE JAPHET FINANCE LIMITED**

### **Report of the auditors**

To the members of Charterhouse Japhet Finance Limited.

We have audited the financial statements on pages 6 to 12.

### **Respective responsibilities of directors and auditors**

As described on page 5 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 financial statements and to report our opinion to you.

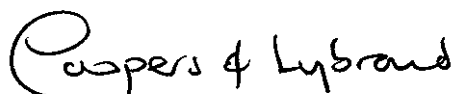
### **Basis of opinion**

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 30th September 1996 and of its profit and total recognised gains and losses for the year then ended and have been properly prepared in accordance with the Companies Act 1985.



Coopers & Lybrand  
Chartered Accountants and Registered Auditors

Gloucester, 15 November 1996