

Company No. 1196227

CHARTERHOUSE JAPHET FINANCE LIMITED

DIRECTORS' REPORT AND ACCOUNTS

30th SEPTEMBER 1999



CHARTERHOUSE JAPHET FINANCE LIMITED

REPORT AND ACCOUNTS FOR THE YEAR ENDED 30th SEPTEMBER 1999

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CHARTERHOUSE JAPHET FINANCE LIMITED

DIRECTORS AND OFFICERS

DIRECTORS

Clive Richard Dobbs
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 1999.

Results

The results for the year are set out on page 8. The directors do not recommend the payment of a dividend (1998: 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 1999, are listed on page 2.

During the year to 30th September 1999, the following change was made in the composition of the board of directors:-

Mr C R Dobbs was appointed a director of the company with effect from 1st October 1998.

Directors' interests

No director had any interest in the ordinary shares of the company on 30th September 1999 nor on 1st October 1998.

The interests of the directors at 30th September 1999 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 5.

Year 2000

Year 2000 is an important issue which has been given considerable resource and attention by the company, its parent company, RoyScot Trust plc, and its ultimate parent company, The Royal Bank of Scotland Group plc. The directors of the company have taken all reasonable steps to achieve Year 2000 compliance in all the information systems which will be critical to the adequate continuity of the company's business before, on and after 1st January 2000, whether supplied and maintained by RoyScot Trust plc or by third parties.

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

CHARTERHOUSE JAPHET FINANCE LIMITED

Auditors

The auditors, PricewaterhouseCoopers, 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

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

M. C. Woodcock
Secretary
CHELTENHAM

11th November 1999

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 1998</u>	<u>30th September 1999</u>
	<u>Shares</u>	<u>Shares</u>
C R Dobbs	3,096	2,862
J R Pollard	9,053	8,096
M I C Woodcock	4,598	6,709

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 1999 are included in the table below:

	<u>At 1st October 1998</u>	<u>Options granted</u>	<u>Price £</u>	<u>Options exercised</u>	<u>Price £</u>	<u>At 30th Sept 1999</u>
C R Dobbs	3,070	71	10.85	401	3.44	2,740
J R Pollard	3,640	Nil	-	Nil	-	3,640
M I C Woodcock	4,804	677	10.85	2,005	3.44	3,476

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 1999.

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

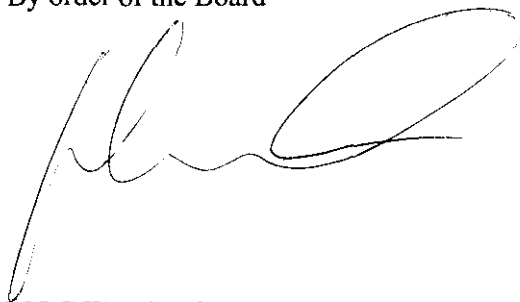
Company law requires the directors to prepare financial statements for each financial year which give a true and fair view of the state of affairs of the company as at the end of the financial year and of the profit or loss of the company for that year. In preparing those financial statements, the directors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



M I C Woodcock
Secretary
CHELTENHAM
11th November 1999

CHARTERHOUSE JAPHET FINANCE LIMITED

Accounting policies

The accounts on pages 7 to 13 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. In accordance with Schedule 4 of the Companies Act 1985, the directors have adapted the prescribed formats of the accounts as required by the special nature of the business.

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 and recognised as income 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 1999

	Note	£	1998 £
Instalment credit income		6,167	2,987
Other operating income		<u>10,022</u>	<u>8,762</u>
Profit on ordinary activities before taxation	1	16,189	11,749
Taxation on profit on ordinary activities	3	<u>(4,927)</u>	<u>(3,738)</u>
Profit for the year	9	<u><u>11,262</u></u>	<u><u>8,011</u></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 or the profit for the year stated above, and their historical cost equivalents.

The results above derive from the continuing operations of the company.

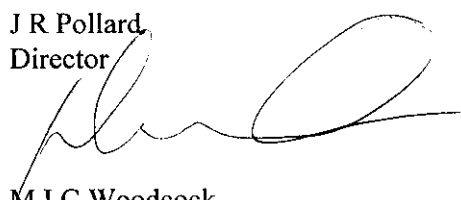
CHARTERHOUSE JAPHET FINANCE LIMITED

Balance sheet
at 30th September 1999

	Note	£	1998 £
Fixed assets			
Tangible assets	4	<u>69</u>	<u>391</u>
Current assets			
Debtors	5	1,416,437	1,397,127
Current liabilities			
Creditors: amounts falling due within one year	6	<u>(16,077)</u>	<u>(8,351)</u>
Net current assets		<u>1,400,360</u>	<u>1,388,776</u>
Net assets		<u><u>1,400,429</u></u>	<u><u>1,389,167</u></u>
Capital and reserves			
Called-up share capital	8	1,000	1,000
Profit and loss account	9	<u>1,399,429</u>	<u>1,388,167</u>
Equity shareholders' funds	10	<u><u>1,400,429</u></u>	<u><u>1,389,167</u></u>



J R Pollard
Director


M I C Woodcock
Director

CHARTERHOUSE JAPHET FINANCE LIMITED

Notes on the accounts

for the year ended 30th September 1999

1. Profit on ordinary activities before taxation

The profit on ordinary activities before taxation is stated after charging:

	£	1998 £
Depreciation	322	313
Auditors' remuneration	<u>850</u>	<u>880</u>

2. Directors' emoluments

None of the directors received any emoluments in respect of their services to the company during the year. Two directors exercised share options during the year.

3. Taxation on profit on ordinary activities

	£	1998 £
Group relief		
- current year	4,276	2,710
Deferred taxation		
- current year	<u>651</u>	<u>1,028</u>
	<u>4,927</u>	<u>3,738</u>

The tax charge for the current year has been based on a corporation tax rate of 30.5% (1998 31%).

CHARTERHOUSE JAPHET FINANCE LIMITED

Notes on the accounts - continued

4. Tangible fixed assets

	Short leasehold property £	Furniture & equipment £	Total £
Cost			
At beginning and end of year	<u>5,000</u>	<u>79,858</u>	<u>84,858</u>
Depreciation			
At beginning of year	4,609	79,858	84,467
Charge	<u>322</u>	<u>-</u>	<u>322</u>
At end of year	<u>4,931</u>	<u>79,858</u>	<u>84,789</u>
Net book value			
At end of year	<u>69</u>	<u>0</u>	<u>69</u>
At beginning of year	<u>391</u>	<u>0</u>	<u>391</u>

5. Debtors

		1998 £
Amounts falling due within one year:		
Amounts due from other group undertakings	1,414,121	1,394,165
Cash at bank	77	91
Other debtors	<u>19</u>	<u>-</u>
	1,414,217	1,394,256
Amounts falling due after more than one year:		
Deferred taxation (note 7)	<u>2,220</u>	<u>2,871</u>
	<u>1,416,437</u>	<u>1,397,127</u>

CHARTERHOUSE JAPHET FINANCE LIMITED

Notes on the accounts - continued

6. Creditors

	£	1998 £
Amounts falling due within one year:		
Amounts owed to other group undertakings	4,276	2,710
Other creditors	11,801	4,761
Accruals and deferred income	<u>-</u>	<u>880</u>
	<u>16,077</u>	<u>8,351</u>

7. Deferred taxation

The full potential deferred tax asset at 30% has been recognised in the accounts as shown below:

	£	1998 £
Timing differences on capital allowances	<u>2,220</u>	<u>2,871</u>
The movement during the year is as follows:		
At beginning of year	2,871	3,899
Charge for year	<u>(651)</u>	<u>(1,028)</u>
At end of year	<u>2,220</u>	<u>2,871</u>

There is no potential liability for deferred taxation.

8. Called-up share capital

	£	1998 £
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

	£	1998 £
At beginning of year	1,388,167	1,380,156
Profit for the year	<u>11,262</u>	<u>8,011</u>
At end of year	<u>1,399,429</u>	<u>1,388,167</u>

CHARTERHOUSE JAPHET FINANCE LIMITED

Notes on the accounts - continued

10. Reconciliation of movements in equity shareholders' funds

	£	1998 £
Profit for the year	11,262	8,011
Equity shareholders' funds at beginning of year	<u>1,389,167</u>	<u>1,381,156</u>
Equity shareholders' funds at end of year	<u>1,400,429</u>	<u>1,389,167</u>

11. Cash flow statement

The company has not prepared a cash flow statement in accordance with an exemption from FRS1 (Revised), as it is a wholly owned subsidiary undertaking of an EU parent company which prepares consolidated accounts incorporating a cash flow statement.

12. Capital commitments

No capital expenditure was contracted but not provided for as at 30th September 1999 (1998 - nil).

13. Contingent liabilities

There were no contingent liabilities at 30th September 1999.

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. Related party transactions

The company has taken advantage of the exemptions available to it in paragraph 17 of Financial Reporting Standard 8, 'Related Party Disclosures', not to disclose any transactions with entities that are part of the group or investors of the group qualifying as related parties.

16. Approval of accounts

The accounts were approved by the board of directors on 11th November 1999.

CHARTERHOUSE JAPHET FINANCE LIMITED

Report of the auditors

To the members of Charterhouse Japhet Finance Limited.

We have audited the financial statements on pages 7 to 13.

Respective responsibilities of directors and auditors

The directors are responsible for preparing the Annual Report, including as described on page 6 the financial statements. Our responsibilities, as independent auditors, are established by statute, the Auditing Practices Board and our profession's ethical guidance.

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. We also report to you 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 is not disclosed.

We read other information contained in the Annual Report and consider the implications for our report if we become aware of any apparent misstatements or material inconsistencies with the financial statements.

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 1999 and of its profit for the year then ended and have been properly prepared in accordance with the Companies Act 1985.



PricewaterhouseCoopers

Chartered Accountants and Registered Auditors

Bristol, 12 November 1999