

Company Registration No: 2924707

R.B. BISHOPSGATE INVESTMENTS LIMITED

DIRECTORS' REPORT AND FINANCIAL STATEMENTS

31 December 2001

Group Secretary's Department
The Royal Bank of Scotland Group plc
138-142 Holborn
London EC1N 2TH



R.B. BISHOPSGATE INVESTMENTS LIMITED

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R.B. BISHOPSGATE INVESTMENTS LIMITED

OFFICERS AND PROFESSIONAL ADVISERS

DIRECTORS:

Iain Arthur Houston (Chairman)
John Patrick Hourican
John Albert Lea
Antoinette Una Moriarty
Iain Leith Johnston Robertson
Peter James Whitby

SECRETARY:

John Albert Lea

REGISTERED OFFICE:

Waterhouse Square
138-142 Holborn
London EC1N 2TH

AUDITORS:

Deloitte & Touche
Chartered Accountants and Registered Auditors
London

Registered in England and Wales.

R.B. BISHOPSGATE INVESTMENTS LIMITED

DIRECTORS' REPORT

The directors present their annual report and the audited financial statements for the year ended 31 December 2001.

PRINCIPAL ACTIVITY

The principal activity of the company, which is a wholly owned subsidiary of The Royal Bank of Scotland plc, is that of an investment company. The company will continue to operate in the investment market.

BUSINESS REVIEW

The year saw satisfactory levels of income from investments.

RESULTS AND DIVIDENDS

The retained profit for the year was £4,231 (2000: retained loss £18,913) and this was transferred to reserves. The directors do not recommend the payment of a final dividend (2000 interim: £19,608).

FUTURE PROSPECTS

The directors continue to review investment proposals.

DIRECTORS

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

On 30 March 2001 Carolyn Smith resigned as a director of the company.

On 24 July 2001 John Patrick Hourican and Iain Leith Johnston Robertson were appointed directors of the company.

There were no other changes in directors during the year.

R.B. BISHOPSGATE INVESTMENTS LIMITED

DIRECTORS' INTERESTS

No director had an interest in the shares of the company.

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

	As at 1 January 2001*	As at 31 December 2001
I A Houston	48,176	165,570
J A Lea	7,588	9,614
A U Moriarty	363	514
I L J Robertson	8,404	6,903
P J Whitby	1,683	2,151

Options to subscribe for ordinary shares of 25p each in The Royal Bank of Scotland Group plc granted to and exercised during the year are:

	As at 1 January 2001*	Granted during the year		Exercised during the year		As at 31 December 2001
		Options	Price	Options	Price	
J P Hourican	300	5,300	17.18	-	-	5,600
I A Houston	235,228	13,400	17.18	58,206	3.98	91,708
		150	15.63	38,821	3.70	
				53,931	4.96	
				6,112	3.19	
J A Lea	5,854	494	13.64	1,776	3.88	4,872
		300	15.63			
A U Moriarty	1,233	150	15.63	420	7.41	963
I L J Robertson	45,089	11,700	17.18	-	-	57,283
		494	13.64			
P J Whitby	1,112	150	15.63	-	-	1,262

* or date of appointment, if later

R.B. BISHOPSGATE INVESTMENTS LIMITED

DIRECTORS' INTERESTS (continued)

No director had an interest in any of the preference shares during the year to 31 December 2001.

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

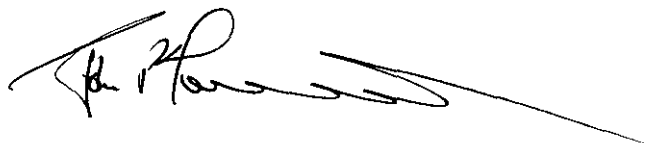
	As at 1 January 2001*	As at 31 December 2001
I A Houston	47,834	47,834
J A Lea	6,424	6,424
A U Moriarty	361	361
I L J Robertson	6,571	6,571
P J Whitby	1,672	1,672

None of the directors in office at 31 December 2001 held any interest in the share or loan capital of the company or any other group company.

ELECTIVE RESOLUTIONS

On 14 February 2002, the company passed elective resolutions pursuant to Section 379A of the Companies Act 1985, dispensing with the holding of annual general meetings, the laying of annual reports and accounts before the shareholders in general meeting, and the obligation to re-appoint auditors annually.

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



J P Hourican
Director

18 September 2002

* or date of appointment, if later

DIRECTORS' RESPONSIBILITIES

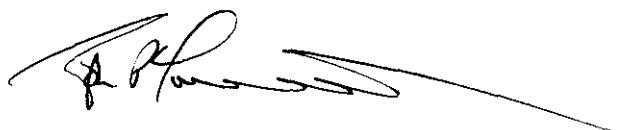
United Kingdom company law requires the directors to prepare financial statements for each financial year which give a true and fair view of the state of affairs of the company as at the end of the financial year and of the profit or loss of the company for that period. In preparing the financial statements,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

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

A handwritten signature in black ink, appearing to read 'J P Hourican', with a long horizontal line extending to the right.

J P Hourican
Director

18 September 2002

**INDEPENDENT AUDITORS' REPORT TO THE MEMBERS OF R.B.
BISHOPSGATE INVESTMENTS LIMITED**

We have audited the financial statements of R.B. Bishopsgate Investments Limited set out on pages 7 to 11 which have been prepared under the accounting policies set out therein.

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 year 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 2001 and of its profit for the year then ended and have been properly prepared in accordance with the Companies Act 1985.



Deloitte & Touche
Chartered Accountants and Registered Auditors
London

Date: 18 September 2002

R.B. Bishopsgate Investments Ltd

Profit and loss Account

for the 12 month period ended 31 December 2001 and 15 months ended 31 December 2000

	Note	12 months to 31 December 2001 £	15 months to 31 December 2000 £
Investment Income		6,052	992
Administrative Expenses		(8)	-
Profit on Ordinary Activities before Taxation	4	6,044	992
Tax on Profit on Ordinary Activities	5	(1,813)	(297)
Profit on Ordinary Activities After Taxation		4,231	695
Dividends Paid		-	(19,608)
Retained Profit / (Loss) for the year / period		4,231	(18,913)
Retained Profit Brought Forward		695	19,608
Retained Profit Carried Forward		4,926	695

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

The company had no recognised gains or losses other than those included in the profits shown above and therefore no separate statement of total recognised gains and losses has been presented.

All transactions are derived from continuing operations.

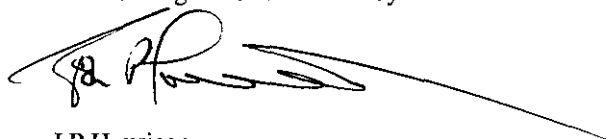
The notes on pages 9 to 11 form part of these accounts.

R.B. Bishopsgate Investments Ltd

Balance sheet at 31 December 2001 and 31 December 2000

	Note	2001 £	2000 £
Fixed Assets			
Investments	6	<u>99,999</u>	<u>99,999</u>
		99,999	99,999
Current Assets			
Debtors	7	3,080	992
Cash		<u>3,296</u>	<u>1</u>
		6,376	993
Creditors: amounts falling due within one year	8	<u>(1,449)</u>	<u>(297)</u>
Net Current Assets		4,927	696
Total Assets less Current Liabilities		<u>104,926</u>	<u>100,695</u>
Capital and Reserves			
Called up share capital	9	100,000	100,000
Profit and Loss Account		<u>4,926</u>	<u>695</u>
Equity on Shareholders' funds		<u>104,926</u>	<u>100,695</u>

The financial statements on pages 7 to 11 were approved by the Board of Directors on 18 September 2002 and were signed on its behalf by:-



J P Hourican
Director

The notes on page 9 to 11 form part of these accounts.

NOTES TO THE ACCOUNTS

1 PRINCIPAL ACCOUNTING POLICIES

The financial statements have been prepared in accordance with applicable Accounting Standards in the UK. Accounting Policies have been applied consistently.

(a) Basis of accounting

The financial statements are prepared under the historical cost convention.

(b) Investment Income

Investment income includes interest on dated stocks and the amortisation of discounts and premiums on the acquisition of investments. Investment income is recognised in the profit and loss account on an accruals basis.

(c) Cash Flow Statement

As a wholly owned subsidiary of The Royal Bank of Scotland Group plc which publishes a cash flow statement, the company is not required to produce a cash flow statement as prescribed in paragraph 8(c.) of Financial Reporting Standard 1 (Revised).

(d) British Government Securities

Investment debt securities are held by the company with the intention to use them on a continuing basis in the company's activities. The investment debt securities are held at cost less provision for impairment in accordance with FRS 11.

2 Ultimate Parent Company

The company's ultimate parent company and controlling party 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.

3 Related Party Transactions

The company is a wholly owned subsidiary of the Royal Bank of Scotland Group plc and has applied the exemption in paragraph 3 (c) of FRS 8 "Related Party Disclosures". This exemption permits the non-disclosure of transactions and balances with related parties that are included in the consolidated financial statements of The Royal Bank of Scotland Group plc.

NOTES TO THE ACCOUNTS

4 PROFIT ON ORDINARY ACTIVITIES BEFORE TAXATION

The auditors' remuneration is borne by the parent company, The Royal Bank of Scotland plc.
None of the directors received any emoluments in respect of their services to the company in the current year or preceeding period.
The company did not make any loans to its directors during the year.
The company had no employees during the current year or preceeding period.

5 TAX ON PROFIT ON ORDINARY ACTIVITIES

	2001 £	2000 £
Corporation Tax	<u>(1,813)</u>	<u>(297)</u>

The tax charge for the current year has been based on an average Corporation Tax rate of 30% (2000-30%).

6 Investments

	31-Dec-01 Book Value £	31-Dec-01 Valuation £	31-Dec-00 Book Value £	31-Dec-00 Valuation £
British Government Securities				
Due one year and over	<u>99,999</u>	<u>97,000</u>	<u>99,999</u>	<u>98,000</u>
	<u>99,999</u>	<u>97,000</u>	<u>99,999</u>	<u>98,000</u>
Listed on a recognised UK Exchange	<u>99,999</u>	<u>97,000</u>	<u>99,999</u>	<u>98,000</u>
	<u>99,999</u>	<u>97,000</u>	<u>99,999</u>	<u>98,000</u>

Movements in British Government Securities held as investments were as follows:

	Book Value £000's
As at 31 December 2000	99,999
Additions	-
As at 31 December 2001	<u>99,999</u>

R.B. Bishopsgate Investments Ltd

NOTES TO THE ACCOUNTS

	31-Dec-01	31-Dec-00
7 DEBTORS	£	£
Amounts due by group undertakings	<u>3,080</u>	<u>992</u>

8 CREDITORS: Amounts falling due within one year

	31-Dec-01	31-Dec-00
	£	£
Corporation Tax Payable	<u>1,449</u>	<u>297</u>

9 SHARE CAPITAL

Ordinary Shares of £1 each

	31-Dec-01	31-Dec-00
	£	£
Authorised	<u>2,250,000,000</u>	<u>2,250,000,000</u>
Allotted, called up and fully paid	<u>100,000</u>	<u>100,000</u>

10 RECONCILIATION OF MOVEMENTS IN SHAREHOLDERS' FUNDS

	31-Dec-01	31-Dec-00
	£	£
Profit for the financial year	4,231	695
Dividends	-	(19,608)
Opening shareholders' funds	<u>100,695</u>	<u>119,608</u>
Closing shareholders' funds	<u>104,926</u>	<u>100,695</u>