

UBERIOR TRUSTEES LTD

REPORT AND ACCOUNTS

29TH FEBRUARY, 2000



COMPANY NUMBER 45153

REPORT OF THE DIRECTORS

The Directors have pleasure in submitting their report of the above Nominee Company for the year ended 29th February, 2000.

The Nominee Company, which is limited by Guarantee and does not have a Share Capital, is not a Subsidiary Company of the Bank of Scotland. It operates only in a fiduciary capacity, the title and property held in the Nominee Company being deemed to be held on behalf of the Bank of Scotland.

The Nominee Company during the year had no cash transactions, (all fees received having been paid to Bank of Scotland and all expenses incurred having been paid by Bank of Scotland) and made no profits. No Profit and Loss Account or Balance Sheet has therefore been prepared.

Directors and their interests

The Directors at the date of this report are stated below. The following appointments and resignations occurred during the year and up to the date of signing the directors' report.

Mr A. F. Johnston, Mr G. J. Kerr, Ms L. Pierce, Ms R. E. Atkinson, Mr I. R. Harris and Mr R. A. Anderson resigned as Directors on 28th April 1999. Mr J. McCann was appointed as a Director on 28th April 1999. Mr R. A. Greenshields, Mr M. H. Lloyd and Mr A. J. Wright served as Directors from their appointment on 28th April 1999 until their resignation on 24th September 1999. Mr R. N. Boden served as a Director from his appointment on 8th July 1999 until his resignation on 24th September 1999. Mr D. J. H. Malcolm served as a Director from his date of appointment 8th July 1999 until his resignation on 31st August 2000. Mr W. G. Grieve was appointed as a Director on 8th July 1999. Mr K. A. Ellis and Mr J. Docherty were appointed as Directors on 24th September 1999 and 5th October 1999 respectively. Mr I. W. St. C. Scott and Mr J. S. Hunter resigned as Directors on 31st August 2000 and 1st September 2000 respectively. The remaining Directors served throughout the year.

No other Director had an interest in the shares of the Company, nor in the Preference Stocks of The Governor and Company of the Bank of Scotland ("Bank of Scotland"), the Company's parent undertaking, nor in the shares of any other undertakings in the Bank of Scotland group, at any time during the year.

The company secretary, Ms L. J. W. Black resigned on 1st September 2000, and on this date, Ms H. M. Lakin was appointed as company secretary.

Directors' beneficial interests in the ordinary stock units of Bank of Scotland were as follows:

| | <u>At 28th February, 1999</u> <u>or at date of appointment</u> <u>Ordinary Stock Units of 25p each</u> | <u>At 29th February, 2000</u> <u>Ordinary Stock Units of 25p each</u> |
|------------------------------|--|--|
| Robert Hunter | 8,670 | 6,172 |
| John Docherty | - | - |
| Kenneth Andrew Ellis | - | - |
| John McCann | 1,456 | 367 |
| John Stewart Hunter | 118,342 | 166,971 |
| Iain William St. Clair Scott | 164,210 | 237,259 |
| David James Hendry Malcolm | - | - |
| William Graham Grieve | - | - |

Directors and their interests (Continued)

Options to subscribe for Ordinary Stock of Bank of Scotland were granted to or exercised by directors during the year to 29th February, 2000 as follows:-

Executive Stock Options held by Directors

| | <u>#Options held</u> <u>as at 1st March, 1999</u> | <u>#Options</u> <u>Granted</u> | <u>#Options</u> <u>Exercised</u> | <u>#Options held</u> <u>as at 29th February, 2000</u> |
|------------------------------|--|-----------------------------------|-------------------------------------|--|
| Robert Hunter | 8,500 | - | 8,500 | - |
| John Docherty | - | - | - | - |
| Kenneth Andrew Ellis | - | - | - | - |
| John McCann | - | 2,000 | - | 2,000 |
| John Stewart Hunter | 122,000 | - | 55,000 | 67,000 |
| Iain William St. Clair Scott | 206,650 | - | 120,000 | 86,650 |
| David James Hendry | 4,900 | - | 2,500 | 2,400 |
| Malcolm | | | | |
| William Graham Grieve | - | - | - | - |

Ordinary Stock units of 25p each

Bank of Scotland policy is to make an annual grant of options over the ten year life of the Executive Stock Option Scheme.

Savings Related Stock Options held by Directors

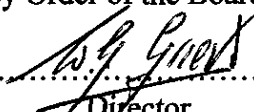
| | <u>#Options held</u> <u>As at 1st March, 1999</u> | <u>#Options</u> <u>Granted</u> | <u>#Options</u> <u>Exercised</u> | <u>#Options held</u> <u>as at 29th February, 2000</u> |
|------------------------------|--|-----------------------------------|-------------------------------------|--|
| Robert Hunter | 4,159 | - | 2,721 | 1,438 |
| John Docherty | 431 | 128 | - | 559 |
| Kenneth Andrew Ellis | 2,194 | - | - | 2,194 |
| John McCann | 3,572 | 773 | - | 4,345 |
| John Stewart Hunter | 11,229 | 554 | - | 11,783 |
| Iain William St. Clair Scott | - | - | - | - |
| David James Hendry Malcolm | 2,286 | 101 | 1,474 | 913 |
| William Graham Grieve | 340 | 322 | - | 662 |

Ordinary Stock units of 25p each

Auditors

In accordance with the provisions of Section 386 of the Companies Act 1985, the Company has elected to dispense with the obligation to appoint auditors annually. Accordingly, KPMG will continue in office as auditors.

By Order of the Board,

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Director

15/12, 2000

Registered Office

The Mound,
Edinburgh,
EH1 1YZ

STATEMENT OF DIRECTORS' RESPONSIBILITIES IN RESPECT OF THE ACCOUNTS

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 for that period. In preparing those accounts, 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 accounts on the going concern basis unless it is inappropriate to presume that the company will continue in business.

The Directors have responsibility 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 accounts comply with the Companies Act 1985. They have general responsibility for taking such steps as are reasonably open to them to safeguard the assets of the Company and to prevent and detect fraud and other irregularities.

REPORT OF THE AUDITORS TO THE MEMBERS OF
UBERIOR TRUSTEES LTD

Respective responsibilities of directors and auditors

The directors are responsible for preparing the directors' report and, as described on page 4, the accounts in accordance with applicable United Kingdom law and accounting standards. Our responsibilities, as independent auditors, are established in the United Kingdom by statute, the Auditing Practices Board and by our profession's ethical guidance.

We report to you our opinion as to whether the accounts 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 accounts, 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.

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 accounts. It also includes an assessment of the significant estimates and judgements made by the directors in the preparation of the accounts, 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 accounts 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 accounts.

Opinion

In our opinion the accounts give a true and fair view of the state of the Company's affairs as at 29th February, 2000 and have been properly prepared in accordance with the Companies Act 1985.

KPMG Audit Plc

KPMG Audit Plc
Chartered Accountants
Registered Auditor
Edinburgh.

15 December, 2000