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WEST REGISTER (PROPERTY INVESTMENTS) LIMITED

DIRECTORS' REPORT AND ACCOUNTS

30 SEPTEMBER 1996

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WEST REGISTER (PROPERTY INVESTMENTS) LIMITED

DIRECTORS:

Derek Stephen Sach
Robert Henry Beattie
David Edmund Cartledge
Ernest Michael Sheavills
Grahame Taylor Whitehead

SECRETARY:

Alan Ewing Mills

REGISTERED OFFICE:

42 St Andrew Square
EDINBURGH
EH2 2YE

TELEPHONE:

0131 556 8555

Registered in Scotland No 140588

WEST REGISTER (PROPERTY INVESTMENTS) LIMITED

1. Report of the Directors

The directors present their annual report and audited accounts for the year ended 30 September 1996.

2. Business Review

The principle activity of the Company is that of a property investment company. The Company has disposed of and acquired several investment properties during the year.

3. Dividends

The loss for the year was £1,674,900. The Directors do not recommend the payment of a dividend. (1995: Nil).

4. Directors

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

5. 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 period. 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;
- prepare the financial statements on the going 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.

WEST REGISTER (PROPERTY INVESTMENTS) LIMITED

6. Directors' Interests

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

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

	At 1 October 1995 (or date of appointment if later)	At 30 September 1996
R H Beattie	9,977	14,167
D E Cartledge	-	1,206
D S Sach	13,000	19,786
E M Sheavills	9,225	12,543
G T Whitehead	27,594	89,805

Options to subscribe for ordinary shares of 25p each in The Royal Bank of Scotland Group plc granted to and exercised by directors during the year to 30 September 1996 are included in the table below:-

	At 1 October 1995 (or date of appointment if later)	Options Granted		Options Exercised		At 30 September 1996
		Number	Price £	Number	Price £	
R H Beattie	9,778	1,039	4.18	3,108	1.52	7,709
D E Cartledge	2,156	-	-	-	-	2,156
D S Sach	80,390	63,000	5.35	-	-	143,390
E M Sheavills	83,161	19,000	5.35	30,000	2.65	
		825	4.18	-	-	72,986
G T Whitehead	162,837	47,000	5.35	2,417	1.52	
		808	4.18	12,500	1.50	
		-	-	20,000	1.65	
		-	-	105,000	2.65	70,728

No director had an interest in any of the preference shares of The Royal Bank of Scotland Group plc during the year to 30 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, including the Company.

WEST REGISTER (PROPERTY INVESTMENTS) LIMITED

7. 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, either directly or through its operating subsidiaries, 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.

8. Auditors

Messrs Coopers & Lybrand, the auditors of the Company, have indicated their willingness to continue in office and resolutions to re-appoint them and to authorise the directors to fix their remuneration will be proposed at the Annual General Meeting.

By Order of the Board



A E Mills
Secretary
19 November 1996

REPORT OF THE AUDITORS
TO THE MEMBERS OF WEST REGISTER (PROPERTY INVESTMENTS)
LIMITED

We have audited the accounts on pages 6 to 12 in accordance with Auditing Standards.

Respective responsibilities of directors and auditors

As described on page 2 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 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 30 September 1996 and of its loss for the year then ended and have been properly prepared in accordance with the Companies Act 1985.



Coopers & Lybrand
Chartered Accountants & Registered Auditors
London
19 November 1996

WEST REGISTER (PROPERTY INVESTMENTS) LIMITED
PROFIT AND LOSS ACCOUNT
FOR THE YEAR ENDED 30 SEPTEMBER 1996

	<u>Note</u>	<u>1996</u>	<u>1995</u>
		£	£
Rental Receivable		811,867	956,031
Other Income		-	7,000
Administrative Expenses		(230,441)	(90,505)
		<hr/>	<hr/>
Operating Profit		581,426	872,526
Interest Payable and Similar Charges		(975,061)	(819,340)
Interest Receivable and Similar Income		14,970	2,745
		<hr/>	<hr/>
(LOSS) / PROFIT ON ORDINARY ACTIVITIES	2	(378,665)	55,931
Loss on Disposal of Fixed Assets		<u>(1,400,000)</u>	<hr/> -
(LOSS) / PROFIT BEFORE TAXATION		(1,778,665)	55,931
Tax Credit / (Charge) on Losses / Profits	3	103,765	(25,388)
		<hr/>	<hr/>
(LOSS) / PROFIT AFTER TAXATION		<u>(1,674,900)</u>	<u>30,543</u>

All items on the profit and loss account relate to continuing operations. There is no difference between the loss on ordinary activities before taxation and the retained loss for the year stated above and their historical cost equivalents.

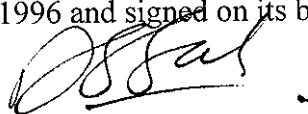
The Company has no recognised gains and losses in the period ended 30 September 1996 other than the loss for the period. Therefore, a separate statement of total recognised gains and losses has not been presented.

WEST REGISTER (PROPERTY INVESTMENTS) LIMITED
BALANCE SHEET
AT 30 SEPTEMBER 1996

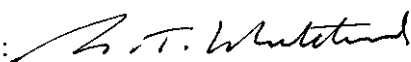
	<u>Note</u>	<u>1996</u> £	<u>1995</u> £
FIXED ASSETS			
Investment Properties	4	10,946,574	10,580,000
Investments	5	<u>4,400,000</u>	<u>-</u>
		15,346,574	10,580,000
CURRENT ASSETS			
Due from Parent Undertaking		151,031	-
Other Debtors	6	379,683	184,173
		<u>530,714</u>	<u>184,173</u>
CREDITORS: AMOUNTS FALLING DUE WITHIN ONE YEAR			
Due to Parent Undertaking		16,666,673	10,124,658
Other creditors	7	438,753	192,753
		<u>17,105,426</u>	<u>10,317,411</u>
NET CURRENT LIABILITIES		(16,574,712)	(10,133,238)
NET (LIABILITIES) / ASSETS		<u>(1,228,138)</u>	<u>446,762</u>
CAPITAL AND RESERVES			
Share Capital	8	2	2
Profit and Loss Account	9	(1,353,667)	159,084
Investment Revaluation Reserve		125,527	287,676
Equity Shareholders' Funds	10	<u>(1,228,138)</u>	<u>446,762</u>

The financial statements on pages 6 to 12 were approved by the Board of Directors on 19 November 1996 and signed on its behalf by:

Director :



Director :



WEST REGISTER (PROPERTY INVESTMENTS) LIMITED
NOTES ON THE FINANCIAL STATEMENTS

1. PRINCIPAL ACCOUNTING POLICIES

The accounts have been prepared in accordance with applicable Accounting Standards in the United Kingdom. A summary of the more important accounting policies is set out below.

(a) Basis of Accounting

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

(b) Taxation

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

(c) Deferred Taxation

Deferred taxation is provided on timing differences, arising from the different treatment of items for accounting and taxation purposes, which are expected to reverse in the future, calculated at the rates at which it is expected that tax will arise.

(d) Rental Receivable

Rental Receivable represents the total value of rents receivable, exclusive of value added tax.

(e) Investment Properties

Investment properties are revalued to open market value annually and the aggregate surplus or deficit is transferred to a revaluation reserve. Any permanent diminution in the value of investment properties is charged to the profit and loss account to the extent that a deficit exceeds revaluation surpluses.

No depreciation is provided in respect of freehold and leasehold (with over 20 years to run) investment properties. The Directors consider that this accounting policy results in the accounts giving a true and fair view. Depreciation is only one of many factors reflected in the valuation and the amount which might otherwise have been shown cannot be separately identified or quantified.

WEST REGISTER (PROPERTY INVESTMENTS) LIMITED
NOTES ON THE FINANCIAL STATEMENTS

(f) Cash Flow Statement

The Company is a wholly owned subsidiary of The Royal Bank of Scotland plc and the cash flows of the Company are included in the consolidated group cash flow statement of The Royal Bank of Scotland Group plc, the Company's ultimate parent undertaking. Consequently the Company is exempt under the terms of Financial Reporting Standard No 1 from publishing a cash flow statement.

2. PROFIT ON ORDINARY ACTIVITIES BEFORE TAXATION

Profit on ordinary activities before taxation is stated after charging the following:

	<u>1996</u> £	<u>1995</u> £
Auditors' Remuneration	<u>2,150</u>	<u>2,100</u>

The Directors received no emoluments from the Company during the period.

The Company has no employees.

3. TAXATION

	<u>1996</u> £	<u>1995</u> £
Taxation (charge) / credit based on (Loss)/Profit for the year of the Company		
Group relief at 33%	151,031	(65,724)
Underaccrual in prior year	-	(6,930)
Deferred tax	(47,266)	47,266
	<u>103,765</u>	<u>(25,388)</u>

WEST REGISTER (PROPERTY INVESTMENTS) LIMITED
NOTES ON THE FINANCIAL STATEMENTS

4. INVESTMENT PROPERTIES

	<u>1996</u> £	<u>1995</u> £
At 1 October	10,580,000	10,230,000
Additions at cost	7,504,099	350,000
(Deficit) arising on Revaluation	(162,149)	-
Disposals	<u>(6,975,376)</u>	-
At 30 September	<u>10,946,574</u>	<u>10,580,000</u>
Freehold properties	6,834,474	10,580,000
Leasehold properties	<u>4,112,100</u>	-
At 30 September	<u>10,946,574</u>	<u>10,580,000</u>

The Company's properties were valued at 30 September 1996 by qualified Chartered Surveyors employed by the parent Company on an open market basis, and approved by the Directors. The valuations were carried out in accordance with the Statement of Asset Valuation Practice and Guidance Notes (third edition) published by the Royal Institution of Chartered Surveyors. The Company has revalued its properties on the basis of these valuations.

5. INVESTMENTS

	<u>1996</u> £	<u>1995</u> £
Investments - listed on recognised UK stock exchange	<u>4,400,000</u>	<u>-</u>
Market Value at 30 September	<u>3,920,000</u>	<u>-</u>

6. OTHER DEBTORS

	<u>1996</u> £	<u>1995</u> £
Amounts Falling Due Within One Year		
Other debtors comprise:		
Sundry Debtors	108,209	119,907
Prepayments & Accrued Income	271,474	64,266
	<u>379,683</u>	<u>184,173</u>

WEST REGISTER (PROPERTY INVESTMENTS) LIMITED
NOTES ON THE FINANCIAL STATEMENTS

7. OTHER CREDITORS

	<u>1996</u>	<u>1995</u>
	£	£
Other Creditors comprise:		
VAT payable	30,918	9,775
Accruals and deferred income	367,326	182,978
Sundry creditors	<u>40,509</u>	-
	<u>438,753</u>	<u>192,753</u>

8. SHARE CAPITAL

	<u>Authorised</u>	Share capital allotted, called up and <u>fully paid</u>
At 30 September 1996 & 30 September 1995		
Ordinary Shares of £1 each	<u>1,000</u>	<u>2</u>

9. RESERVES

	Profit & Loss Account £	Investment Revaluation Reserve £
At 1 October 1995	159,084	287,676
Retained Loss for the Year	(1,674,900)	-
Transfer on sale of properties	162,149	(162,149)
At 30 September 1996	<u>(1,353,667)</u>	<u>125,527</u>

10. RECONCILIATION OF MOVEMENTS IN SHAREHOLDERS' FUNDS

	<u>1996</u>	<u>1995</u>
	£	£
Opening Shareholders' Funds	446,762	416,219
Retained Loss for the year	(1,674,900)	30,543
Closing Shareholders' Funds	<u>(1,228,138)</u>	<u>446,762</u>

WEST REGISTER (PROPERTY INVESTMENTS) LIMITED
NOTES ON THE FINANCIAL STATEMENTS

11. SUBSIDIARY COMPANY

The Company has one subsidiary company, West Register (Land) Limited, which is wholly owned and is registered in Scotland. It has share capital consisting solely of ordinary shares and is engaged in holding and managing assets on behalf of The Royal Bank of Scotland plc.

West Register (Land) Limited generated a loss on ordinary activities after taxation for the period of £680,725 and has total share capital and reserves of (£213,137).

Consolidated accounts have not been submitted as the Company is a wholly owned subsidiary of The Royal Bank of Scotland Group plc which itself prepared consolidated accounts.

12. ULTIMATE PARENT UNDERTAKING

The Company's ultimate parent undertaking is The Royal Bank of Scotland Group plc, a company incorporated in Great Britain and registered in Scotland. Copies of the ultimate parent's consolidated financial statements may be obtained from The Secretary, The Royal Bank of Scotland Group plc, 36 St. Andrew Square Edinburgh.