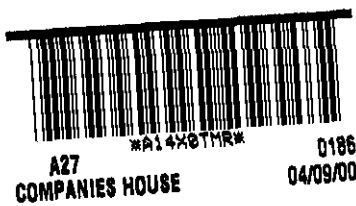


Company No: 2279591

**GREENWICH NATWEST LIMITED**

**REPORT AND ACCOUNTS**

**31 DECEMBER 1999**



## **GREENWICH NATWEST LIMITED**

### **REPORT OF THE DIRECTORS**

The directors present their annual report together with the audited accounts of the Company for the year ended 31 December 1999.

### **PRINCIPAL ACTIVITY AND REVIEW OF BUSINESS**

The principal activity of the Company is to act as agent for National Westminster Bank Plc in the business of the creation, trading and distribution of capital markets products. The Company is a member of the Securities and Futures Association and the London Stock Exchange.

### **RESULTS AND DIVIDENDS**

The profit for the year on ordinary activities before taxation amounted to £Nil (1998: £Nil). The directors do not recommend the payment of a final dividend (1998: £Nil).

### **DIRECTORS**

The directors who held office during the financial year were as follows:

F Canelas

N S Coulbeck

J E Goldthorpe

A F Irby (resigned as a director on 13 May 1999)

R G Milne (resigned as alternate director on 13 May 1999)

S A Sinacore

J E Goldthorpe was removed as a director on 14 March 2000.

## GREENWICH NATWEST LIMITED

### REPORT OF THE DIRECTORS (continued)

#### DIRECTORS' INTERESTS

The interests, all beneficial, of those who were directors at 31 December 1999 in the Ordinary Shares of National Westminster Bank Plc were:-

#### Ordinary Shares of £1 each

				SHARE OPTIONS				
	As at 1 January 1999	As at 31 December 1999	As at 1 January 1999	Granted during the year		Exercised During the Year		As at 31 Decembe 1999
				Options	Price (p)	Options	Price (p)	
N S Coulbeck	1	1	23,664	-	-	-	-	23,664

Options outstanding are exercisable at share prices between 493p and 590p per share. Options granted under the National Westminster Bank Plc Executive Share Option Schemes are exercisable subject to the achievement of stretching performance conditions.

None of the directors in office at 31 December 1999 held any interest in the share or loan capital of the Company or any other group company.

#### MEDIUM TERM EQUITY PLAN

During 1999, certain NatWest Group employees were granted potential awards under the Medium Term Equity Plan. This is a type of Employee Share Ownership Plan funded by National Westminster Bank Plc and administered by an independent trustee. The awards are subject to stretching performance criteria.

As at 31 December 1999, 1,527,727 (1998: 1,487,592) shares were held by the independent trustee for the Plan and, in the terms of the trust deed setting up the Plan, all employees and directors are deemed to have an interest as potential discretionary beneficiaries in those Ordinary Shares.

## **GREENWICH NATWEST LIMITED**

### **REPORT OF THE DIRECTORS (continued)**

#### **QUALIFYING EMPLOYEE SHARE OWNERSHIP TRUST (QUEST)**

In October 1997 National Westminster Bank Plc established a Qualifying Employee Share Ownership Trust (QUEST) to operate in connection with the National Westminster Bank Plc Savings Related Share Option Scheme. The trustee of the QUEST is NatWest QUEST Limited, a wholly-owned subsidiary of National Westminster Bank Plc.

As at 31 December 1999 20,246 Ordinary Shares were held by the trustee. In the terms of the trust deed setting up the QUEST, all employees and executive directors are deemed to have an interest as potential discretionary beneficiaries in those Ordinary Shares.

#### **PAYMENT OF SUPPLIERS**

The Company's suppliers are vital to its success. We are committed to establishing mutually beneficial relationships with them, based on the same high ethical standards that apply to all our dealings. The Company does not follow any code or standards on payment practice. It is the Company's policy:-

- i) wherever appropriate, to settle the terms of payment when agreeing each transaction;
- ii) to ensure the supplier is aware of the terms; and
- iii) to abide by them.

In all other circumstances, the Company is committed to paying suppliers within 30 days of receipt of a valid invoice.

There were no trade creditors outstanding as at 31 December 1999.

#### **YEAR 2000**

The NatWest Group carried out extensive preparations to ensure that Millennium or Year 2000 problems, resulting from the use of only two digits to identify a year in computer systems and other equipment using embedded chips, did not cause any disruption to normal business operations and transaction processing. Most concern related to the date change on 1 January 2000 and, as a result of the successful preparation and testing programme carried out, all the NatWest Group's systems were fully operational and services to customers uninterrupted over the changeover date and subsequently. A possibility remains that problems may still be identified, either in the NatWest Group's systems or in those of its counterparties, suppliers or customers, but we remain confident that the NatWest Group's preparations and contingency plans will prevent any significant business disruption.

## **GREENWICH NATWEST LIMITED**

### **REPORT OF THE DIRECTORS (continued)**

#### **OFFER FROM ROYAL BANK OF SCOTLAND GROUP PLC**

On 29 November 1999 The Royal Bank of Scotland Group plc ("RBS") announced an offer for all of the ordinary shares of National Westminster Bank Plc ("NatWest"), the Company's ultimate parent undertaking. This offer was increased on 31 January 2000 and on 14 February 2000 RBS announced that NatWest shareholders holding 60.05% of NatWest's ordinary shares had accepted the increased offer. The offer from RBS was approved by its own shareholders at an Extraordinary General Meeting of RBS held on 28 February 2000 and RBS acquired control of NatWest on 6 March 2000.

#### **AUDITORS**

The Company has passed an Elective Resolution to dispense with the annual appointment of auditors; accordingly KPMG Audit Plc remain in office.

By Order of the Board



P E Bartlett  
Secretary

27 March 2000

## DIRECTORS' STATEMENT OF RESPONSIBILITIES FOR FINANCIAL REPORTING

The following statement which should be read in conjunction with the report of the auditors set out below, is made to enable shareholders to distinguish the respective responsibilities of the directors and of the auditors in relation to the financial statements.

The directors are required by the Companies Act 1985 to prepare, for each financial year, financial statements 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 for that financial year.

The directors confirm that the financial statements set out on pages 8 to 11 have been prepared on the going concern basis and consider that, in preparing those financial statements, the Company has used appropriate accounting policies, consistently applied and supported by reasonable and prudent judgements and estimates, and that all accounting standards which they consider to be applicable have been followed.

The directors have responsibility for ensuring that the Company keeps accounting records which disclose with reasonable accuracy the financial position of the Company and which enable them to ensure that the financial statements comply with the Companies Act 1985.

The Board of Directors is responsible for the Company's system of internal financial control. The responsibility for its day-to-day operation is delegated to executive management which has established and disseminated clearly defined Company policies and standards. The Company's system of internal financial control, which includes procedures such as physical controls, segregation of duties, credit, trading and other authorisation limits throughout the Company, is designed to provide reasonable, but not absolute, assurance

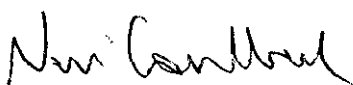
- as to the reliability and integrity of the financial statements
- that assets are safeguarded and only authorised transactions are entered into
- that fraud and other irregularities are prevented and detected.

In devising internal financial controls, the Company has regard to the materiality of the relevant financial risk, the likelihood of the risk crystallising, and the costs of control.

The system of internal control is subject to close scrutiny by management and internal audit. Responsibility for audit and compliance has been delegated to the Audit and Compliance Committee of the Board. The Greenwich NatWest Markets Audit and Compliance Committee acting as the Committee of the Board meets periodically with internal audit to discuss the nature, scope and results of its work. This Committee has reviewed the effectiveness of the Company's system of internal financial controls that operated during 1999.

KPMG Audit Plc the independent auditors appointed by the shareholders of the Company to audit the financial statements, have full and unrestricted access to the NatWest Markets Audit and Compliance Committee to discuss their audit and related findings as to the integrity of the Company's financial reporting and the adequacy of the system of internal financial control. Both internal audit and KPMG Audit Plc have access to the Committee at anytime to discuss matters they believe may be of significance.

For and on behalf of the Board of Directors



N S Coulbeck  
27 March 2000

## GREENWICH NATWEST LIMITED

We have audited the financial statements on pages 8 to 11.

### **Respective responsibilities of directors and auditor**

The directors are responsible for preparing the directors' report and, as described on page 6, the financial statements 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 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 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 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 1999 and have been properly prepared in accordance with the Companies Act 1985.

*KPMG Audit Plc*

**KPMG Audit Plc**

Chartered Accountants

Registered Auditor

8 Salisbury Square

London EC4Y 8BB

*27 March* 2000

## **GREENWICH NATWEST LIMITED**

### **Profit and loss account for the year ended 31 December 1999**

During the financial year and the preceding financial year the company traded only as an agent for National Westminster Bank Plc and did not trade on its own account. Consequently, during these years the company made neither a profit nor a loss.

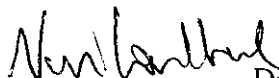
The company had no recognised gains or losses for the year.



**GREENWICH NATWEST LIMITED**  
**BALANCE SHEET**  
**31 DECEMBER 1999**

	Note	1999 £000	1998 £000
<b>CURRENT ASSETS</b>			
Cash at bank and in hand		<u>102</u>	<u>102</u>
<b>CAPITAL AND RESERVES</b>			
Called-up share capital	5	<u>102</u>	<u>102</u>

These financial statements were approved by the Board of Directors on 27th March 2000 and were signed on its behalf by:

  
..... Director

N S Coulbeck

**GREENWICH NATWEST LIMITED**  
**NOTES TO THE FINANCIAL STATEMENTS**  
**31 DECEMBER 1999**

**1. ACCOUNTING POLICIES**

The financial statements have been prepared in accordance with applicable accounting standards and under the historical cost accounting rules.

**2. DIRECTORS' REMUNERATION**

None of the directors received any remuneration for their services to the company during the year.

**3. AUDITORS' REMUNERATION**

Audit fees are borne by National Westminster Bank Plc.

**4. STAFF NUMBERS AND COSTS**

The average number of employees during the year was Nil (1998:nil).

**5. CALLED-UP SHARE CAPITAL**

	1999 £000	1998 £000
<b>Authorised:</b>		
Ordinary shares of £1 each	<u>1,000</u>	<u>1,000</u>
<b>Allotted, called up and fully paid:</b>		
Ordinary shares of £1 each	<u>102</u>	<u>102</u>

**GREENWICH NATWEST LIMITED**  
**NOTES TO THE FINANCIAL STATEMENTS**  
**31 DECEMBER 1999**

**6. ULTIMATE PARENT COMPANY**

The company is a wholly owned subsidiary undertaking of National Westminster Bank Plc, a company registered in England and Wales. National Westminster Bank Plc prepares group accounts which incorporate a Cash Flow Statement and segmental information. Accordingly the directors have elected not to present the following:

- a) Cash Flow Statement, and
- b) Segmental information

As the company is a wholly owned subsidiary undertaking of National Westminster Bank Plc, it has taken advantage of the exemption provided by FRS 8 not to disclose transactions with its parent and fellow subsidiary undertakings.

The consolidated accounts of National Westminster Bank Plc are available to the public and may be obtained from Company Secretary, National Westminster Bank Plc, 41 Lothbury, London EC2P 2BP.

On 6 March 2000 Royal Bank of Scotland Group plc acquired control of National Westminster Bank Plc, as explained more fully in the Report of the Directors.