

671321

LOMBARD NORTH CENTRAL WHEELEASE LIMITED

REPORT AND FINANCIAL STATEMENTS

FOR THE YEAR ENDED 30 SEPTEMBER 2002



Lombard North Central Wheelease Limited is registered in England and Wales No. 671321
Registered Office: 3 Princess Way, Redhill, Surrey, RH1 1NP.

LOMBARD NORTH CENTRAL WHEELEASE LIMITED

DIRECTORS

C G Knowles

N Pearce

J D Stuart

C P Sullivan

SECRETARY

C J Whittaker

LOMBARD NORTH CENTRAL WHEELEASE LIMITED

DIRECTORS' REPORT

The directors have pleasure in submitting their report and the financial statements for the year ended 30 September 2002.

PRINCIPAL ACTIVITY

The principal activity of the company is the provision of credit finance by way of leasing.

BUSINESS REVIEW

The net amount financed under all forms of financial agreements entered into during the year was £nil. The results for the year are set out in the profit and loss account on page 6.

The directors have approved an interim dividend of £75,000.

The company traded profitably during the year under review and the directors expect that it will continue to do so.

DIRECTORS

The present directors are as shown on page 1.

DIRECTORS' INTERESTS

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

The following director was beneficially interested in:

The Royal Bank of Scotland Group plc ("RBSG") Ordinary shares of £0.25 each

	Shareholdings			Share Options				As at 30 September 2002
	As at 1 October 2001	As at 30 September 2002	As at 1 October 2001	Granted during the period Options	Price	Exercised during the period Options	Price	
J D Stuart	644	1,244	14,464	588	17.18	599	3.45	22,465
				4,112	17.18			
				102	18.18			
				3,798	18.18			

As at 30 September 2002 Mr J D Stuart also held 1,186 Additional Value Shares and 2,148 Floating Rate Unsecured Loan Notes 2005 in RBSG.

LOMBARD NORTH CENTRAL WHEELEASE LIMITED

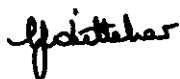
DIRECTORS' REPORT

DIRECTORS' INTERESTS (CONTINUED)

At the year end Mr C G Knowles, Mr N Pearce and Mr C P Sullivan were also directors of the immediate parent undertaking, Lombard North Central PLC, a company which is itself required to keep a register of directors' interests. The directors were not therefore required to notify their interests in the shares or debentures of The Royal Bank of Scotland Group plc group undertakings to the company.

No other interests in the share or loan capital of The Royal Bank of Scotland Group plc group undertakings have been notified by any director.

By order of the board



Carolyn J Whittaker
Secretary

8 April 2003

LOMBARD NORTH CENTRAL WHEELEASE LIMITED

STATEMENT OF DIRECTORS' RESPONSIBILITIES

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

- i. select suitable accounting policies and then apply them consistently;
- ii. make judgements and estimates that are reasonable and prudent;
- iii. state whether applicable accounting standards have been followed; and
- iv. 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 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.

INDEPENDENT AUDITORS' REPORT TO THE MEMBERS OF

LOMBARD NORTH CENTRAL WHEELEASE LIMITED

We have audited the financial statements of Lombard North Central Wheelease Limited for the year ended 30 September 2002 which comprise the profit and loss account, the balance sheet and the related notes 1 to 15. These financial statements have been prepared under the accounting policies set out therein.

This report is made solely to the company's members, as a body, in accordance with section 235 of the Companies Act 1985. Our audit work has been undertaken so that we might state to the company's members those matters we are required to state to them in an auditors' report and for no other purpose. To the fullest extent permitted by law, we do not accept or assume responsibility to anyone other than the company and the company's members as a body, for our audit work, for this report, or for the opinions we have formed.

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 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 30 September 2002 and of its profit for the year then ended and have been properly prepared in accordance with the Companies Act 1985.

Deloitte & Touche

Deloitte & Touche

Chartered Accountants and Registered Auditors

Crawley, 29/4/2003

LOMBARD NORTH CENTRAL WHEELEASE LIMITED

PROFIT AND LOSS ACCOUNT

FOR THE YEAR ENDED 30 SEPTEMBER 2002

	Note	2002 £'000	2001 £'000
Turnover	2	65	382
Operating charges		<u>(20)</u>	<u>(24)</u>
Operating profit	3	45	358
Interest receivable	4	82	-
Interest payable	5	<u>-</u>	<u>(122)</u>
Profit on ordinary activities before taxation		127	236
Taxation charge on profit on ordinary activities	7	<u>(38)</u>	<u>(71)</u>
Profit on ordinary activities after taxation		89	165
Dividends	8	<u>(75)</u>	<u>(300)</u>
Retained profit/(loss) for the financial year	11	<u>14</u>	<u>(135)</u>

All items dealt with in arriving at Profit on ordinary activities before taxation for 2002 and 2001 arise from continuing operations.

RECOGNISED GAINS AND LOSSES

There are no recognised gains or losses other than the profit attributable to shareholders of the company of £89,000 in the year ended 30 September 2002 and of £165,000 in the year ended 30 September 2001.

The notes on pages 8 to 12 form part of these financial statements.

LOMBARD NORTH CENTRAL WHEELEASE LIMITED

BALANCE SHEET

AT 30 SEPTEMBER 2002

	Note	2002 <u>£'000</u>	2001 <u>£'000</u>
<u>ASSETS</u>			
CURRENT ASSETS			
Debtors falling due within one year	9	<u>2,060</u>	<u>4,577</u>
<u>LIABILITIES</u>			
CAPITAL AND RESERVES			
Called up share capital	10	25	25
Profit and loss account	11	<u>28</u>	<u>14</u>
TOTAL EQUITY SHAREHOLDERS' FUNDS	12	53	39
PROVISIONS FOR LIABILITIES AND CHARGES			
Deferred taxation	13	-	2
CREDITORS	14	<u>2,007</u>	<u>4,536</u>
		<u>2,060</u>	<u>4,577</u>

The financial statements were approved at a meeting of the board of directors
on 8 April 2003 and were signed on their behalf by:



Christopher Paul Sullivan

Director

All of the above share capital relates to equity funds.

The notes on pages 8 to 12 form part of these financial statements.

LOMBARD NORTH CENTRAL WHEELEASE LIMITED

NOTES TO THE FINANCIAL STATEMENTS

1. ACCOUNTING POLICIES

a. Accounting Convention

The financial statements have been prepared upon the basis of historical cost and in accordance with applicable accounting standards.

b. Finance Leases

Assets made available to third parties under finance leases are treated as amounts receivable.

Income from finance leases is credited to the profit and loss account in proportion to the funds invested.

c. Deferred Taxation

The company has implemented Financial Reporting Standard 19, 'Deferred Tax'. Deferred tax is now provided in full, without discounting, in respect of taxation deferred by timing differences between the treatment of certain items for taxation and accounting purposes.

The previous policy was to provide deferred tax using the liability method on all timing differences to the extent that a tax liability was expected to arise in the future. The change in the accounting policy has not had a material financial effect.

d. Related Party Transactions/Cash Flow Statement

As a wholly owned subsidiary of Lombard North Central PLC, the company has taken advantage of the exemption permitted by Financial Reporting Standard 8, 'Related Party Disclosures', and does not disclose inter company transactions. Similarly, the company is exempted under Financial Reporting Standard 1, 'Cash Flow Statements', from the requirement to prepare a cash flow statement.

2. TURNOVER

- (i) Turnover represents lease income and termination adjustments credited to the profit and loss account during the year, all of which arises in the United Kingdom and is from continuing activities.

	2002	2001
	£'000	£'000
(ii) Aggregate rentals receivable during the year under finance leases	<u>60</u>	<u>353</u>

3. OPERATING PROFIT

There is no charge in this year's financial statements for auditors' remuneration as the fee is to be charged in the financial statements of the immediate parent undertaking (2001 - £nil).

LOMBARD NORTH CENTRAL WHEELEASE LIMITED

NOTES TO THE FINANCIAL STATEMENTS (CONTINUED)

4. INTEREST RECEIVABLE	2002	2001
	<u>£'000</u>	<u>£'000</u>
From group undertakings	<u>82</u>	<u>-</u>

5. INTEREST PAYABLE	2002	2001
	<u>£'000</u>	<u>£'000</u>
On bank loans and overdrafts, and other loans:		
To group undertakings	<u>-</u>	<u>122</u>

6. EMPLOYEES, DIRECTORS' REMUNERATION AND INTERESTS

No emoluments were paid to any director by the company during the year (2001 - £nil).

None of the directors had any material interest in any contract of significance in relation to the business of the company (2001 - £nil).

The company has no employees (2001 - nil).

7. TAXATION CHARGE ON PROFIT ON ORDINARY ACTIVITIES	2002	2001
	<u>£'000</u>	<u>£'000</u>
A) Analysis of charge in the year		
Group relief payable*	40	12
Transfer (from)/to deferred tax (note 13)	(2)	58
Adjustments in respect of prior years:		
Deferred tax (note 13)	-	235
Group relief receivable*	<u>-</u>	<u>(234)</u>
	<u>38</u>	<u>71</u>

* Provision for group relief is made on the assumption that the claimant companies will make payment to the surrendering companies at rates appropriate to the periods in which the losses claimed are utilised.

LOMBARD NORTH CENTRAL WHEELEASE LIMITED

NOTES TO THE FINANCIAL STATEMENTS (CONTINUED)

7. TAXATION CHARGE ON PROFIT ON ORDINARY ACTIVITIES (CONTINUED)

B) Factors affecting the tax charge for the year

Group relief charged for the year is higher than that resulting from applying the standard rate of corporation tax in the UK: 30% (2001-30%). The differences are explained below:

	2002	2001
	<u>£'000</u>	<u>£'000</u>
Profit on ordinary activities before tax	<u>127</u>	<u>236</u>
Profit on ordinary activities multiplied by standard rate of corporation tax in the UK of 30%(2001: 30%)	38	71
Effects of:		
Capital allowances for the year in excess of depreciation	2	(58)
Sundry	-	(1)
Group relief charge for the year (Note 7A)	<u>40</u>	<u>12</u>

8. DIVIDENDS

	2002	2001
	<u>£'000</u>	<u>£'000</u>
Ordinary shares:		
Dividend proposed - 37.5p per ordinary share (2001 - £1.50)	<u>75</u>	<u>300</u>

9. DEBTORS

	2002	2001
	<u>£'000</u>	<u>£'000</u>
Amounts falling due within one year:		
Amounts owed by group undertakings	2,013	4,568
Net investment in finance leases	<u>47</u>	<u>9</u>
	<u>2,060</u>	<u>4,577</u>

LOMBARD NORTH CENTRAL WHEELEASE LIMITED

NOTES TO THE FINANCIAL STATEMENTS (CONTINUED)

10. CALLED UP SHARE CAPITAL

	2002		2001	
	<u>Authorised</u>	Allotted, called up and <u>fully paid</u>	<u>Authorised</u>	Allotted, called up and <u>fully paid</u>
	<u>£</u>	<u>£</u>	<u>£</u>	<u>£</u>
Ordinary shares of £0.125 each	<u>25,000</u>	<u>25,000</u>	<u>25,000</u>	<u>25,000</u>

11. PROFIT AND LOSS ACCOUNT

	<u>£'000</u>
Balance at 1 October 2001	14
Retained profit for the financial year	14
Balance at 30 September 2002	<u>28</u>

12. RECONCILIATION OF MOVEMENTS IN SHAREHOLDERS' FUNDS

	<u>2002</u>	<u>2001</u>
	<u>£'000</u>	<u>£'000</u>
Profit attributable to members of the company	89	165
Dividends	<u>(75)</u>	<u>(300)</u>
Net movement in shareholders' funds	14	<u>(135)</u>
Opening shareholders' funds	39	174
Closing shareholders' funds	<u>53</u>	<u>39</u>

LOMBARD NORTH CENTRAL WHEELEASE LIMITED

NOTES TO THE FINANCIAL STATEMENTS (CONTINUED)

13. DEFERRED TAXATION

	2002	2001
	<u>£'000</u>	<u>£'000</u>
Accelerated capital allowances	<u>-</u>	<u>2</u>
Provision at 1 October 2001	2	
Transfer to profit and loss account (note 7)	(2)	
Balance at 30 September 2002	<u>-</u>	

14. CREDITORS

	2002	2001
	<u>£'000</u>	<u>£'000</u>
Amounts falling due within one year:		
Amounts owed to group undertakings	1,930	4,231
Proposed dividends	75	300
Other creditors	<u>2</u>	<u>5</u>
	<u>2,007</u>	<u>4,536</u>

15. ULTIMATE PARENT UNDERTAKING

The immediate parent undertaking is Lombard North Central PLC, registered in England and Wales. The ultimate parent undertaking and ultimate controlling party is The Royal Bank of Scotland Group plc, registered in Scotland.

Copies of the financial statements of Lombard North Central PLC can be obtained from:
The Secretary, Lombard North Central PLC, 3 Princess Way, Redhill, Surrey, RH1 1NP.

Copies of the financial statements of The Royal Bank of Scotland Group plc can be obtained from:
The Secretary, The Royal Bank of Scotland Group plc, 36 St Andrew Square, Edinburgh, EH2 2YB.