

1196227

CHARTERHOUSE JAPHET FINANCE LIMITED

REPORT AND FINANCIAL STATEMENTS

FOR THE YEAR ENDED 31 DECEMBER 2002



Charterhouse Japhet Finance Limited is registered in England and Wales No. 1196227
Registered Office: 3 Princess Way, Redhill, Surrey. RH1 1NP

CHARTERHOUSE JAPHET FINANCE LIMITED

DIRECTORS

N Pearce

C P Sullivan

SECRETARY

C J Whittaker

CHARTERHOUSE JAPHET FINANCE LIMITED

DIRECTORS' REPORT

The directors have pleasure in submitting their report and the financial statements for the year ended 31 December 2002.

PRINCIPAL ACTIVITY

The company, which is a wholly owned subsidiary of Charterhouse Japhet Credit Limited, continues to maintain its existing contracts to trade out its position that was taken on prior to 1 December 1986. In 2001, two fully funded transactions were taken on, one of which remained at 31 December 2002 and will be traded out by the end of 2010.

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 5.

The company traded at a loss during the year under review.

DIRECTORS

The present directors are as shown on page 1.

DIRECTORS' INTERESTS

Both directors at the year end were also directors of the immediate parent undertaking, Charterhouse Japhet Credit Limited, 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.

By order of the board



Carolyn J Whittaker
Secretary

16 April

2003

CHARTERHOUSE JAPHET FINANCE 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
CHARTERHOUSE JAPHET FINANCE LIMITED

We have audited the financial statements of Charterhouse Japhet Finance Limited for the year ended 31 December 2002, which comprise the profit and loss account, the balance sheet and the related notes 1 to 14. 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 31 December 2002 and of its loss 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

CHARTERHOUSE JAPHET FINANCE LIMITED

PROFIT AND LOSS ACCOUNT

FOR THE YEAR ENDED 31 DECEMBER 2002

	Note	2002 £	2001 £
Turnover	2	1,472,060	1,201,055
Operating (charges)/credit		(16,631)	1,395
Operating profit	3	1,455,429	1,202,450
Interest payable	4	(1,472,060)	(1,201,055)
(Loss)/Profit on ordinary activities before taxation		(16,631)	1,395
Taxation credit/(charge) on (loss)/profit on ordinary activities	6	4,989	(419)
(Loss)/Profit on ordinary activities after taxation		(11,642)	976
Dividends	7	-	(1,000,000)
Retained loss for the financial year	10	(11,642)	(999,024)

RECOGNISED GAINS AND LOSSES

There are no recognised gains or losses other than the loss attributable to shareholders of £11,642 in the year ended 31 December 2002 and of the profit of £976 in the year ended 31 December 2001.

The notes on pages 7 to 11 form part of these financial statements.

CHARTERHOUSE JAPHET FINANCE LIMITED

BALANCE SHEET

AT 31 DECEMBER 2002

	Note	2002 £	2001 £
<u>ASSETS</u>			
CURRENT ASSETS			
Debtors falling due within one year	8	2,785,909	1,203,653
Debtors falling due after more than one year	8	22,227,251	28,165,318
		<u>25,013,160</u>	<u>29,368,971</u>
<u>LIABILITIES</u>			
CAPITAL AND RESERVES			
Called up share capital	9	1,000	1,000
Profit and loss account	10	<u>409,929</u>	<u>421,571</u>
TOTAL EQUITY SHAREHOLDERS' FUNDS	11	410,929	422,571
CREDITORS			
	13	<u>24,602,231</u>	<u>28,946,400</u>
		<u>25,013,160</u>	<u>29,368,971</u>

The financial statements were approved at a meeting of the board of directors
on 16 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 7 to 11 form part of these financial statements.

CHARTERHOUSE JAPHET FINANCE 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. Income from Instalment Credit Business

Charges and interest on instalment credit agreements are credited to the profit and loss account in proportion to the balances outstanding.

c. Taxation

Provision is made for taxation at current enacted rates on taxable profits. Timing differences arise where gains and losses are accounted for in different periods for financial reporting purposes and for taxation purposes. Deferred taxation is accounted for in full for all such timing differences. Deferred tax assets are only recognised to the extent that it is regarded that it is more likely than not that they will be recovered. Deferred tax amounts are not discounted.

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 instalment credit income 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 £
(ii) Net amounts financed during the year under instalment credit agreements	<u>-</u>	<u>28,837,000</u>
(iii) Aggregate amounts receivable during the year under instalment credit agreements	<u>1,472,060</u>	<u>1,201,055</u>

CHARTERHOUSE JAPHET FINANCE LIMITED

NOTES TO THE FINANCIAL STATEMENTS (CONTINUED)

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 another group undertaking (2001 - £nil).

4. INTEREST PAYABLE	2002	2001
	£	£

On bank loans and overdrafts, and other loans:

To group undertakings	<u>1,472,060</u>	<u>1,201,055</u>
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5. 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 direct employees (2001 - nil).

6. TAXATION (CREDIT)/CHARGE ON (LOSS)/PROFIT ON ORDINARY ACTIVITIES	2002	2001
	£	£
A) Analysis of (credit)/charge in the year		
Current taxation:		
Group relief (receivable)/payable*	(5,285)	25
Deferred taxation:		
Origination and reversal of timing differences (note 12)	<u>296</u>	<u>394</u>
	<u>(4,989)</u>	<u>419</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.

CHARTERHOUSE JAPHET FINANCE LIMITED

NOTES TO THE FINANCIAL STATEMENTS (CONTINUED)

**6. TAXATION (CREDIT)/CHARGE ON (LOSS)/PROFIT
ON ORDINARY ACTIVITIES (CONTINUED)**

B) Factors affecting the tax (credit)/charge in the period

The actual tax (credit)/charge differs from the expected tax charge computed by applying the standard UK corporation tax rate of 30% as follows:

	2002	2001
	£	£
Expected tax credit	(4,989)	419
Capital allowances in excess of depreciation	(296)	(394)
Current tax credit for period	(5,285)	25
Deferred taxation - origination and reversal of timing differences	296	394
Actual tax (credit)/charge	(4,989)	419

7. DIVIDENDS

	2002	2001
	£	£
Ordinary shares:		
Dividend paid - £nil per ordinary share (2001 - £1,000)	-	1,000,000

8. DEBTORS

	2002	2001
	£	£
Amounts falling due:		
i) Within one year		
Amounts owed by group undertakings	5,260	429,841
Net investment in instalment credit agreements	2,667,164	672,836
Prepayments and accrued income	113,485	100,976
	2,785,909	1,203,653
ii) After more than one year		
Net investment in instalment credit agreements	22,226,366	28,164,137
Deferred tax (note 12)	885	1,181
	22,227,251	28,165,318
Total debtors	25,013,160	29,368,971

CHARTERHOUSE JAPHET FINANCE LIMITED

NOTES TO THE FINANCIAL STATEMENTS (CONTINUED)

9. CALLED UP SHARE CAPITAL

	2002		2001	
	<u>Authorised</u>	<u>Allotted, called up and fully paid</u>	<u>Authorised</u>	<u>Allotted, called up and fully paid</u>
	<u>£</u>	<u>£</u>	<u>£</u>	<u>£</u>
Ordinary shares of £1 each	<u>1,000</u>	<u>1,000</u>	<u>1,000</u>	<u>1,000</u>

10. PROFIT AND LOSS ACCOUNT

	<u>£</u>
Balance at 1 January 2002	421,571
Retained loss for the financial year	(11,642)
Balance at 31 December 2002	<u>409,929</u>

11. RECONCILIATION OF MOVEMENTS IN SHAREHOLDERS' FUNDS

	2002	2002
	<u>£</u>	<u>£</u>
(Loss)/Profit attributable to members of the company	(11,642)	976
Dividends	-	(1,000,000)
Net movement in shareholders' funds	<u>(11,642)</u>	<u>(999,024)</u>
Opening shareholders' funds	<u>422,571</u>	<u>1,421,595</u>
Closing shareholders' funds	<u>410,929</u>	<u>422,571</u>

CHARTERHOUSE JAPHET FINANCE LIMITED

NOTES TO THE FINANCIAL STATEMENTS (CONTINUED)

12. DEFERRED TAXATION ASSET

	2002 £	2001 £
Provision has been made for:		
Capital allowances	<u>885</u>	<u>1,181</u>
Balance at 1 January 2002	1,181	
Arising during the year (note 6)	<u>(296)</u>	
Balance at 31 December 2002	<u>885</u>	

13. CREDITORS

	2002 £	2001 £
Amounts falling due within one year:		
Amounts owed to group undertakings	<u>24,602,231</u>	<u>28,946,400</u>

14. ULTIMATE PARENT UNDERTAKING

The ultimate parent undertaking and ultimate controlling party is The Royal Bank of Scotland Group plc, which is registered in Scotland.

The smallest group of undertakings for which group financial statements are drawn up, including the company, is that of Lombard North Central PLC, which is registered in England and Wales.

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.

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.