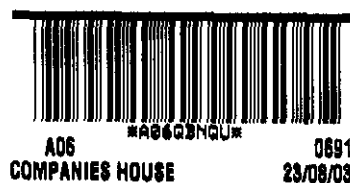


Company Registration No: 1653773

W. & G. EQUIPMENT LEASING LIMITED
DIRECTORS' REPORT AND FINANCIAL STATEMENTS

30 June 2003



W. & G. EQUIPMENT LEASING LIMITED

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W. & G. EQUIPMENT LEASING LIMITED

OFFICERS AND PROFESSIONAL ADVISERS

DIRECTORS:

**Graham Clemett
Adrian Colin Farnell
William Vaughan Latter
Nigel Pearce**

SECRETARY:

Marina Louise Thomas

REGISTERED OFFICE:

**The Quadrangle
The Promenade
Cheltenham
Gloucestershire GL50 1PX**

AUDITORS:

Deloitte & Touche LLP Bristol

Registered in England and Wales.

W. & G. EQUIPMENT LEASING LIMITED

DIRECTORS' REPORT

The directors present their annual report and the audited financial statements for the year ended 30 June 2003.

ACTIVITIES AND BUSINESS REVIEW

The principal activity of the company is the provision of fixed asset finance usually involving individually structured facilities.

The accumulated loss for the year was £705,000 (2002: £3,053,000) and this was deducted from reserves. The directors recommend that an interim dividend of £1,760,000 be paid (2002: £907,000).

The directors do not anticipate any material change in either the type or level of activities of the company.

DIRECTORS AND SECRETARY

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

From 1 July 2002 to date the following changes have taken place:

	Appointed	Resigned
Directors		
Graham Colin Clemett	1 June 2003	
Eion Arthur Flint		31 May 2003
Secretaries		
Marina Louise Thomas	1 June 2003	
Angela Mary Cunningham		31 May 2003

DIRECTORS' RESPONSIBILITIES

United Kingdom 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 as at the end of the financial year and of the profit or loss of the company for that period. In preparing the 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; and
- 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 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.

W. & G. EQUIPMENT LEASING LIMITED

DIRECTORS' INTERESTS

At the year end, G C Clemett, A C Farnell, W V Latter and N Pearce were also directors of the immediate parent undertaking, Royal Bank Leasing 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.

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

POLICY AND PRACTICE ON PAYMENT OF CREDITORS

The company follows the policy and practice on payment of creditors determined by The Royal Bank of Scotland Group plc, as outlined below.

In the year ending 30 June 2003, the Group will adhere to the following payment policy in respect of all suppliers. The Group is committed to maintaining a sound commercial relationship with its suppliers. Consequently, it is the Group's policy to negotiate and agree terms and conditions with its suppliers, which includes the giving of an undertaking to pay suppliers within 30 days of receipt of a correctly prepared invoice submitted in accordance with the terms of the contract or such other payment period as may be agreed.

The proportion which the amount owed to trade creditors at 30 June 2003 bears to the amounts invoiced by suppliers during the year then ended equated to nil days proportion of 365 days (2002: nil days).

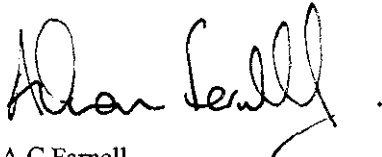
ELECTIVE RESOLUTIONS

Elective Resolutions electing to dispense with the requirement to hold annual general meetings, lay accounts before a general meeting and re-appointment of auditors annually were passed on 15 June 2001.

AUDITORS

On 1 August 2003, Deloitte & Touche, the Company's auditors transferred their business to Deloitte & Touche LLP, a limited liability partnership incorporated under the Limited Liability Partnership Act 2000. The Company's consent has been given to treating the appointment of Deloitte & Touche as extending to Deloitte & Touche LLP with effect from 21 August 2003 under the provisions of Section 26(5) of the Companies Act 1989. Deloitte & Touche LLP have expressed their willingness to continue in office as auditors.

*Approved by the Board of Directors
and signed on behalf of the Board*



A C Farnell
Director

Date: 21 August 2003

INDEPENDENT AUDITORS' REPORT TO THE MEMBERS OF W. & G. EQUIPMENT LEASING LIMITED

We have audited the financial statements of W. & G. Equipment Leasing Limited for the year ended 30 June 2003 which comprise the profit and loss account, the balance sheet and 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 auditor's 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 the opinions we have formed.

Respective responsibilities of directors and auditors

As described in the directors' report, 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.

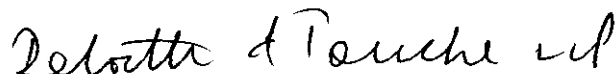
Basis of opinion

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 at 30 June 2003 and of its profit for the year then ended and have been properly prepared in accordance with the Companies Act 1985.



Deloitte & Touche LLP

Chartered Accountants and Registered Auditors
Bristol

21 August 2003

W. & G. EQUIPMENT LEASING LIMITED

PROFIT AND LOSS ACCOUNT

for the year ended 30 June 2003

	CONTINUING OPERATIONS		
	Note	2003 £'000	2002 £'000
Lease income	4	12,681	15,329
Other income	5	52	23
Depreciation on operating leases	8	<u>(1,455)</u>	<u>(1,920)</u>
		11,278	13,432
Finance charges	5	(8,881)	(10,921)
Operating expenses	5	<u>(842)</u>	<u>(5,371)</u>
OPERATING PROFIT/(LOSS) AND PROFIT/(LOSS) ON ORDINARY ACTIVITIES BEFORE TAXATION	5	1,555	(2,860)
Taxation (charge)/credit on profit/(loss) on ordinary activities	7	(500)	714
		<u>1,055</u>	<u>(2,146)</u>
PROFIT/(LOSS) ON ORDINARY ACTIVITIES AFTER TAXATION		1,055	(2,146)
Dividend for the year - interim proposed		<u>(1,760)</u>	<u>(907)</u>
ACCUMULATED LOSS FOR THE YEAR	13	<u><u>(705)</u></u>	<u><u>(3,053)</u></u>

There is no difference between the profit on ordinary activities before taxation and the accumulated loss for the year stated above and their historical cost equivalents.

The Company has no recognised gains and losses other than those included in the profits shown above and therefore no separate statement of total recognised gains and losses has been presented.

The notes on pages 8 to 13 form part of these financial statements.

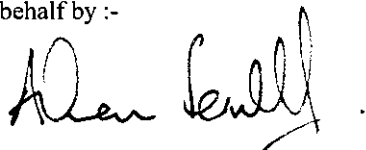
W. & G. EQUIPMENT LEASING LIMITED

BALANCE SHEET

as at 30 June 2003

	Note	2003 £'000	2002 £'000
FIXED ASSETS	8	-	20,869
CURRENT ASSETS			
Finance lease receivables due within one year		4,949	4,503
Finance lease receivables due after more than one year		177,292	215,165
Debtors	9	<u>12,423</u>	<u>7,562</u>
		194,664	227,230
CREDITORS: AMOUNTS FALLING DUE WITHIN ONE YEAR	10	<u>(13,626)</u>	<u>(21,138)</u>
NET CURRENT ASSETS		<u>181,038</u>	<u>206,092</u>
TOTAL ASSETS LESS CURRENT LIABILITIES		181,038	226,961
CREDITORS: AMOUNTS FALLING DUE AFTER MORE THAN ONE YEAR	10	(122,452)	(171,005)
PROVISIONS FOR LIABILITIES AND CHARGES	11	<u>(58,255)</u>	<u>(54,920)</u>
NET ASSETS		<u>331</u>	<u>1,036</u>
CAPITAL AND RESERVES			
Called up share capital	12	1	1
Profit and loss account	13	<u>330</u>	<u>1,035</u>
TOTAL EQUITY SHAREHOLDERS' FUNDS	14	<u>331</u>	<u>1,036</u>

The financial statements on pages 6 to 13 were approved by the Board of Directors on 21 August 2003 and were signed on its behalf by :-



A C Farnell
Director

The notes on pages 8 to 13 form part of these financial statements.

NOTES ON THE FINANCIAL STATEMENTS

1 ACCOUNTING POLICIES

The financial statements on pages 6 to 13 are prepared on the basis of the principal accounting policies adopted by the Company described below and applicable Accounting Standards. Accounting policies have been applied consistently.

a ACCOUNTING CONVENTION

The financial statements of the Company are prepared under the historical cost convention. In accordance with the Companies Act 1985, the Directors have adapted the prescribed formats of the financial statements as required by the special nature of the business.

b GROSS EARNINGS UNDER FINANCE AND OPERATING LEASES

Gross earnings under finance and operating leases are recognised according to the actuarial after tax method whereby pre tax and post tax profits are allocated to accounting periods so as to give a constant periodic rate of return on the net cash investment. For those leasing transactions where a permanent difference arises between the accounting and tax treatments of income and expense, a tax equalisation adjustment is made to each period to ensure that the resulting post tax profit is recognised in accordance with the actuarial after tax method.

c DEFERRED TAXATION

Certain items of income and expenditure are accounted for in different periods for financial reporting purposes than for taxation purposes. Deferred taxation is provided on the full liability method in respect of timing differences which have originated but not reversed at the balance sheet date. Deferred taxation is calculated on a non-discounted basis.

d TANGIBLE FIXED ASSETS

Tangible fixed assets are included in the balance sheet at cost less accumulated depreciation. Depreciation on assets for hire under operating leases is charged over the lease term so that the resulting profits are allocated to accounting periods to give a constant periodic rate of return on the net cash investment.

e AMOUNTS RECEIVABLE UNDER FINANCE LEASES

Finance lease receivables are stated in the balance sheet at the amount of the net investment in the leases. Progress payments made prior to the commencement of the primary lease are included at cost together with the amount of any interest charged on such payments.

f CASH FLOW STATEMENT

The company is a wholly-owned subsidiary of The Royal Bank of Scotland Group plc and is included in the consolidated financial statements of The Royal Bank of Scotland Group plc, which are publicly available. Consequently, the Company has taken advantage of the exemption from preparing a cash flow statement under the terms of Financial Reporting Standard 1 (revised).

W. & G. EQUIPMENT LEASING LIMITED

NOTES ON THE FINANCIAL STATEMENTS

2 IMMEDIATE AND ULTIMATE PARENT COMPANY

The Company's immediate parent company is Royal Bank Leasing Limited.

The Company's ultimate holding company, ultimate controlling party, and the parent of the largest group into which the company is consolidated is The Royal Bank of Scotland Group plc that is incorporated in Great Britain and registered in Scotland. Financial statements for The Royal Bank of Scotland Group plc can be obtained from The Royal Bank of Scotland Group plc, 42 St. Andrew Square, Edinburgh, EH2 2YE.

The smallest subgroup into which the Company is consolidated has as its parent company Lombard North Central PLC. Copies of the consolidated financial statements for this subgroup can be obtained from Lombard North Central PLC, 3 Princess Way, Redhill, Surrey, RH1 1NP.

3 RELATED PARTY TRANSACTIONS

The Company is exempt from the requirements of Financial Reporting Standard 8, 'Related Party Disclosures', to disclose transactions and balances with other subsidiaries or investees of The Royal Bank of Scotland Group plc as the results are included in the consolidated financial statements of The Royal Bank of Scotland Group plc.

There were no other related party transactions during the year or any amounts due to or from related parties outstanding at the balance sheet date.

4	TURNOVER	2003 £'000	2002 £'000
	Lease income:		
	Finance leases:		
	Rentals receivable	13,812	14,163
	Amortisation	<u>(3,168)</u>	<u>(1,694)</u>
		<u>10,644</u>	<u>12,469</u>
	Operating leases:		
	Rentals receivable	<u>2,037</u>	<u>2,860</u>
		<u>12,681</u>	<u>15,329</u>
	Capital cost of assets financed:		
	Finance leases	4,645	7,877
	Operating leases	<u>452</u>	<u>688</u>
		<u>5,097</u>	<u>8,565</u>

W. & G. EQUIPMENT LEASING LIMITED

NOTES ON THE FINANCIAL STATEMENTS

5	PROFIT/(LOSS) ON ORDINARY ACTIVITIES BEFORE TAXATION	2003 £'000	2002 £'000
	Includes the following:		
	Other income:	<u>52</u>	<u>23</u>
	Finance charges:		
	Interest payable to group undertakings	<u>8,881</u>	<u>10,921</u>
	Operating expenses:		
	Bad debt (recoveries)/charge	(17)	4,266
	Fees & commissions	116	258
	Management charge	730	847
	Other	<u>13</u>	<u>-</u>
		<u>842</u>	<u>5,371</u>

The emoluments of Mr G C Clemett are paid by a fellow subsidiary company, Lombard North Central PLC, which makes no recharge to the company. Mr Clemett is a director of a number of fellow subsidiaries and it is not possible to make an accurate apportionment of his emoluments in respect of each of the companies. Accordingly, the above details include no emoluments in respect of Mr Clemett.

Other directors and employees are employed by The Royal Bank of Scotland Group plc and remunerated by recharge from Royal Bank Leasing Limited. Costs incurred in respect of their services to the Company included in the management charge as shown below:

	£	£
Directors' emoluments	25,218	36,497
Staff costs	<u>496,788</u>	<u>528,754</u>

The auditors' remuneration for audit services was borne by Lombard North Central PLC which made no recharge to the company.

6 TRANSFER OF TRADE

On 28 February 2003, the Company undertook a transfer of 86 leases to a fellow subsidiary, LCF (June 2) Limited, for a consideration of £51,120,174.

Balances transferred at 28 February 2003 :	£'000
Finance lease receivables	59,757
Other creditors	(22)
Provision for liabilities and charges	<u>(8,615)</u>
	<u>51,120</u>

On 31 May 2003, the Company undertook a transfer of a fixed asset to its parent company, Royal Bank Leasing Limited, for a consideration of £406,690.

Balances transferred at 31 May 2003 :	£'000
Fixed asset	4,386
Fixed asset depreciation	(4,386)
Provision for liabilities and charges	<u>407</u>
	<u>407</u>

W. & G. EQUIPMENT LEASING LIMITED

NOTES ON THE FINANCIAL STATEMENTS

7	TAXATION	2003 £'000	2002 £'000
	A) ANALYSIS OF CHARGE/(CREDIT) FOR THE YEAR		
	Current tax credit:		
	- Group relief receivable on profits for the year	(11,070)	(12,393)
	- Adjustment in respect of prior periods	26	-
		<u>(11,044)</u>	<u>(12,393)</u>
	Taxation equalisation	11	(66)
	Deferred tax - origination and reversal of timing differences:		
	- Current year	11,558	11,738
	- Adjustment in respect of prior periods	(25)	7
		<u>11,533</u>	<u>11,745</u>
	Taxation charge/(credit) on profit on ordinary activities	<u>500</u>	<u>(714)</u>
	B) FACTORS AFFECTING THE CURRENT TAX CREDIT FOR THE YEAR		
	Profit/(loss) on ordinary activities before tax	<u>1,555</u>	<u>(2,860)</u>
	Tax on profit/(loss) on ordinary activities at the standard rate of 30% (2002: 30%)	467	(858)
	Capital allowances for period more than depreciation	(11,558)	(11,798)
	Other timing differences	-	60
	Permanent difference - assets not qualifying for capital allowances	21	203
	Adjustment to tax charge in respect of previous periods	26	-
		<u>(11,044)</u>	<u>(12,393)</u>
8	FIXED ASSETS		
		Plant & equipment £'000	Assets for hire under operating leases £'000 Total £'000
	COST		
	At 1 July 2002	4,386	31,232
	Additions	-	452
	Transfers	<u>(4,386)</u>	<u>(31,684)</u>
	At 30 June 2003	<u>-</u>	<u>-</u>
	DEPRECIATION		
	At 1 July 2002	4,386	10,363
	Charge for the year	-	1,455
	Transfers	<u>(4,386)</u>	<u>(11,818)</u>
	At 30 June 2003	<u>-</u>	<u>-</u>
	NET BOOK VALUE		
	At 30 June 2003	<u>-</u>	<u>-</u>
	At 30 June 2002	<u>-</u>	<u>20,869</u>

W. & G. EQUIPMENT LEASING LIMITED

NOTES ON THE FINANCIAL STATEMENTS

9	DEBTORS	2003 £'000	2002 £'000
	Amounts falling due within one year:		
	Trade debtors	2	434
	Amounts due from group undertakings	12,053	5,439
	Other debtors	<u>368</u>	<u>1,689</u>
		<u>12,423</u>	<u>7,562</u>
10	CREDITORS	2003 £'000	2002 £'000
	Amounts falling due within one year:		
	Payments received on account	2,090	1,841
	Amounts due to group undertakings	11,525	18,861
	Other creditors	<u>11</u>	<u>436</u>
		<u>13,626</u>	<u>21,138</u>
	Amounts falling due after more than one year:		
	Amounts due to group undertakings:		
	Between one and two years	4,967	15,074
	Between two and five years	20,768	35,160
	After more than five years	<u>96,717</u>	<u>120,771</u>
		<u>122,452</u>	<u>171,005</u>

A right of set-off exists over the Company's bank account with The Royal Bank of Scotland plc against advances made to the Company's immediate holding company and its subsidiaries.

Amounts falling due after more than five years are repayable by instalments with varying repayment terms. Interest rates applicable to these amounts will be determined by reference to inter bank rates for three, six and twelve months.

W. & G. EQUIPMENT LEASING LIMITED

NOTES ON THE FINANCIAL STATEMENTS

11 PROVISIONS FOR LIABILITIES AND CHARGES

Movements during the year	Tax equalisation £'000	Deferred taxation £'000	Total £'000
At 1 July 2002	(11)	54,931	54,920
Transfer of trade	-	(8,209)	(8,209)
Charge to profit and loss account	11	11,533	11,544
At 30 June 2003	-	58,255	58,255

Full provision has been made for the potential amount of deferred taxation shown below:

	2003 £'000	2002 £'000
Accelerated capital allowances on assets financed	58,255	54,991
Other short term timing differences	-	(60)
	58,255	54,931

12 SHARE CAPITAL

	2003 No.	2002 No.
	Ordinary shares of £1 each	
Authorised	1,000	1,000
Allotted, called up and fully paid	1,000	1,000

13 PROFIT AND LOSS ACCOUNT

	£'000
At 1 July 2002	1,035
Accumulated loss for the year	(705)
At 30 June 2003	330

14 RECONCILIATION OF SHAREHOLDERS' FUNDS

	2003 £'000	2002 £'000
Profit/(loss) for the financial year	1,055	(2,146)
Dividend	(1,760)	(907)
Net reduction in shareholders' funds	(705)	(3,053)
Opening shareholders' funds	1,036	4,089
Closing shareholders' funds	331	1,036