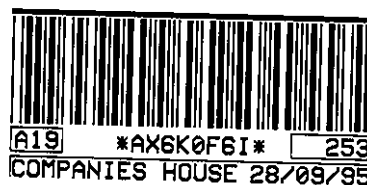


(Company No. 1653773)

W. & G. EQUIPMENT LEASING LIMITED

DIRECTORS' REPORT AND FINANCIAL STATEMENTS

30 JUNE 1995



W. & G. EQUIPMENT LEASING LIMITED

REPORT AND FINANCIAL STATEMENTS FOR THE YEAR ENDED 30 JUNE 1995

<u>Contents</u>	<u>Page</u>
Directors and Officers	2
Directors' report	3-4
Directors' interests in shares	5
Statement of Directors' responsibilities	6
Accounting policies	7-8
Profit and Loss account	9
Balance Sheet	10
Notes on the financial statements	11-14
Report of the Auditors	15

W. & G. EQUIPMENT LEASING LIMITED

DIRECTORS AND OFFICERS

CHAIRMAN

Martin Graham Brown

DIRECTORS

Thomas Carr

Adrian Colin Farnell

Jonathan Michael Sweetman

SECRETARY

John Albert Lea

REGISTERED OFFICE

The Quadrangle

The Promenade

Cheltenham

Gloucestershire GL50 1PX

PRINCIPAL OFFICE

The Quadrangle

The Promenade

Cheltenham

Gloucestershire GL50 1PX

W. & G. EQUIPMENT LEASING LIMITED

DIRECTORS' REPORT

The Directors present their annual report, together with the audited financial statements for the year ended 30 June 1995.

RESULTS

The results for the year are set out on page 9. The Directors recommend that a final dividend of £408,470 be paid (1994 : £272,997). If the recommendation is approved at the Annual General Meeting, the retained profit for the year to 30 June 1995 to be transferred to reserves will amount to £892,096.

BUSINESS REVIEW

The principal activity of the Company, which is a wholly owned subsidiary of Royal Bank Leasing Limited, is the provision of fixed asset finance usually involving individually structured facilities.

The Company will continue to operate in the fixed asset financing market.

DIRECTORS

The present Members of the Board of Directors are named on page 2.

At 30 June 1995, the Members of the Board of Directors were:-

Mr Martin Graham Brown
Mr Thomas Carr
Mr Adrian Colin Farnell
Mr Jonathan Michael Sweetman

During the year to 30 June 1995, the following changes were made in the composition of the Board:-

On 21 March 1995, Mr Christopher Rupert Freeborough resigned as a Director of the Company.

On 3 May 1995, Mr Adrian Colin Farnell was appointed as a Director of the Company.

DIRECTORS' INTERESTS

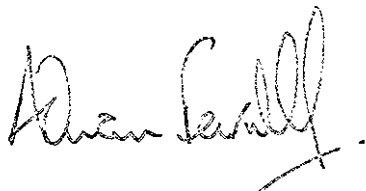
No Director had any interest in the ordinary shares of the Company on 30 June 1995 nor on 1 July 1994.

The interests of the Directors at 30 June 1995 in the share or loan capital of the ultimate holding company, The Royal Bank of Scotland Group plc, or in the share or loan capital of its subsidiary companies are shown on page 5.

AUDITORS

A Resolution to reappoint the Auditors, Coopers & Lybrand and to authorise the Directors to fix their remuneration, will be proposed at the Annual General Meeting.

By Order of the Board.

A handwritten signature in dark ink, appearing to read 'A C Farnell', with a long horizontal stroke extending to the right.

A C Farnell
Director
CHELTENHAM

22 September 1995

**DIRECTORS' INTERESTS IN THE SHARE OR LOAN CAPITAL OF
THE ROYAL BANK OF SCOTLAND GROUP plc AND SUBSIDIARY
COMPANIES**

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 July 1994 (or date of appointment if later)	At 30 June 1995
	<u>Shares</u>	<u>Shares</u>
M G Brown	Nil	3,063
T Carr	2,457	3,712
A C Farnell	623	623
J M Sweetman	2,191	4,037

Options to subscribe for 25p ordinary shares of The Royal Bank of Scotland Group plc granted to and exercised by Directors during the year to 30 June 1995 are included in the table below:-

	At 1 July 1994 (or date of appointment if later)	<u>Options</u> Number	<u>Granted</u> Price £	<u>Options</u> Number	<u>Exercised</u> Price £	At 30 June 1995
M G Brown	5,241	2,156	3.20	-	-	7,397
T Carr	1,812	1,218	3.20	-	-	3,030
A C Farnell	3,291	-	-	-	-	3,291
J M Sweetman	9,552	495	3.20	532	1.352	9,515

No Director had an interest in any of the preference shares of The Royal Bank of Scotland Group plc during the year to 30 June 1995.

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.

W & G EQUIPMENT LEASING LIMITED

STATEMENT OF 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 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

ACCOUNTING POLICIES

The financial statements on pages 9 to 14 are prepared on the basis of the principal accounting policies adopted by the company described below and applicable Accounting Standards.

1 ACCOUNTING CONVENTION

The financial statements of the company are prepared under the historical cost convention. In accordance with Schedule 4 of the Companies Act 1985, the directors have adapted the prescribed formats of the financial statements as required by the special nature of the business.

2 GROSS EARNINGS UNDER FINANCE LEASES

Gross earnings under finance 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. In order to preserve a constant relationship between pre-tax profits and the taxation charge, equalisation adjustments are made between taxation and gross earnings which remove the distorting effects of the structure of some transactions and changes in the rate of corporation tax.

3 PROGRESS PAYMENTS INCOME RECOGNITION

Where assets are subject to progress payments being made prior to the commencement of the primary lease period, anticipated rental income is credited to the profit and loss account during the construction period equivalent to an appropriate interest rate on the outstanding investment.

4 AMOUNTS RECEIVABLE UNDER FINANCE LEASES

Finance lease receivables are stated in the balance sheet at the amounts of the net investment in the lease. Progress payments made prior to the commencement of the primary lease period are included at cost.

5 DEFERRED TAXATION

Certain items of income and expenditure are accounted for in different periods for financial reporting purposes and for taxation purposes. Deferred taxation is provided on the liability method in respect of timing differences which are expected to result in a taxation liability in the foreseeable future.

6 REGIONAL DEVELOPMENT GRANTS

Regional Development grant income is credited to the profit and loss account in proportion to net cash invested.

W & G EQUIPMENT LEASING LIMITED

ACCOUNTING POLICIES (Continued)

7 CASH FLOW STATEMENT

The company's ultimate holding company is The Royal Bank of Scotland Group plc, a company incorporated in Great Britain and registered in Scotland. Accordingly the company is not required to produce a cash flow statement as prescribed in paragraph 8(c) of Financial Reporting Standard 1, Cash Flow Statements.

W & G EQUIPMENT LEASING LIMITED

PROFIT AND LOSS ACCOUNT
for the year ended 30 June 1995

CONTINUING OPERATIONS

	Note	£'000	1994 £'000
Gross earnings under leases	3	8,121	14,715
Other income	4	<u>37</u>	<u>716</u>
		8,158	15,431
Finance charges	4	(6,188)	(6,935)
Operating expenses	4	<u>(127)</u>	<u>(682)</u>
PROFIT ON ORDINARY ACTIVITIES BEFORE TAXATION	4	1,843	7,814
Taxation charge on profit on ordinary activities	5	<u>(542)</u>	<u>(1,812)</u>
PROFIT ON ORDINARY ACTIVITIES AFTER TAXATION		1,301	6,002
Dividend for the year		<u>(408)</u>	<u>(273)</u>
RETAINED PROFIT FOR THE YEAR	11	<u>893</u>	<u>5,729</u>

STATEMENT OF TOTAL RECOGNISED GAINS AND LOSSES
for the year ended 30 June 1995

	£'000	1994 £'000
Profit for the financial year	1,301	6,002
Prior Year Adjustment	<u>-</u>	<u>(4,838)</u>
Total gains and losses recognised since the last annual report.	<u>1,301</u>	<u>1,164</u>

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

The notes on pages 11 to 14 form part of these accounts.

W & G EQUIPMENT LEASING LIMITED

BALANCE SHEET
at 30 June 1995

	Note	£'000	1994 £'000
CURRENT ASSETS			
Finance lease receivables due within one year		8,795	25,554
Finance lease receivables due after more than one year		121,228	136,505
Debtors	6	<u>7,996</u>	<u>6,786</u>
		138,019	168,845
CURRENT LIABILITIES			
Creditors: amounts falling due within one year	7	<u>(22,411)</u>	<u>(43,422)</u>
TOTAL ASSETS LESS CURRENT LIABILITIES		<u>115,608</u>	<u>125,423</u>
CREDITORS: AMOUNTS FALLING DUE AFTER MORE THAN ONE YEAR	7	(79,215)	(87,947)
PROVISIONS FOR LIABILITIES AND CHARGES			
Deferred taxation	8	(31,961)	(33,937)
Deferred income	9	<u>(2)</u>	<u>(2)</u>
TOTAL NET ASSETS		<u>4,430</u>	<u>3,537</u>
CAPITAL AND RESERVES			
Called up share capital	10	1	1
Reserves	11	<u>4,429</u>	<u>3,536</u>
EQUITY SHAREHOLDER'S FUNDS	12	<u>4,430</u>	<u>3,537</u>

On behalf of the board:



Director

The notes on pages 11 to 14 form part of these accounts.

W & G EQUIPMENT LEASING LIMITED

NOTES ON THE ACCOUNTS

1 ULTIMATE HOLDING COMPANY

The company is a wholly owned subsidiary of Royal Bank Leasing Limited. The company's ultimate holding company is The Royal Bank of Scotland Group plc which is incorporated in Great Britain and registered in Scotland. Copies of the group accounts of The Royal Bank of Scotland Group plc may be obtained from the company secretary's office, The Royal Bank of Scotland Group plc, 42 St Andrew Square, Edinburgh, EH2 2YE.

2 TURNOVER

	£'000	1994 £'000
Capital cost of assets financed:		
Finance leases	<u>649</u>	<u>19,744</u>

3 GROSS EARNINGS UNDER LEASES

Finance Leases:		
Rentals receivable	20,371	17,584
Pre-tax equalisation	1,883	(70)
Amortisation	<u>(14,133)</u>	<u>(2,799)</u>
	<u>8,121</u>	<u>14,715</u>

4 PROFIT ON ORDINARY ACTIVITIES BEFORE TAXATION

Includes the following:

Other income	<u>37</u>	<u>716</u>
Finance charge:		
Interest payable to group undertakings	<u>6,188</u>	<u>6,935</u>
Operating expenses:		
Bad debt credit	(123)	(54)
Fees & commissions	8	397
Management charge	<u>242</u>	<u>339</u>
	<u>127</u>	<u>682</u>

Included in the management charge from Royal Bank Leasing Limited are:

Directors' emoluments	31	35
Auditors' remuneration	8	8
Staff costs	130	111

W & G EQUIPMENT LEASING LIMITED

NOTES ON THE ACCOUNTS

5	TAXATION	£'000	1994 £'000
	Group relief:-		
	- current year	(2,273)	329
	- prior year	43	(11)
	Taxation equalisation	(288)	(114)
	Deferred taxation:-		
	- current year	2,021	(2,027)
	- prior year	(45)	11
		<u>(542)</u>	<u>(1,812)</u>

The tax charge for the current year has been based on a Corporation Tax rate of 33% (1994 - 33%).

6 DEBTORS

Amounts falling due within one year:

Trade debtors	107	26
Amounts due by group undertakings	5,389	2,234
Other debtors	<u>2,500</u>	<u>4,526</u>
	<u>7,996</u>	<u>6,786</u>

W & G EQUIPMENT LEASING LIMITED

NOTES ON THE ACCOUNTS

7	CREDITORS	£'000	1994 £'000
	Amounts falling due within one year:		
	Payments on account	12,042	9,229
	Amounts due to group undertakings	7,972	32,606
	Other creditors	2,397	1,587
		<u>22,411</u>	<u>43,422</u>

Amounts falling due after more than one year:

Amounts due to group undertakings		
Between one and two years	5,366	2,389
Between two and five years	6,044	9,464
After five years	67,805	76,094
	<u>79,215</u>	<u>87,947</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.

The rates of interest applicable to those amounts due after more than five years will be by reference to inter bank rates for periods of three, six and twelve months.

8 DEFERRED TAXATION

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

Capital allowances on finance lease receivables	31,961	33,977
Other short term timing differences	-	(40)
	<u>31,961</u>	<u>33,937</u>

Movements during the period:

At 1 July 1994	33,937
Credit to profit and loss account	(1,976)
At 30 June 1995	<u>31,961</u>

W & G EQUIPMENT LEASING LIMITED

NOTES ON THE ACCOUNTS

9	DEFERRED INCOME	1994	
		£'000	£'000
	Regional Development Grants:		
	At 1 July 1994	2	
	Credit to profit and loss account	<u>0</u>	
	At 30 June 1995	<u>2</u>	
10	SHARE CAPITAL	Ordinary shares of £1 each	
		1994	
	Authorised	<u>1,000</u>	<u>1,000</u>
	Allotted, called up and fully paid	<u>1,000</u>	<u>1,000</u>
11	RESERVES	£'000	
	At 1 July 1994	3,536	
	Retained profit for the year	<u>893</u>	
	At 30 June 1995	<u>4,429</u>	
12	RECONCILIATION OF SHAREHOLDER'S FUNDS		
	Profit for the year	1,301	6,002
	Dividend	<u>(408)</u>	<u>(273)</u>
	Net addition to shareholder's funds	893	5,729
	At 1 July 1994	<u>3,537</u>	<u>(2,192)</u>
	At 30 June 1995	<u>4,430</u>	<u>3,537</u>
13	APPROVAL OF FINANCIAL STATEMENTS		

The financial statements on pages 7 to 14 were approved by the board of directors on 22 September 1995

REPORT OF THE AUDITORS

To the members of W & G Equipment Leasing Limited.

We have audited the financial statements on pages 7 to 14.

Respective responsibilities of directors and auditors.

As described on page 6 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 June 1995 and of its profit and total recognised gains for the year then ended and have been properly prepared in accordance with the Companies Act 1985.

Coopers & Lybrand.

Chartered Accountants and Registered Auditors

Gloucester
22 September 1995