

Company Registration No: 02353835

NATWEST CORPORATE FINANCE LIMITED

DIRECTORS' REPORT AND FINANCIAL STATEMENTS

30 June 2009

**Group Secretariat
The Royal Bank of Scotland Group plc
Gogarburn
P.O. Box 1000
Edinburgh EH12 1HQ**

TUESDAY



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NATWEST CORPORATE FINANCE LIMITED

CONTENTS	Page
Officers and Professional Advisers	1
Directors' Report	2-4
Independent Auditors' Report	5
Income Statement	6
Statement of Recognised Income and Expense	7
Balance Sheet	8
Cash Flow Statement	9
Notes to the Financial Statements	10-19

NATWEST CORPORATE FINANCE LIMITED

OFFICERS AND PROFESSIONAL ADVISERS

DIRECTORS:

**S Caterer
P Sullivan
R Warren
J Rogers**

SECRETARY:

C Whittaker

REGISTERED OFFICE:

**1 Princes Street
London
EC2R 8PB**

AUDITORS:

**Deloitte LLP
Bristol**

Registered in England and Wales.

NATWEST CORPORATE FINANCE LIMITED

DIRECTORS' REPORT

The directors present their report and the audited financial statements for the year ended 30 June 2009

ACTIVITIES AND BUSINESS REVIEW

This directors' report has been prepared in accordance with the special provisions relating to small companies under section 417 (1) of the Companies Act 2006

Activity

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

The retained profit for the period was £4,285,000 (2008 retained loss £752,000) and this was transferred to reserves. The directors do not recommend that a dividend be paid (2008 £nil)

During the year the Company disposed of all leases that had not entered a secondary period and retains a small income from these leases. The directors are currently looking at the negative equity position and current expectations are that the parent company will provide a capital contribution to the company. The Company will be guided by its immediate parent company in seeking further opportunities for growth.

The Company seeks to minimise its exposure to external financial risks other than credit risk, further information is disclosed in Note 2

The directors, having made such enquiries as they considered appropriate, including regarding the continuing availability of sufficient resources from the Group, have prepared the financial statements on a going concern basis. They considered the interim financial statements of The Royal Bank of Scotland Group plc for the half year ended 30 June 2009, approved on 6 August 2009, which were prepared on a going concern basis. The directors have also considered the announcement made by The Royal Bank of Scotland Group plc on 25 February 2010.

DIRECTORS AND SECRETARY

The present directors and secretary, who have served throughout the year except where noted below, are listed on page 1

From 1 July 2008 to date the following changes have taken place

Directors	Appointed	Resigned
A Devine		31 July 2008
A Farnell		31 July 2008
P Tubb		15 August 2008
R Warren	31 July 2008	
P Sullivan	31 July 2008	
I Shephard	20 August 2008	10 February 2009
J Rogers	16 March 2009	

NATWEST CORPORATE FINANCE LIMITED

DIRECTORS' REPORT - continued

DIRECTORS' RESPONSIBILITIES

The directors are responsible for preparing the Annual Report and the financial statements in accordance with applicable law and regulations

Company law requires the directors to prepare financial statements for each financial year. Under that law the directors have elected to prepare the financial statements in accordance with International Financial Reporting Standards (IFRSs) as adopted by the European Union. Under company law the directors must not approve the financial statements unless they are satisfied that they 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 these financial statements, International Accounting Standard 1 requires that directors

- properly select and apply accounting policies,
- present information, including accounting policies, in a manner that provides relevant, reliable, comparable and understandable information,
- provide additional disclosures when compliance with the specific requirements in IFRSs are insufficient to enable users to understand the impact of particular transactions, other events and conditions on the entity's financial position and financial performance, and
- make an assessment of the Company's ability to continue as a going concern

The directors are responsible for keeping adequate accounting records that are sufficient to show and explain the Company's transactions and disclose with reasonable accuracy at any time the financial position of the Company and enable them to ensure that the financial statements comply with the Companies Act 2006. 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.

DISCLOSURE OF INFORMATION TO AUDITORS

Each of the directors at the date of approval of this report confirms that

- a) so far as he/she is aware there is no relevant audit information of which the Company's auditors are unaware, and
- b) the director has taken all the steps that he/she ought to have taken to make himself/herself aware of any relevant audit information and to establish that the Company's auditors are aware of that information

This confirmation is given and shall be interpreted in accordance with the provisions of section 418 of the Companies Act 2006

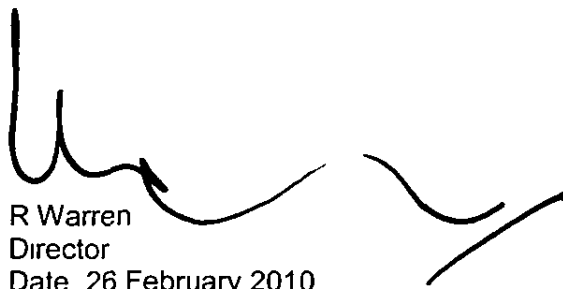
NATWEST CORPORATE FINANCE LIMITED

DIRECTORS' REPORT - continued

AUDITORS

Deloitte LLP have expressed their willingness to continue in office as auditors

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



R Warren
Director
Date 26 February 2010

INDEPENDENT AUDITOR'S REPORT TO THE MEMBERS OF NATWEST CORPORATE FINANCE LIMITED

We have audited the financial statements of Lombard Corporate Finance (11) Limited ('the company') for the year ended 30 June 2009 which comprise the Income Statement, the Statement of Recognised Income and Expense, the Balance Sheet, the Cash Flow Statement and the related notes 1 to 20. The financial reporting framework that has been applied in their preparation is applicable law and International Financial Reporting Standards (IFRSs) as adopted by the European Union.

This report is made solely to the company's members, as a body, in accordance with sections Chapter 3 Part 16 of the Companies Act 2006. 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 explained more fully in the Directors' Responsibilities Statement, the directors are responsible for the preparation of the financial statements and for being satisfied that they give a true and fair view. Our responsibility is to audit the financial statements in accordance with applicable law and International Standards on Auditing (UK and Ireland). Those standards require us to comply with the Auditing Practices Board's (APB's) Ethical Standards for Auditors.

Scope of the audit of the financial statements

An audit involves obtaining evidence about the amounts and disclosures in the financial statements sufficient to give reasonable assurance that the financial statements are free from material misstatement, whether caused by fraud or error. This includes an assessment of whether the accounting policies are appropriate to the company's circumstances and have been consistently applied and adequately disclosed, the reasonableness of significant accounting estimates made by the directors, and the overall presentation of the financial statements.

Opinion on financial statements

In our opinion the financial statements

give a true and fair view of the state of the company's affairs as at 30 June 2009 and of its profit for the year then ended, have been properly prepared in accordance with IFRSs as adopted by the European Union, and have been prepared in accordance with the requirements of the Companies Act 2006.

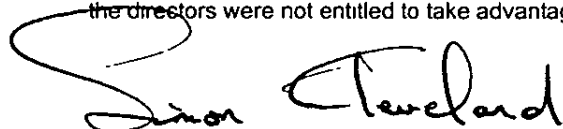
Opinion on other matter prescribed by the Companies Act 2006

In our opinion the information given in the Directors' Report for the financial year for which the financial statements are prepared is consistent with the financial statements.

Matters on which we are required to report by exception

We have nothing to report in respect of the following matters where the Companies Act 2006 requires us to report to you if, in our opinion:

adequate accounting records have not been kept, or returns adequate for our audit have not been received from branches not visited by us, or
the financial statements are not in agreement with the accounting records and returns, or
certain disclosures of directors' remuneration specified by law are not made, or
we have not received all the information and explanations we require for our audit, or
the directors were not entitled to take advantage of the small companies exemption in preparing the directors report.



Simon Cleveland (Senior Statutory Auditor)
for and on behalf of Deloitte LLP
Chartered Accountants and Statutory Auditors
Bristol, United Kingdom

26th February 2010

NATWEST CORPORATE FINANCE LIMITED**INCOME STATEMENT**

for the year ended 30 June 2009

	Note	2009 £'000	2008 £'000
CONTINUING OPERATIONS			
Revenue	3	2,451	2,549
Movement in fair value of embedded derivative	9	13,503	(1,491)
Administrative expenses	4	(1)	(6)
Loss on disposal of leases	4	<u>(7,905)</u>	<u>-</u>
OPERATING PROFIT	4	8,048	1,052
Finance costs	6	<u>(2,096)</u>	<u>(2,151)</u>
PROFIT/(LOSS) BEFORE TAXATION		5,952	(1,099)
Tax (charge)/credit	7	<u>(1,667)</u>	<u>347</u>
PROFIT/(LOSS) FOR THE FINANCIAL YEAR	17	<u><u>4,285</u></u>	<u><u>(752)</u></u>

NATWEST CORPORATE FINANCE LIMITED

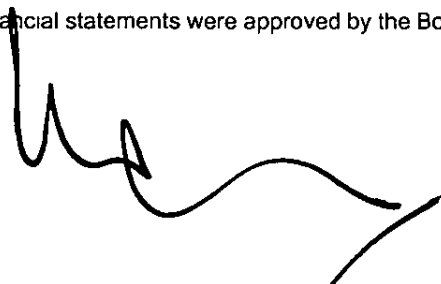
STATEMENT OF RECOGNISED INCOME AND EXPENSE
for the year ended 30 June 2009

	2009 £'000	2008 £'000
Profit/(loss) for the year	<u>4,285</u>	<u>(752)</u>
Total recognised income and expense for the year	<u><u>4,285</u></u>	<u><u>(752)</u></u>

BALANCE SHEET
as at 30 June 2009

	Note	2009 £'000	2008 £'000
NON-CURRENT ASSETS			
Finance lease receivables	10	-	29,835
Deferred tax asset	15	3,187	-
		<u>3,187</u>	<u>29,835</u>
CURRENT ASSETS			
Finance lease receivables	10	-	3,717
Trade and other receivables	11	2,119	22
Cash and cash equivalents	12	2,097	6,470
		<u>4,216</u>	<u>10,209</u>
TOTAL ASSETS		<u><u>7,403</u></u>	<u><u>40,044</u></u>
CURRENT LIABILITIES			
Trade and other payables	13	(7,722)	(4,853)
Bank borrowings	14	(4,327)	(1,429)
		<u>(12,049)</u>	<u>(6,282)</u>
NON CURRENT LIABILITIES			
Bank borrowings	14	-	(26,469)
Derivative at fair value	9	-	(13,503)
Deferred tax liabilities	15	-	(2,721)
		<u>-</u>	<u>(42,693)</u>
TOTAL LIABILITIES		<u><u>(12,049)</u></u>	<u><u>(48,975)</u></u>
NET LIABILITIES		<u><u>(4,646)</u></u>	<u><u>(8,931)</u></u>
DEFICIT			
Share capital	16	-	-
Retained earnings	17	(4,646)	(8,931)
TOTAL DEFICIT		<u><u>(4,646)</u></u>	<u><u>(8,931)</u></u>

The financial statements were approved by the Board of Directors on 26 February 2010 and signed on its behalf by



R Warren
Director

NATWEST CORPORATE FINANCE LIMITED

CASH FLOW STATEMENT
for the year ended 30 June 2009

	Note	2009 £'000	2008 £'000
NET CASH FROM OPERATING ACTIVITIES	18	<u>19,202</u>	<u>6,557</u>
FINANCING ACTIVITIES			
Repayments of borrowings		<u>(23,575)</u>	<u>(1,418)</u>
NET CASH USED IN FINANCING ACTIVITIES		<u>(23,575)</u>	<u>(1,418)</u>
NET (DECREASE)/INCREASE IN CASH AND CASH EQUIVALENTS		(4,373)	5,139
CASH AND CASH EQUIVALENTS AT BEGINNING OF YEAR		6,470	1,331
CASH AND CASH EQUIVALENTS AT END OF YEAR		<u><u>2,097</u></u>	<u><u>6,470</u></u>

NOTES TO THE FINANCIAL STATEMENTS

1 SIGNIFICANT ACCOUNTING POLICIES

a BASIS OF ACCOUNTING

The financial statements have been prepared in accordance with International Financial Reporting Standards (IFRS) as adopted for use in the EU. The Company in addition to complying with its legal obligation to comply with IFRS as adopted for use in the European Union, also complies with IFRS as issued by the International Accounting Standards Board.

The financial statements have been prepared on the historical cost basis. The principal accounting policies are set out below.

The directors do not believe the adoption of any Standards or Interpretations that have been issued but are not yet effective will have any material impact on the financial statements of the Company.

The judgements and assumptions involved in the Company's accounting policies which have the most significant effect on the amounts recognised in the financial statements are those that relate to the criteria for assessing whether substantially all the significant risks and rewards of ownership of leased assets are transferred to other entities.

The accounts, which should be read in conjunction with the Directors' Report, are prepared on a going concern basis and in accordance with IFRS.

b INCOME UNDER FINANCE LEASES

Leases are classified as finance leases whenever the terms of the lease transfer substantially all the risks and rewards of ownership to the lessee. All other leases are classified as operating leases.

Finance lease income, which includes the amortisation of the investment in the lease, is allocated to accounting periods so as to reflect a constant periodic rate of return on the net investment outstanding in respect of the leases.

c BORROWING COSTS

All borrowing costs are recognised as an expense in the period in which they are incurred.

d TAXATION

Provision is made for taxation at current enacted rates on taxable profits.

Deferred taxation is accounted for in full for all temporary differences between the carrying amount of an asset or liability for accounting purposes and its carrying amount for tax purposes. Deferred tax assets are only recognised to the extent that it is probable that they will be recovered.

e FINANCIAL INSTRUMENTS

The Company's financial asset categories are finance lease receivables and loans and receivables. Loans and receivables comprise 'trade and other receivables' and 'cash and cash equivalents' in the balance sheet.

The Company's financial liabilities are, with the exception of embedded derivatives categorised as financial liabilities measured at amortised cost, this comprises 'bank borrowings' and 'trade and other payables' in the balance sheet.

The Company accounts for any financial assets or liabilities on embedded derivatives at fair value through profit or loss.

f AMOUNTS RECEIVABLE UNDER FINANCE LEASES

A lease is recognised when there is a contractual right to the asset's cash flows and derecognised when all contractual rights and obligations expire. Amounts due from lessees under finance leases are recorded as receivables at the amount of the net investment in the leases. The difference between the gross receivable and the present value of the receivable is recognised as unearned finance income.

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.

NOTES TO THE FINANCIAL STATEMENTS

1 SIGNIFICANT ACCOUNTING POLICIES - continued

g TRADE AND OTHER RECEIVABLES

Trade and other receivables are measured on initial recognition at fair value, and subsequently measured at amortised cost using the effective interest rate method. Trade and other receivables do not carry any interest and are stated at their nominal value.

h CASH AND CASH EQUIVALENTS

Cash and cash equivalents comprise cash on hand and demand deposits, and other short-term highly liquid investments that are readily convertible to a known amount of cash and are subject to an insignificant risk of changes in value.

i BORROWINGS

Interest-bearing bank borrowings are initially recorded at fair value and are subsequently measured at amortised cost using the effective interest rate method.

j TRADE AND OTHER PAYABLES

Trade and other payables are initially measured at fair value, and are subsequently measured at amortised cost using the effective interest rate method. Trade and other payables are not interest bearing and are stated at their nominal value.

k DERIVATIVES AT FAIR VALUE

The Company has entered into a lease which contains an embedded derivative. The embedded derivative is accounted for, separately from the lease, as a derivative financial instrument from the lease in these financial statements.

Derivative financial instruments are recognised initially, and subsequently measured, at fair value. Derivative fair values are determined from quoted prices in active markets where available. Where there is no active market for an instrument, fair value is derived from prices for the derivative's components using appropriate pricing or valuation models. The Company's pricing and valuation methods are managed by the ultimate holding company, The Royal Bank of Scotland Group plc's (the Group). Most of the Group's pricing models do not entail material subjectivity because the methodologies utilised do not incorporate significant judgement and the parameters included in the models can be calibrated to actively quoted market prices. Values established from pricing models are adjusted for credit risk, liquidity risk and future operational costs.

Derivatives are classified as fair value through profit and loss. Gains and losses arising from changes in fair value of a derivative are recognised as they arise in profit or loss.

l OPERATING PROFIT

Operating profit is stated before charging or crediting investment income and finance costs.

2 FINANCIAL RISK MANAGEMENT

a Interest rate risk

Interest rate risk is the risk that the fair value or future cash flows of a financial instrument will fluctuate because of changes in market interest rates.

The Company's policy is to avoid interest rate risk by matching the maturity of the lease and its associated loan finance and fixing the cost of borrowing at the inception of the lease when the effective interest rate in the lease is determined.

b Currency risk

Currency risk is the risk that the fair value or future cash flows of a financial instrument will fluctuate because of changes in foreign exchange rates. The Company minimises currency risk by ensuring its leases and associated financing is in the same currency.

NOTES TO THE FINANCIAL STATEMENTS

2 FINANCIAL RISK MANAGEMENT - continued

c Credit risk

Credit risk is the risk arising from the possibility that the Company will incur losses from the failure of counterparties to meet their obligations. Credit risk is managed through The Royal Bank of Scotland plc Group Credit Risk Management Framework to enable the Group to achieve appropriate risk versus reward performance whilst maintaining credit risk exposure in line with approved risk appetite on a Group basis. The Framework encompasses credit risk assessment prior to the approval of any credit exposure, and the control and monitoring of these exposures against approved limits.

d Liquidity risk

Liquidity risk is the risk that the Company will not be able to meet its financial obligations as they fall due.

Any maturity mis-match within the overall long-term structure of the Company's assets and liabilities is managed to ensure that term asset commitments may be funded on an economic basis over their life. The short-term maturity structure of the Company's liabilities and assets is managed on a daily basis to ensure that all cash flow obligations can be met as they arise. In the event that they can not be met the company will rely on its parent for support.

e Capital management

The Company is a member of a group with regulatory disciplines over the use of its capital. Although the Company itself is not regulated it aims to maintain capital resources commensurate with the nature, scale and risk profile of its business. It regards its capital as the total equity as shown on the balance sheet.

3 REVENUE	2009 £'000	2008 £'000
Finance leases		
Rentals receivable	3,887	3,890
Amortisation	(1,436)	(1,341)
	<u>2,451</u>	<u>2,549</u>
Capital cost of asset additions financed		
Finance leases	<u>-</u>	<u>4</u>

The Company did not enter into any new leasing transactions during the year (2008: £nil)

4 OPERATING PROFIT	2009 £'000	2008 £'000
Operating profit has been arrived at after charging		
Loss on disposal	7,905	-
Management charge	1	5
Other	-	1
	<u>7,906</u>	<u>6</u>

Costs incurred in respect of audit services to the Company are included in the management charge as shown below

	£	£
Auditors' remuneration - for audit services	<u>564</u>	<u>651</u>

NATWEST CORPORATE FINANCE LIMITED

NOTES TO THE FINANCIAL STATEMENTS

5 STAFF COSTS

All directors are employed and remunerated by The Royal Bank of Scotland plc, which did not make a recharge to the Company in the year (2008 nil)

The average monthly number of employees was nil (2008 nil)

6 FINANCE COSTS

	2009 £'000	2008 £'000
Interest payable to group undertakings	<u>2,096</u>	<u>2,151</u>

7 TAXATION

	2009 £'000	2008 £'000
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A) ANALYSIS OF TAX CHARGE/(CREDIT) FOR THE YEAR

Current tax charge/(credit)

- Group relief payable/(receivable) on profit/(loss) for the year	7,575	(767)
- Adjustment in respect of prior periods	<u>-</u>	<u>(3)</u>

7,575 (770)

Deferred tax - origination and reversal of timing differences

- Current year	(5,908)	420
- Adjustment in respect of prior periods	<u>-</u>	<u>3</u>

Tax charge/(credit)

1,667 (347)

B) FACTORS AFFECTING THE TAX CHARGE/(CREDIT) FOR THE YEAR

Profit/(loss) before tax	<u>5,952</u>	<u>(1,099)</u>
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Tax on profit/(loss) at the rate of 28% (2008 29.5%)

1,667 (324)

Impact of rate change from 30% to 28%

- (23)

Tax charge/(credit)

1,667 (347)

The standard corporation tax rate changed from 30% to 28% effective from 1 April 2008

8 FINANCIAL INSTRUMENTS

a) Carrying value and fair value of financial instrument by category

	Carrying value 2009 £'000	Fair value 2009 £'000	Carrying value 2008 £'000	Fair value 2008 £'000
Finance lease receivables	-	-	33,552	33,552
Loans and receivables				
Trade and other receivables	2,119	2,119	22	22
Cash and cash equivalents	<u>2,097</u>	<u>2,097</u>	<u>6,470</u>	<u>6,470</u>
Financial assets	<u>4,216</u>	<u>4,216</u>	<u>40,044</u>	<u>40,044</u>
Financial liabilities measured at amortised cost				
Trade and other payables	7,722	7,722	4,853	4,853
Bank borrowings	4,327	4,327	27,898	27,898
Financial liabilities at fair value through profit and loss				
Embedded derivative	<u>-</u>	<u>-</u>	<u>13,503</u>	<u>13,503</u>
Financial liabilities	<u>12,049</u>	<u>12,049</u>	<u>32,751</u>	<u>32,751</u>

NOTES TO THE FINANCIAL STATEMENTS

8 FINANCIAL INSTRUMENTS - continued

b) Financial instrument - carrying amount by market risk exposure	2009 £'000	2008 £'000
Interest rate risk		
Financial assets		
- variable rate	2,097	6,470
- fixed rate	-	33,552
- non-interest bearing	2,119	22
	<u>4,216</u>	<u>40,044</u>
Financial liabilities		
- fixed rate	4,327	27,898
- non-interest bearing	7,722	4,853
	<u>12,049</u>	<u>32,751</u>

If market interest rates had been 2% (2008 1%) higher or lower the profit or loss and equity of the Company would not have been materially affected (2008 no affect)

c) Financial asset - credit quality and concentration of credit risk	2009 £'000	2008 £'000
Maximum credit exposure and neither past due nor impaired		
Finance lease receivable relating to 1 lessee within aviation	-	33,552
Group undertakings	4,216	6,492
	<u>4,216</u>	<u>40,044</u>

Based on counterparty payment history the Company considers all the above financial assets to be of good credit quality

In respect of the lease a third party has issued to the Company a letter of credit for a credit exposure of £Nil (2008 £24,249,000)

d) Liquidity risk

Contractual cash flows payable to maturity on financial liabilities on an undiscounted basis

	Less than 1 year £'000	In the 2nd year £'000	3 to 5 years £'000	Over 5 years £'000
2009				
Trade payables	<u>7,722</u>	<u>-</u>	<u>-</u>	<u>-</u>
	<u>7,722</u>	<u>-</u>	<u>-</u>	<u>-</u>
2008				
Trade payables	4,853			
Payments on embedded derivative	3,810	3,810	11,038	-
Receipts on embedded derivative	(3,895)	(3,895)	(11,684)	(14,400)
Bank borrowings	<u>4,168</u>	<u>4,217</u>	<u>12,558</u>	<u>35,826</u>
	<u>8,936</u>	<u>4,132</u>	<u>11,912</u>	<u>21,426</u>

NOTES TO THE FINANCIAL STATEMENTS

9 DERIVATIVES AT FAIR VALUE

Ageing of derivatives at fair value by maturity date				2009
	Within one year £'000	From second to fifth years inclusive £'000	After five years £'000	Total Liabilities £'000
Embedded foreign exchange agreement	-	-	-	-
Gain recognised on embedded derivative				13,503
Notional aggregate principal - as at 30 June 2009				Liabilities £'000
Embedded foreign exchange agreement				-
Ageing of derivatives at fair value by maturity date				2008
	Within one year £'000	From second to fifth years inclusive £'000	After five years £'000	Total Liabilities £'000
Embedded foreign exchange agreement	-	-	13,503	13,503
Loss recognised on embedded derivative				1,491
Notional aggregate principal - as at 30 June 2008				Liabilities £'000
Embedded foreign exchange agreement				23,960

An exchange agreement existed between the lessee and National Westminster Bank Plc for each aircraft whereby the Sterling payments under the lease were fulfilled in exchange for the lessee making payments in US dollars to National Westminster Bank Plc as specified by the agreement

On early termination of the lease the balance payable by the lessee to the Company is adjusted by an amount being the difference between the Sterling value of the amortised US dollar balance and the amortised Sterling account. However there is no formal agreement for this amount to be paid by National Westminster Bank plc to the Company. The exchange agreement was terminated in the year on termination of the associated lease.

This arrangement has been treated as an embedded derivative. Interest rates on the US dollar account are variable, whilst the effective rate for the Sterling account is fixed at 7.725%. The asset drawdowns in Sterling were converted for the purpose of the exchange agreement at an average rate of \$ 1.62 £1.

All derivatives held were carried at fair value. None of the derivatives were in designated fair value hedge or cash flow hedge relationships.

The total amount of the change in fair value estimated using a valuation technique recognised in profit or loss during the year was £13,503,000 gain (2008: £1,491,000 loss).

The gain of £13,503,000 is substantially set off by the loss on disposal of the associated lease in the year.

NATWEST CORPORATE FINANCE LIMITED

NOTES TO THE FINANCIAL STATEMENTS

10 FINANCE LEASE RECEIVABLES	Gross investment in lease		Present value of minimum lease payments	
	2009 £'000	2008 £'000	2009 £'000	2008 £'000
Amounts receivable under finance leases				
Within one year	-	3,895	-	3,717
In the second to fifth years inclusive	-	15,754	-	12,515
After five years	-	34,284	-	17,320
	-	53,933	-	33,552
Less unearned finance income	-	(20,381)	N/A	N/A
Present value of minimum lease payments receivable	-	33,552	-	33,552
Analysed as				
Non-current finance lease receivables (recoverable after 12 months)			-	29,835
Current finance lease receivables (recoverable within 12 months)			-	3,717
			-	33,552

The Company has entered into an aircraft finance leasing arrangement. All leases were disposed of during the year that had not entered a secondary period.

Unguaranteed residual values of assets leased under finance leases at the balance sheet date are estimated at £nil (2008: £nil).

The interest rate inherent in the leases is determined at the contract date for all the lease term. The average effective interest rate contracted approximated 7.8% p.a. in 2008.

11 TRADE AND OTHER RECEIVABLES	2009 £'000	2008 £'000
Amounts due from group undertakings	2,118	20
Other debtors	1	2
	2,119	22

12 CASH AND CASH EQUIVALENTS	2009 £'000	2008 £'000
Short term deposits with group undertakings	2,097	6,470

13 TRADE AND OTHER PAYABLES	2009 £'000	2008 £'000
Payments received on account	-	12
Amounts due to group undertakings	7,720	4,839
Other creditors	2	2
	7,722	4,853

NATWEST CORPORATE FINANCE LIMITED

NOTES TO THE FINANCIAL STATEMENTS

14 BANK BORROWINGS

	2009 £'000	2008 £'000
Loan amount due to group undertakings	<u>4,327</u>	<u>27,898</u>
The borrowings are repayable as follows		
On demand or within one year	4,327	1,429
In the second year	-	1,585
In the third to fifth year inclusive	-	5,504
After five years	<u>-</u>	<u>19,380</u>
	4,327	27,898
Less Amounts due for settlement within 12 months (shown under current liabilities)	<u>(4,327)</u>	<u>(1,429)</u>
Amounts due for settlement after 12 months	<u>-</u>	<u>26,469</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 effective interest rate on the loan in 2008 was 8.3% p.a.

15 DEFERRED TAX

		Deferred taxation £'000
Movements during the year		
At 1 July 2007		(2,298)
Charge to income statement		<u>(423)</u>
At 1 July 2008		(2,721)
Credit to income statement		<u>5,908</u>
At 30 June 2009		<u>3,187</u>
Full provision has been made for the potential amount of deferred taxation shown below		
	2009 £'000	2008 £'000
Accelerated capital allowances on assets financed	16	(6,330)
Embedded derivative	3,171	3,626
Other temporary differences	<u>-</u>	<u>(17)</u>
Deferred tax asset/(liability)	<u>3,187</u>	<u>(2,721)</u>

16 SHARE CAPITAL

	2009 Number of shares	2008 Number of shares	2009 £	2008 £
Ordinary shares of £1 each				
Authorised	<u>1,000</u>	<u>1,000</u>	<u>1,000</u>	<u>1,000</u>
Issued, called up and fully paid	<u>100</u>	<u>100</u>	<u>100</u>	<u>100</u>

The Company has one class of ordinary voting shares which carry no right to fixed income

NATWEST CORPORATE FINANCE LIMITED

NOTES TO THE FINANCIAL STATEMENTS

17 RETAINED EARNINGS	£'000
Balance at 1 July 2007	(8,179)
Profit for the financial year	<u>(752)</u>
Balance at 1 July 2008	(8,931)
Profit for the financial year	<u>4,285</u>
Balance at 30 June 2009	<u><u>(4,646)</u></u>

18 NOTES TO THE CASH FLOW STATEMENT	2009	2008
	£'000	£'000
Profit/(loss) before tax	5,952	(1,099)
Adjustments for		
(Increase)/Decrease in fair value of embedded derivative	(13,503)	1,491
Interest expense	<u>2,096</u>	<u>2,151</u>
Operating cash flows before movements in working capital	(5,455)	2,543
Decrease in receivables	31,455	1,328
(Decrease)/increase in payables	<u>(10)</u>	<u>11</u>
Cash generated by operations	25,990	3,882
Income taxes (paid)/received	(4,689)	4,810
Interest paid	<u>(2,099)</u>	<u>(2,135)</u>
Net cash from operating activities	<u><u>19,202</u></u>	<u><u>6,557</u></u>

19 RELATED PARTIES

On 1 December 2008, the UK Government through HM Treasury became the ultimate controlling party of The Royal Bank of Scotland Group plc. The UK Government's shareholding is managed by UK Financial Investments Limited, a company wholly owned by the UK Government.

The Company's ultimate holding company is The Royal Bank of Scotland Group plc which is registered in Scotland and its immediate parent company is National Westminster Bank plc which is registered in England. Both companies are incorporated in Great Britain.

As at 30 June 2009, The Royal Bank of Scotland Group plc heads the largest group in which the Group is consolidated and The Royal Bank of Scotland plc heads the smallest group in which the Group is consolidated. Copies of the consolidated accounts of both companies may be obtained from The Secretary, The Royal Bank of Scotland Group plc, Gogarburn, PO Box 1000, Edinburgh EH12 1HQ.

NOTES TO THE FINANCIAL STATEMENTS

20 RELATED PARTY TRANSACTIONS

2009
£'0002008
£'000

During the period, the Company entered into the following related party transactions

Royal Bank Leasing Limited

Transactions during the period

- Management charge paid to related party
- Group relief paid/(received)
- Loan repaid to related party

1
4,689
-

5
(4,810)
1,418

Group relief owed to related party

(7,720)

(4,833)

The Royal Bank of Scotland plc

Outstanding balance owed by related party

2,097

-

National Westminster Bank plc

Interest on loan paid to related party

(2,096)

(2,151)

Loan repaid to related party

(23,575)

-

Outstanding balance owed to related party

(4,327)

(27,898)

The amounts outstanding are unsecured and will be settled in cash. No guarantees have been given or received.

No provisions have been made for doubtful debts in respect of the amounts owed by related parties.

Both The Royal Bank of Scotland plc and Royal Bank Leasing Limited are fellow subsidiaries of the ultimate holding company The Royal Bank of Scotland Group plc.