

Company Registration No: 02501080

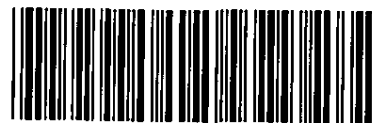
GL LEASE COMPANY NO.1 LIMITED

DIRECTORS' REPORT AND FINANCIAL STATEMENTS

31 December 2008

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

SATURDAY



A8RJ3AOT

A12

13/06/2009

375

COMPANIES HOUSE

GL LEASE COMPANY NO.1 LIMITED

CONTENTS

	Page
Officers and Professional Advisers	1
Directors' Report	2
Independent Auditors' Report	5
Income Statement	7
Statement of Changes in Equity	8
Balance Sheet	9
Cash Flow Statement	10
Notes to the Financial Statements	11

GL LEASE COMPANY NO.1 LIMITED

OFFICERS AND PROFESSIONAL ADVISERS

DIRECTORS:

**N T J Clibbens
C F Glenn
I J Isaac
B K Weir**

SECRETARY:

L H Cameron

REGISTERED OFFICE:

**3 Princess Way
Redhill
Surrey
RH1 1NP**

AUDITORS:

**Deloitte LLP
St Albans**

Registered in England and Wales.

GL LEASE COMPANY NO.1 LIMITED

DIRECTORS' REPORT

The directors present their report and the audited financial statements for the year ended 31 December 2008.

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 continues to be the provision of residual value guarantees.

Review of the year

The profit for the year was £10,051 (2007: profit of £62,247) and this was transferred to reserves. A dividend of £39,376 was paid during the year (2007: £96,520).

The directors, having made such enquiries as they considered appropriate, have prepared the financial statements on a going concern basis. They considered the financial statements of The Royal Bank of Scotland Group plc for the year ended 31 December 2008, approved on 25 February 2009, which were prepared on a going concern basis.

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

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 January 2008 to date the following changes have taken place:

Directors	Appointed	Resigned
C G Freeman		30 April 2008
B K Weir	30 April 2008	
Secretary		
M Castro		1 August 2008
L H Cameron	1 August 2008	

DIRECTORS' REPORT (Continued)

DIRECTORS' RESPONSIBILITIES

The directors are required by the Companies Acts 1985 and 2006 to prepare a directors' report and financial statements for each financial year and have elected to prepare them in accordance with International Financial Reporting Standards as adopted by the European Union. They are responsible for preparing financial statements that present fairly the financial position, financial performance and cash flows of the Company. In preparing these 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 directors' report and financial statements comply with the requirements of the Companies Acts 1985 and 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.

USE OF FINANCIAL INSTRUMENTS

The Company's financial risk management policies and exposure in relation to the respective risks are detailed in note 16 of the financial statements.

DISCLOSURE OF INFORMATION TO AUDITORS

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

- (a) so far as he 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 ought to have taken to make himself 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 234ZA of the Companies Act 1985.

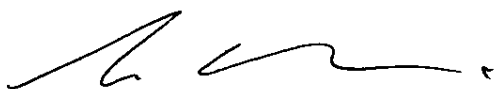
GL LEASE COMPANY NO.1 LIMITED

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

A handwritten signature in black ink, appearing to be 'N T J Clibbens', written in a cursive style.

N T J Clibbens
Director

Date: 11 June 2009

INDEPENDENT AUDITORS' REPORT TO THE MEMBERS OF GL LEASE COMPANY NO.1 LIMITED

We have audited the financial statements of GL Lease Company No.1 Limited ('the Company') for the year ended 31 December 2008 which comprise the income statement, the statement of changes in equity, the balance sheet, the cash flow statement and the related notes 1 to 20. 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

The directors' responsibilities for preparing the Directors' Report and the financial statements in accordance with applicable law and International Financial Reporting Standards (IFRSs) as adopted by the European Union are set out in the Directors' Report.

Our responsibility is to audit the financial statements in accordance with relevant legal and regulatory requirements and International Standards on Auditing (UK and Ireland).

We report to you our opinion as to whether the financial statements give a true and fair view and whether the financial statements have been properly prepared in accordance with the Companies Act 1985. We also report to you whether in our opinion the information given in the Directors' Report is consistent with the financial statements. In addition we report to you if, in our opinion, 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 other transactions is not disclosed.

We read the Directors' Report for the above year and consider whether it is consistent with the audited financial statements. We consider the implications for our report if we become aware of any apparent misstatements or material inconsistencies with the financial statements. Our responsibilities do not extend to any information outside the Directors' Report.

BASIS OF AUDIT OPINION

We conducted our audit in accordance with International Standards on Auditing (UK and Ireland) 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 circumstances of the Company, 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.

INDEPENDENT AUDITORS' REPORT TO THE MEMBERS OF GL LEASE COMPANY NO.1 LIMITED
(Continued)

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 2008 and of its profit for the year then ended in accordance with International Financial Reporting Standards as adopted by the European Union;
- the financial statements have been properly prepared in accordance with the Companies Act 1985; and
- the information given in the Directors' Report is consistent with the financial statements.

Deloitte LLP

Deloitte LLP
Chartered Accountants and Registered Auditors
St Albans, United Kingdom

Date: *11 June 2009*

GL LEASE COMPANY NO.1 LIMITED

INCOME STATEMENT
for the year ended 31 December 2008

	Note	2008 £	2007 £
Continuing operations			
Revenue	4	11,151	84,911
Operating charges	5	<u>(1,000)</u>	<u>(1,518)</u>
Operating profit		10,151	83,393
Finance income	6	<u>3,907</u>	<u>5,531</u>
Profit before tax		14,058	88,924
Tax	7	<u>(4,007)</u>	<u>(26,677)</u>
Profit for the year attributable to the equity holders of the Company	8,15	<u>10,051</u>	<u>62,247</u>

The notes on pages 11 to 22 form a part of these financial statements.

GL LEASE COMPANY NO.1 LIMITED

STATEMENT OF CHANGES IN EQUITY
for the year ended 31 December 2008

	Note	Share capital £	Retained earnings £	Total equity £
At 1 January 2007		4	124,307	124,311
Profit for the year		-	62,247	62,247
Dividends paid	9	-	(96,520)	(96,520)
At 31 December 2007		<u>4</u>	<u>90,034</u>	<u>90,038</u>
At 1 January 2008		4	90,034	90,038
Profit for the year		-	10,051	10,051
Dividends paid	9	-	(39,376)	(39,376)
At 31 December 2008		<u>4</u>	<u>60,709</u>	<u>60,713</u>

The notes on pages 11 to 22 form a part of these financial statements.

GL LEASE COMPANY NO.1 LIMITED

BALANCE SHEET
at 31 December 2008

	Note	2008 £	2007 £
Current assets			
Loans and receivables	10	37,114	122,857
Tax receivable		24,898	-
Trade and other receivables	11	814	15,389
Total assets		62,826	138,246
Non-current liabilities			
Trade and other payables	12	-	1,113
Provisions	13	-	1,725
		-	2,838
Current liabilities			
Trade and other payables	12	2,113	25,313
Tax payable		-	20,057
		2,113	45,370
Total liabilities		2,113	48,208
Net assets		60,713	90,038
Equity			
Share capital	14	4	4
Reserves	15	60,709	90,034
Total equity attributable to the equity holders of the Company		60,713	90,038

The financial statements were approved by the board of directors and authorised for issue on 11 June 2009 and were signed on its behalf by:



N T J Clibbens
Director

The notes on pages 11 to 22 form a part of these financial statements.

GL LEASE COMPANY NO.1 LIMITED

CASH FLOW STATEMENT

for the year ended 31 December 2008

	Note	2008 £	2007 £
Operating activities			
Profit before tax		14,058	88,924
<i>Adjustments for:</i>			
Finance income	6	(3,907)	(5,531)
Operating profit before changes in working capital		10,151	83,393
Decrease in trade and other receivables		14,575	20,549
Decrease in inventories		-	27,000
Increase/(decrease) in amounts owed to group undertakings		85,743	(29,821)
(Decrease)/increase in trade and other payables		(24,313)	10,493
Decrease in provisions		(1,725)	(15,000)
Net cash generated from the operations		84,431	96,614
Interest received		3,907	5,531
Tax paid		(48,962)	(5,625)
Net cash from operating activities		39,376	96,520
Net cash from investing activities		-	-
Financing activities			
Dividends paid	9	(39,376)	(96,520)
Net cash used in financing activities		(39,376)	(96,520)
Net increase in cash and cash equivalents		-	-
Cash and cash equivalents at 1 January		-	-
Cash and cash equivalents at 31 December		-	-

The notes on pages 11 to 22 form a part of these financial statements.

NOTES TO THE FINANCIAL STATEMENTS
for the year ended 31 December 2008

1 General information

GL Lease Company No.1 Limited is a company incorporated in Great Britain under the Companies Act 1985. The address of the registered office is on page 1. The nature of the Company's principal activities are set out in the Director's Report.

2 Adoption of new and revised Standards

In the current year the Company has not adopted any additional Standards as none have become effective for this reporting period.

Three Interpretations issued by the International Financial Reporting Interpretations Committee are effective for the current year. These are: IFRIC 11 *IFRS2 - Group and Treasury Share Transactions*, IFRIC 12 *Service Concession Arrangements* and IFRIC 14 *IAS 19 The Limit on a Defined Benefit Asset, Minimum Funding Requirements and their Interaction*. The adoption of these has not led to any changes in the Company's accounting policies.

At the date of authorisation of these financial statements, the following Standards and Interpretations which have not been applied in these financial statements were in issue but not yet effective: IFRS 8 *Operating Segments*, IFRIC 13 *Customer Loyalty Programmes*, IFRIC 15 *Agreements for the Construction of Real Estate*, IFRIC 16 *Hedges of a Net Investment in a Foreign Operation*, IFRIC 17 *Distributions of Non-cash Assets to Owners* and IFRIC 18 *Transfers of Assets from Customers*. The directors anticipate that the adoption of these Standards and Interpretations in future periods will have no material impact on the financial statements of the Company.

3 Accounting policies

a. Accounting convention

The financial statements, which should be read in conjunction with the Directors' Report, are prepared on a going concern basis and in accordance with International Financial Reporting Standards issued by the International Accounting Standards Board (IASB) and interpretations issued by the International Financial Reporting Interpretations Committee of the IASB (together IFRS) as adopted by the European Union.

The financial statements have been prepared upon the basis of historical cost except as noted in the following accounting policies and are presented in accordance with applicable United Kingdom law.

NOTES TO THE FINANCIAL STATEMENTS (Continued)
for the year ended 31 December 2008

3 Accounting policies (continued)

b. Revenue recognition

Revenue represents net fees and equipment rental income, on goods held for resale, credited to the profit and loss account and net profit of invoiced sales during the year.

Residual Value Guarantee fees are accrued evenly over the period of the lease to which the Residual Value Guarantee relates except where, at inception, it is anticipated that losses will be incurred on disposal. Where, at inception, losses are anticipated to arise on disposal, fees received at inception of the lease are deferred to match the anticipated loss on disposal.

Revenue arises in the United Kingdom from continuing activities.

c. Loans and receivables

Loans and receivables are measured at initial recognition at fair value and are subsequently measured at amortised cost using the effective interest rate method. Appropriate allowances for estimated irrecoverable amounts are recognised in the income statement when there is objective evidence that the asset is impaired. The allowance recognised is the difference between the asset's carrying amount and the present value of estimated future cash flows discounted at the effective interest rate computed at initial recognition.

d. Taxation

Provision is made for taxation at current enacted rates on taxable profits, arising in income or in equity.

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. Trade and other receivables

Trade and other receivables are measured at initial recognition at fair value. Appropriate allowances for estimated irrecoverable amounts are recognised in the income statement when there is objective evidence that the asset is impaired.

f. Inventories

Inventories are stated at the lower of cost and net realisable value.

g. Trade and other payables

Trade and other payables are measured at fair value.

NOTES TO THE FINANCIAL STATEMENTS (Continued)
for the year ended 31 December 2008

3 Accounting policies (continued)

h. Amounts owed to group undertakings

Amounts owed to group undertakings are initially measured at fair value and are subsequently measured at amortised cost using the effective interest rate method.

Finance costs incurred on borrowings from group undertakings are recognised in the income statement in the period in which they are incurred.

i. Operating charges

Operating charges include provisions for bad and doubtful debts and other operating charges. Individually assessed provisions are made against advances for which recovery is considered to be doubtful. Collectively assessed provision is made in respect of losses which, although not separately identified, are from experience known to be present in any portfolio of financial assets. Other operating charges are accounted for on an accruals basis.

j. Residual values

The Company's profits on disposal of assets are recognised as they arise.

Residual value exposure occurs due to the uncertain nature of the value of an asset at the end of an agreement. Throughout the life of an asset its residual value will fluctuate because of the uncertainty of the market for that asset as well as general economic conditions.

Future residual values are monitored so as to identify any impairment required, by reference to the Company's past history for values and the Company's projections of the likely future market for each group of assets. Provision for losses is made when the likelihood of loss is identified.

k. Critical accounting judgements and key sources of estimation uncertainty

In the process of applying the Company's accounting policies above, management has made the following judgements that have the most significant effect on the amounts recognised in the financial statements:

- Provisions for bad and doubtful debt
- Provision for future residual value guarantee losses
- Provision for stock dilapidation

The Company's policies in respect of these is noted above.

GL LEASE COMPANY NO.1 LIMITED

NOTES TO THE FINANCIAL STATEMENTS (Continued) for the year ended 31 December 2008

4 Revenue

	2008 £	2007 £
Fee income	1,326	40,103
Equipment rental income	-	12,409
Net profit on invoiced sales	9,825	32,399
	<u>11,151</u>	<u>84,911</u>

5 Operating charges

	2008 £	2007 £
Commission payable	-	500
Repairs	-	707
Audit services (note 8)	1,000	311
	<u>1,000</u>	<u>1,518</u>

The Company had no employees in the current year (2007 – none).

Employee costs are incurred by the intermediate parent company, Lombard North Central PLC.

6 Finance income

	2008 £	2007 £
On loans and receivables:		
From group undertakings	3,907	5,291
Other	-	240
	<u>3,907</u>	<u>5,531</u>

7 Tax charge on profit before tax

A) Analysis of charge for the year

	2008 £	2007 £
Current taxation:		
Income tax charge for the year	4,007	26,677

B) Factors affecting the tax charge for the year

The actual tax charge in the current and prior year does not differ from the expected tax charge computed by applying the standard rate of UK corporation tax of 28.5% (2007: 30%).

GL LEASE COMPANY NO.1 LIMITED

NOTES TO THE FINANCIAL STATEMENTS (Continued) for the year ended 31 December 2008

7 Tax charge on profit before tax (continued)

The applicable rate for the year has changed from 30% to 28.5% following a reduction in the rate of UK corporation tax from 30% to 28% on 1 April 2008.

8 Profit for the year

Profit for the year has been arrived at after charging:

	2008 £	2007 £
Auditors' remuneration: Audit services	<u>1,000</u>	<u>311</u>

9 Dividends

	2008 £	2007 £
'A' ordinary shares: Interim dividend of £19,688 per ordinary share (2007: £48,260)	19,688	48,260
'B' ordinary shares: Interim dividend of £6,563 per ordinary share (2007: £16,087)	<u>19,688</u>	<u>48,260</u>
	<u>39,376</u>	<u>96,520</u>

10 Loans and receivables

	2008 £	2007 £
Current		
Amounts owed by group undertakings	<u>37,114</u>	<u>122,857</u>

The average effective interest rate over amounts owed by group undertakings approximates 5% (2007: 5%).

The fair value of loans and receivables is considered not to be materially different to the carrying amounts in the balance sheet.

11 Trade and other receivables

	2008 £	2007 £
Trade receivables	-	15,385
Other receivables	<u>814</u>	<u>4</u>
	<u>814</u>	<u>15,389</u>

GL LEASE COMPANY NO.1 LIMITED

NOTES TO THE FINANCIAL STATEMENTS (Continued) for the year ended 31 December 2008

12 Trade and other payables

	2008 £	2007 £
Non-current liabilities		
Accruals and deferred income	-	1,113
Current liabilities		
Other tax and social security	-	1,575
Accruals and deferred income	2,113	23,738
	<u>2,113</u>	<u>25,313</u>
	<u>2,113</u>	<u>26,426</u>

13 Provisions

		<u>£</u>
At 1 January 2008		1,725
Provisions used during the year		(1,725)
At 31 December 2008		<u><u>-</u></u>
	2008	2007
	<u>£</u>	<u>£</u>
Non current	-	1,725

14 Share capital

	2008 £	2007 £
Authorised:		
250 (2007: 250) 'A' ordinary shares of £1 each	250	250
750 (2007: 750) 'B' ordinary shares of £1 each	750	750
	<u>1,000</u>	<u>1,000</u>
Allotted, called up and fully paid:		
1 (2007: 1) 'A' ordinary shares of £1 each	1	1
3 (2007: 3) 'B' ordinary shares of £1 each	3	3
	<u>4</u>	<u>4</u>

Dividends

To the extent that distributable reserves are available and dividends are paid, the holder of each A Share shall be entitled to be paid a dividend in respect of each A share which is three times the value of the dividend paid in respect of each B share.

NOTES TO THE FINANCIAL STATEMENTS (Continued)
for the year ended 31 December 2008

14 Share capital (continued)

Winding up

On a winding up or on a return of capital or otherwise, the assets of the Company available for distribution shall be applied so that there shall be paid to the holder of the A shares in respect of each A share an amount which is three times that paid to the holder of the B Shares in respect of each B share.

Voting rights

The holder of the A Shares shall be entitled to three votes per A share held and the holder of the B Shares shall be entitled to one vote per B Share held, whether on a show of hands or on a poll.

15 Reserves

	Retained earnings £
At 1 January 2007	124,307
Profit for the year	62,247
Dividends	(96,520)
At 31 December 2007	<u>90,034</u>
At 1 January 2008	90,034
Profit for the year	10,051
Dividends	(39,376)
At 31 December 2008	<u>60,709</u>

16 Financial instruments and risk management

Capital risk management

The Company considers its capital to consist of equity attributable to the equity holders of the Company, comprising issued share capital and retained earnings as disclosed in notes 14 and 15. The Company is a member of the Royal Bank of Scotland group of companies which has regulatory disciplines over the use of its capital. The Company operates controls and policies put in place by the group to ensure that the Company can continue as a going concern and to ensure that the group complies with these regulatory disciplines.

NOTES TO THE FINANCIAL STATEMENTS (Continued)
for the year ended 31 December 2008

16 Financial instruments and risk management (continued)

Accounting Policies

Details of the accounting policies and methods adopted, including the criteria for recognition, the basis of measurement and the basis on which income and expenses are recognised, in respect of each class of financial asset and financial liability are disclosed in note 3.

Categories of financial instruments

The carrying value of each category of financial instruments, as defined in IAS 39, is disclosed in the following table:

	2008 £	2007 £
Financial assets:		
Loans and receivables	37,114	138,242
Non financial assets	<u>25,712</u>	<u>4</u>
	<u>62,826</u>	<u>138,246</u>
Financial liabilities:		
Amortised cost	2,113	26,426
Non financial liabilities	<u>-</u>	<u>21,782</u>
	<u>2,113</u>	<u>48,208</u>

Risk management

The Company uses a comprehensive framework for managing risks established by the Lombard group of companies and the Royal Bank of Scotland group of companies.

The risks associated with the Company's businesses are as follows:

Interest rate risk and sensitivity analysis

Structural interest rate risk arises where assets and liabilities have different repricing maturities.

The Company has no significant interest rate risk as interest bearing assets are primarily amounts owed by group undertakings due primarily on demand and there are no interest bearing liabilities.

The sensitivity analysis below has been determined based on the exposure to interest rates at the balance sheet date. The analysis is prepared on the assumption that the balances receivable and/or payable at the balance sheet date were receivable and/or payable for the whole year.

If interest rates had been 0.5% higher and all other variables were held constant, the Company's profit for the year would have increased by £179 (2007: profit for the year would have increased by £615). This is mainly due to the Company's exposure to interest rates on its variable rate lendings. There would be no other impact on equity.

NOTES TO THE FINANCIAL STATEMENTS (Continued)
for the year ended 31 December 2008

16 Financial instruments and risk management (continued)

Currency risk

The Company has no currency risk as all transactions and balances are denominated in Sterling.

Credit risk

Credit risk is the risk that companies, financial institutions, individuals and other counterparties will be unable to meet their obligations to the Company.

Analysis of credit quality by credit rating:

The following tables provide an analysis of the credit quality of the Company's financial assets at the balance sheet date:

	Analysis of credit quality by quality grade			Accruing past due	Non accrual	Less: Impair- ment provision	Total
	AQ1 to 3	AQ4	AQ5				
	£	£	£	£	£	£	£
2008							
Loans and receivables	37,114	-	-	-	-	-	37,114
2007							
Loans and receivables	122,857	-	-	-	-	-	122,857
Trade receivables	-	-	-	15,385	-	-	15,385
	122,857	-	-	15,385	-	-	138,242

The analysis of credit quality by quality grade represents the maximum exposure to credit risk excluding past due and non accrual. Assets are graded according to the following:

Asset quality grade	probability of default (PD)
AQ1	<=0.2%
AQ2	>0.2% and <=0.6%
AQ3	>0.6% and <=1.5%
AQ4	>1.5% and <=5%
AQ5	>5%

NOTES TO THE FINANCIAL STATEMENTS (Continued)
for the year ended 31 December 2008

16 Financial instruments and risk management (continued)

Credit risk (continued)

Analysis of assets accruing past due

The following assets were past due at the balance sheet date but not considered impaired:

	Past due:				
	1-29 days	30-59 days	60-89 days	more than 90 days	Total
	£	£	£	£	£
2008					
Trade receivables	-	-	-	-	-
2007					
Trade receivables	10,575	-	-	4,810	15,385

The Company has no significant concentration of credit risk, with exposure spread over a large number of counterparties and customers.

Liquidity risk

Liquidity risk arises where assets and liabilities have different contractual maturities. The Company manages liquidity risk through applying the established framework put in place within the group.

The maturity analysis of financial liabilities is disclosed in note 12.

The Company has no significant liquidity risk as it has access to financing facilities and support provided by fellow group companies.

Operational risk

Operational risk is the risk of unexpected losses attributable to human error, systems failures, fraud or inadequate internal financial controls and procedures. The Company manages this risk, in line with the RBS group framework, through systems and procedures to monitor transactions and positions, the documentation of transactions and periodic review by internal audit. The Company also maintains contingency facilities to support operations in the event of disasters.

GL LEASE COMPANY NO.1 LIMITED

NOTES TO THE FINANCIAL STATEMENTS (Continued) for the year ended 31 December 2008

17 Commitments

The Company is committed to acquire assets from lessors at the end of their respective leases at amounts agreed at the beginning of the related lease contract such as to guarantee a certain return to the lessor. These commitments, which have been issued to The Royal Bank of Scotland Group plc undertakings, have the following expiration dates.

	2008 £	2007 £
Within one year	940,788	617,548
In the second to fifth years inclusive	-	325,740
	<u>940,788</u>	<u>943,288</u>

18 Post balance sheet events

There have been no significant events between the year end and the approval of these financial statements which would require a change to the disclosures in the accounts.

19 Related parties

The Company's immediate parent and ultimate controlling party is described in note 20.

The table below details balances and transactions with group undertakings.

	At 1 January 2008 £	Group Revenue £	Net payments £	Net interest received £	At 31 December 2008 £
Non-banking members of the group:					
Immediate parent	52,500	13,500	(66,000)	-	-
Other RBS Group undertakings	70,357	-	(37,150)	3,907	37,114
Total	<u>122,857</u>	<u>13,500</u>	<u>(103,150)</u>	<u>3,907</u>	<u>37,114</u>

Net operating charges and fees paid to/(by) GATX Asset Residual Management Limited, an associate company within the group, were £5,400 (2007: £22,101).

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

NOTES TO THE FINANCIAL STATEMENTS (Continued)
for the year ended 31 December 2008

19 Related parties (continued)

Other related party transactions

No emoluments were paid to any director by the Company during the year (2007 - £nil).

None of the directors had any material interest in any contract of significance in relation to the business of the Company (2007 - none).

During the year, the Company paid corporation tax of £48,962 (2007: £5,625) to Her Majesty's Revenue & Customs (HMRC), a UK Government body. At the balance sheet date the amounts of corporation tax owed from HMRC was £24,898 (2007: corporation tax owed to HMRC of £20,057).

20 Parent companies

The Company's immediate parent company is Lombard Maritime Limited.

The ultimate holding company and the parent of the largest group into which the Company is consolidated is The Royal Bank of Scotland Group plc which is incorporated in Great Britain and registered in Scotland. Copies of the financial statements for The Royal Bank of Scotland Group plc can be obtained from The Royal Bank of Scotland Group plc, Gogarburn, Edinburgh, EH12 1HQ.

The smallest subgroup into which the Company is consolidated has as its parent company The Royal Bank of Scotland plc, a company incorporated in Great Britain and registered in Scotland. Copies of the consolidated financial statements for this subgroup can be obtained from The Royal Bank of Scotland Group plc, Gogarburn, Edinburgh, EH12 1HQ.

On 1 December 2008, the UK Government through HM Treasury acquired a controlling shareholding in The Royal Bank of Scotland Group plc. The UK Government has announced that its shareholdings in banks will be managed by UK Financial Investments Limited, a company wholly-owned by the UK Government.