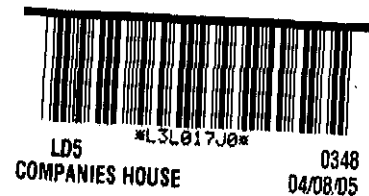


Company Registration No: 2608503

ROYSCOT MOTOR FINANCE LIMITED

REPORT AND FINANCIAL STATEMENTS

31 DECEMBER 2004



**Group Secretariat
The Royal Bank of Scotland Group plc
3 Princess Way,
Redhill,
Surrey
RH1 1NP**

ROYSCOT MOTOR FINANCE LIMITED

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ROYSCOT MOTOR FINANCE LIMITED

OFFICERS AND PROFESSIONAL ADVISERS

DIRECTORS

E Hawthorne
K J McLean
J C H Rudge
J D Stuart

SECRETARY

A M Cunningham

REGISTERED OFFICE

3 Princess Way,
Redhill,
Surrey
RH1 1NP

AUDITORS

Deloitte & Touche LLP
London

Registered in England and Wales

ROYSCOT MOTOR FINANCE LIMITED

DIRECTORS' REPORT

The directors present their annual report and the audited financial statements for the year ended 31 December 2004.

ACTIVITIES AND BUSINESS REVIEW

The principal activity of the company is the provision of hire purchase facilities for new and used motor cars as specified in an agreement dated 1 June 1992 between RoyScot Trust plc, Arnold Clark Automobiles Limited and the Company.

Profit after taxation for the year was £345,072 (2003: £427,047). The net amount financed under all forms of financial agreements entered into during the year was £14,544,631 (2003: £18,705,480). The directors do not recommend payment of a dividend for the current year (2003: £740,000).

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

DIRECTORS

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

From 1 January 2004 to date the following changes have taken place:

Directors	Appointed	Resigned
Mr C G Knowles		31 March 2004
Mr J D Stuart (as an alternative to C G Knowles)		31 March 2004
Mr M W Treacy	1 April 2004	19 January 2005
Mr J C H Rudge	19 January 2005	

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; 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 the system of internal control, for safeguarding the assets of the company and hence for taking reasonable steps for the prevention and detection of fraud and other irregularities.

ROYSCOT MOTOR FINANCE LIMITED

DIRECTORS' REPORT (CONTINUED)

DIRECTORS' INTERESTS

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

The following directors were beneficially interested in the ordinary shares of The Royal Bank of Scotland Group plc:

	As at 1 January 2004*	As at 31 December 2004
	No	No
J D Stuart	2,058	5,767
M W Treacy	1,094	1,148

Options to subscribe for ordinary shares of 25p each in The Royal Bank of Scotland Group plc granted to and exercised during the period by the following directors of the company and connected persons are:

	As at 1 January 2004*	Granted during the period Options	Price £	Exercised during the period Options	Price £	As at 31 December 2004
	No	No		No		No
J D Stuart	31,492	270	£12.09	578	£7.41	28,410
				551	£10.06	
				546	£8.88	
				1,677	£9.24	
M W Treacy	1,779	155	£12.09	150	£15.63	1,784

** or date of appointment, if later*

No Director had an interest in any of the preference shares of The Royal Bank of Scotland Group plc during the year to 31 December 2004.

At 1 January 2004 and at 31 December 2004 Mr J D Stuart also held 2,148 Floating Rate Unsecured Loan Notes 2005 in RBSG.

Other than as disclosed, none of the Directors in office at 31 December 2004 held any interest in the share or loan capital of the company or any other group company.

ELECTIVE RESOLUTIONS

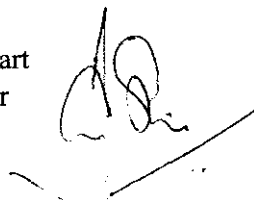
Elective Resolutions electing to dispense with the requirement to hold annual general meetings, lay accounts before a general meeting and re-appointment of auditors annually were passed on 31 December 2001.

AUDITORS

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

J D Stuart
Director



1st August 2005

**INDEPENDENT AUDITORS' REPORT TO THE MEMBERS OF
ROYSCOT MOTOR FINANCE LIMITED**

We have audited the financial statements of RoyScot Motor Finance Limited for the year ended 31 December 2004, which comprise the profit and loss account, the balance sheet and the related notes 1 to 16. These financial statements have been prepared under the accounting policies set out therein.

This report is made solely to the company's members, as a body, in accordance with section 235 of the Companies Act 1985. Our audit work has been undertaken so that we might state to the company's members those matters we are required to state to them in an auditors' report and for no other purpose. To the fullest extent permitted by law, we do not accept or assume responsibility to anyone other than the company and the company's members as a body, for our audit work, for this report, or for the opinions we have formed.

RESPECTIVE RESPONSIBILITIES OF DIRECTORS AND AUDITORS

As described in the statement of directors' responsibilities, the company's directors are responsible for the preparation of the financial statements in accordance with applicable United Kingdom law and accounting standards. Our responsibility is to audit the financial statements in accordance with relevant United Kingdom legal and regulatory requirements and auditing standards.

We report to you our opinion as to whether the financial statements give a true and fair view and are properly prepared in accordance with the Companies Act 1985. We also report if, in our opinion, the directors' report is not consistent with the financial statements, if the company has not kept proper accounting records, if we have not received all the information and explanations we require for our audit, or if information specified by law regarding directors' remuneration and transactions with the company is not disclosed.

We read the directors' report for the above year and consider the implications for our report if we become aware of any apparent misstatements.

BASIS OF AUDIT OPINION

We conducted our audit in accordance with United Kingdom auditing standards issued by the Auditing Practices Board. An audit includes examination, on a test basis, of evidence relevant to the amounts and disclosures in the financial statements. It also includes an assessment of the significant estimates and judgements made by the directors in the preparation of the financial statements, and of whether the accounting policies are appropriate to the company's circumstances, consistently applied and adequately disclosed.

We planned and performed our audit so as to obtain all the information and explanations which we considered necessary in order to provide us with sufficient evidence to give reasonable assurance that the financial statements are free from material misstatement, whether caused by fraud or other irregularity or error. In forming our opinion, we also evaluated the overall adequacy of the presentation of information in the financial statements.

OPINION

In our opinion the financial statements give a true and fair view of the state of the company's affairs as at 31 December 2004 and of its profit for the year then ended and have been properly prepared in accordance with the Companies Act 1985.

Deloitte & Touche LLP

Deloitte & Touche LLP

Chartered Accountants and Registered Auditors

London, 3 August 2005

ROYSCOT MOTOR FINANCE LIMITED

PROFIT AND LOSS ACCOUNT

FOR THE YEAR ENDED 31 DECEMBER 2004

	Note	2004 £	2003 £
Turnover	2	3,061,019	3,405,417
Other operating charges		<u>(1,177,580)</u>	<u>(1,458,744)</u>
Operating profit	3	1,883,439	1,946,673
Interest payable	4	<u>(1,390,479)</u>	<u>(1,336,606)</u>
Profit on ordinary activities before taxation		492,960	610,067
Taxation charge on profit on ordinary activities	6	<u>(147,888)</u>	<u>(183,020)</u>
Profit on ordinary activities after taxation		345,072	427,047
Dividends	7	-	(740,000)
Retained profit/(loss) for the financial year	11	<u><u>345,072</u></u>	<u><u>(312,953)</u></u>

All items dealt with in arriving at profit on ordinary activities before taxation for 2004 and 2003 relate to continuing operations.

RECOGNISED GAINS AND LOSSES

There are no recognised gains or losses other than the profit attributable to shareholders of £345,072 in the year ended 31 December 2004 and of the profit of £427,047 in the year ended 31 December 2003.

The notes on pages 7 to 13 form part of these financial statements.

ROYSCOT MOTOR FINANCE LIMITED

BALANCE SHEET

AT 31 DECEMBER 2004

	Note	2004 £	2003 £
<u>ASSETS</u>			
FIXED ASSETS			
Tangible assets	8	-	-
CURRENT ASSETS			
Debtors falling due within one year	9	10,643,141	11,000,808
Debtors falling due after more than one year	9	14,229,499	16,380,310
		<u>24,872,640</u>	<u>27,381,118</u>
<u>LIABILITIES</u>			
CAPITAL AND RESERVES			
Called up share capital	10	1,000	1,000
Profit and loss account	11	<u>403,266</u>	<u>58,194</u>
TOTAL EQUITY SHAREHOLDERS' FUNDS	12	404,266	59,194
CREDITORS: Amounts falling due within one year	14	<u>24,468,374</u>	<u>27,321,924</u>
		<u>24,872,640</u>	<u>27,381,118</u>

The financial statements were approved at a meeting of the board of directors on 1st August 2005 and were signed on their behalf by:

John David Stuart  Director

The notes on pages 7 to 13 form part of these financial statements.

ROYSCOT MOTOR FINANCE LIMITED

NOTES TO THE FINANCIAL STATEMENTS

1. ACCOUNTING POLICIES

a. Accounting Convention

The financial statements have been prepared upon the basis of historical cost and in accordance with applicable United Kingdom law and accounting standards.

The company's accounts fall within the scope of the Statement of Recommended Practice (SORP) issued by the Finance & Leasing Association. The accounts have been prepared in accordance with the SORP in all material aspects.

b. Income from Instalment Credit Business

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

c. Depreciation

Depreciation is provided on tangible fixed assets so as to write them down to their estimated residual value over their estimated useful lives, as follows:-

	<u>Basis</u>	<u>Estimated Useful Life</u>
Equipment	Straight line	5 Years

d. Operating Charges

Operating charges includes provisions for bad and doubtful debts and other operating charges. Specific provisions are made against advances for which recovery is considered to be doubtful. General provision is made in respect of losses which, although not separately identified, are from experience known to be present in any portfolio of leasing/hire purchase assets. Other operating charges, including management charges, are accounted for on an accruals basis.

e. Taxation

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

Deferred tax is provided in full, without discounting, in respect of taxation deferred by timing differences between the treatment of certain items for taxation and accounting purposes.

Deferred tax assets are only recognised to the extent that it is regarded that it is more likely than not that they will be recovered.

f. Cash flow statement

As a wholly owned subsidiary of The Royal Bank of Scotland Group plc, the company has taken advantage of the exemption permitted by Financial Reporting Standard 1, 'Cash Flow Statements', and does not prepare a cash flow statement.

ROYSCOT MOTOR FINANCE LIMITED

NOTES TO THE FINANCIAL STATEMENTS (CONTINUED)

2. TURNOVER

- (i) Turnover represents income from instalment credit agreements credited to the profit and loss account during the year, all of which arises in the United Kingdom and is from continuing activities.

	2004 £	2003 £
(ii) Net amounts financed under instalment credit agreements entered into during the year	<u>14,544,631</u>	<u>18,705,480</u>
(iii) Aggregate amounts receivable during the year under instalment credit agreements	<u>19,937,898</u>	<u>20,633,415</u>

3. OPERATING PROFIT

	2004 £	2003 £
Operating profit is stated after charging:		
Auditors' remuneration	<u>4,000</u>	<u>4,000</u>

4. INTEREST PAYABLE

	2004 £	2003 £
On bank loans and overdrafts, and other loans:		
To group undertakings	<u>1,390,479</u>	<u>1,336,606</u>

5. EMPLOYEES, DIRECTORS' REMUNERATION AND INTERESTS

No emoluments were paid to any director by the company during the year (2003 - £nil).

None of the directors had any material interest in any contract of significance in relation to the business of the company (2003 - £nil).

The company had no employees during the year (2003 - nil).

ROYSCOT MOTOR FINANCE LIMITED

NOTES TO THE FINANCIAL STATEMENTS (CONTINUED)

6. TAXATION CHARGE ON PROFIT ON ORDINARY ACTIVITIES

	2004	2003
	£	£
A) Analysis of charge in the year		
Current taxation:		
Group relief payable*	145,364	163,405
Deferred Taxation:		
Origination and reversal of timing differences (note 13)	2,524	19,615
	<u>147,888</u>	<u>183,020</u>

* Provision for group relief is made on the assumption that the claimant company will make payment to the surrendering companies at rates appropriate to the periods in which the losses claimed are utilised.

B) Factors affecting the tax charge for the year

The actual tax charge for the year differs from the expected tax charge computed by applying the standard rate of Corporation Tax in the UK: 30% (2003:30%). The differences are explained below:

	2004	2003
	£	£
Profit on ordinary activities before tax	<u>492,960</u>	<u>610,067</u>
Profit on ordinary activities multiplied by standard rate of corporation tax in the UK of 30% (2003: 30%)	147,888	183,020
Effects of:		
Capital allowances for the year in excess of depreciation	(620)	(827)
Movement in other short term timing differences	(1,904)	(18,788)
Current tax charge for the year	<u>145,364</u>	<u>163,405</u>
Deferred Taxation:		
Origination and reversal of timing differences (note 13)	2,524	19,615
	<u>147,888</u>	<u>183,020</u>

ROYSCOT MOTOR FINANCE LIMITED

NOTES TO THE FINANCIAL STATEMENTS (CONTINUED)

7. DIVIDENDS

	2004	2003
	<u>£</u>	<u>£</u>
Ordinary shares:		
Interim dividend paid of £nil per share (2003 - £640)	-	640,000
Proposed dividend of £nil per share (2003 - £100)	-	100,000
	<u>-</u>	<u>740,000</u>

8. TANGIBLE FIXED ASSETS

	Equipment
	<u>£</u>
<u>Cost</u>	
At 1 January 2004 and at 31 December 2004	<u>95,029</u>
<u>Depreciation</u>	
At 1 January 2004 and at 31 December 2004	<u>95,029</u>
Net Book Value at 31 December 2004	<u>-</u>
Net Book Value at 31 December 2003	<u>-</u>

ROYSCOT MOTOR FINANCE LIMITED

NOTES TO THE FINANCIAL STATEMENTS (CONTINUED)

9. DEBTORS	2004	2003
	<u>£</u>	<u>£</u>
Amounts falling due:		
i) Within one year		
Amounts owed by group undertakings	65,387	160
Net investment in instalment credit agreements	10,568,867	10,974,760
Other debtors	8,887	25,888
	<u>10,643,141</u>	<u>11,000,808</u>
ii) After more than one year		
Net investment in instalment credit agreements	14,209,315	16,357,602
Deferred tax (note 13)	20,184	22,708
	<u>14,229,499</u>	<u>16,380,310</u>
Total debtors	<u><u>24,872,640</u></u>	<u><u>27,381,118</u></u>

10. CALLED UP SHARE CAPITAL

	2004		2003	
	<u>Authorised</u>	Allotted, called up and <u>fully paid</u>	<u>Authorised</u>	Allotted, called up and <u>fully paid</u>
	<u>£</u>	<u>£</u>	<u>£</u>	<u>£</u>
Ordinary shares of £1 each	<u>1,000</u>	<u>1,000</u>	<u>1,000</u>	<u>1,000</u>

ROYSCOT MOTOR FINANCE LIMITED

NOTES TO THE FINANCIAL STATEMENTS (CONTINUED)

11. PROFIT AND LOSS ACCOUNT

	<u>£</u>
Balance at 1 January 2004	58,194
Retained profit for the financial year	345,072
Balance at 31 December 2004	<u><u>403,266</u></u>

12. RECONCILIATION OF MOVEMENTS IN SHAREHOLDERS' FUNDS

	2004 <u>£</u>	2003 <u>£</u>
Profit attributable to members of the company	345,072	427,047
Dividends	-	(740,000)
Net movement in shareholders' funds	<u>345,072</u>	<u>(312,953)</u>
Opening shareholders' funds	59,194	372,147
Closing shareholders' funds	<u><u>404,266</u></u>	<u><u>59,194</u></u>

13. DEFERRED TAXATION ASSET

	2004 <u>£</u>	2003 <u>£</u>
Accelerated capital allowances	1,861	2,481
Other	<u>18,323</u>	<u>20,227</u>
	<u><u>20,184</u></u>	<u><u>22,708</u></u>
Balance at 1 January 2004	22,708	
Transfer to profit and loss account (note 6)	(2,524)	
Balance at 31 December 2004	<u><u>20,184</u></u>	

ROYSCOT MOTOR FINANCE LIMITED

NOTES TO THE FINANCIAL STATEMENTS (CONTINUED)

14. CREDITORS

	2004	2003
	£	£
Amounts falling due within one year:		
Amounts owed to group undertakings	24,333,396	26,935,060
Declared dividend	-	100,000
Other creditors	111,378	265,260
Accruals	23,600	21,604
	<u>24,468,374</u>	<u>27,321,924</u>

15. ULTIMATE PARENT UNDERTAKING

The company's immediate parent company is RoyScot Trust plc.

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 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, 42 St Andrew Square, Edinburgh, EH2 2YE.

16. RELATED PARTY TRANSACTIONS

The company is exempt from the requirement 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 company's results are included in the Consolidated Financial Statements of The Royal Bank of Scotland Group plc.