

ROYSCOT AUTO CREDIT LIMITED

REPORT AND FINANCIAL STATEMENTS

FOR THE YEAR ENDED 31 DECEMBER 2001



RoyScot Auto Credit Limited is registered in England and Wales No. 2807036.
Registered Office: 3 Princess Way, Redhill, Surrey, RH1 1NP.

ROYSCOT AUTO CREDIT LIMITED

DIRECTORS

E A Flint
C G Knowles
N A Mohammed

SECRETARY

A M Cunningham

ROYSCOT AUTO CREDIT LIMITED

DIRECTORS' REPORT

The directors have pleasure in submitting their report and the financial statements for the year ended 31 December 2001.

On 21 August 2000, RoyScot Auto Credit Limited changed its accounting reference date from 30 September to 31 December. As a consequence the comparatives in the accompanying accounts relate to the 15 months ended 31 December 2000.

PRINCIPAL ACTIVITY

The principal activity of the group is the provision of credit finance by way of instalment credit for new and used motor vehicles pursuant to an agreement dated 28 October 1993.

BUSINESS REVIEW

The net amount financed under all forms of financial agreements entered into during the year was £8,028,596. The results for the year are set out in the profit and loss account on page 5. The directors have paid an interim dividend of £15,000. They do not recommend the payment of a final dividend.

The company traded profitably during the year under review and the directors expect that it will continue to do so.

DIRECTORS

The present directors are as shown on page 1.

Mr C G Knowles was appointed to the board on 22 June 2001.

The following have resigned from the board:-

Mr R D Brodie on 21 June 2001.

Mr C P Sullivan on 21 June 2001.

DIRECTORS' INTERESTS

At the period end Mr E A Flint and Mr C G Knowles were also directors of the intermediate parent undertaking Lombard North Central PLC, a company which is itself required to keep a register of directors' interests. These directors were not therefore required to notify their interests in the shares or debentures of The Royal Bank of Scotland Group plc group undertakings to the company.

No other director at the year end is registered as having interests during the year in the share or loan capital of The Royal Bank of Scotland Group plc group undertakings.

By order of the board

Angela M Cunningham

23 October 2002

ROYSCOT AUTO CREDIT LIMITED

STATEMENT OF DIRECTORS' RESPONSIBILITIES

Company law requires the directors to prepare financial statements for each financial period which give a true and fair view of the state of affairs of the company at the end of the financial period and of the profit or loss for that period. In preparing those financial statements, the directors are required to:-

- i. select suitable accounting policies and then apply them consistently;
- ii. make judgements and estimates that are reasonable and prudent;
- iii. state whether applicable accounting standards have been followed; and
- iv. 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 have general responsibility for taking such steps as are reasonably open to them to safeguard the assets of the company and to prevent and detect fraud and other irregularities.

INDEPENDENT AUDITORS' REPORT TO THE MEMBERS OF

ROYSCOT AUTO CREDIT LIMITED

We have audited the financial statements of RoyScot Auto Credit Limited for the year ended 31 December 2001, which comprise the profit and loss account, the balance sheet and the related notes 1 to 15. These financial statements have been prepared under the accounting policies set out therein.

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 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 2001 and of its profit for the year then ended and have been properly prepared in accordance with the Companies Act 1985.

Deloitte & Touche

Deloitte & Touche

Chartered Accountants and Registered Auditors

Crawley, 31 OCTOBER 2002

ROYSCOT AUTO CREDIT LIMITED

PROFIT AND LOSS ACCOUNT

FOR THE YEAR ENDED 31 DECEMBER 2001

		12 months ended 31 December 2001 £	15 months ended 31 December 2000 £
	Note		
Turnover	2	817,879	517,114
Depreciation of tangible fixed assets	8	(2,894)	(5,721)
Operating charges		<u>(246,736)</u>	<u>(149,599)</u>
Operating profit	3	568,249	361,794
Interest payable	4	<u>(488,769)</u>	<u>(321,008)</u>
Profit on ordinary activities before taxation		79,480	40,786
Taxation charge on profit on ordinary activities	6	<u>(23,844)</u>	<u>(12,237)</u>
Profit on ordinary activities after taxation		55,636	28,549
Dividends	7	<u>(15,000)</u>	<u>(24,000)</u>
Retained profit for the financial period	11	<u><u>40,636</u></u>	<u><u>4,549</u></u>

All items dealt with in arriving at Profit on ordinary activities before taxation for 2001 and 2000 arise from continuing operations.

RECOGNISED GAINS AND LOSSES

There are no recognised gains or losses other than the profit attributable to shareholders of the company of £55,636 in the year ended 31 December 2001 and of £28,549 in the 15 months ended 31 December 2000.

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

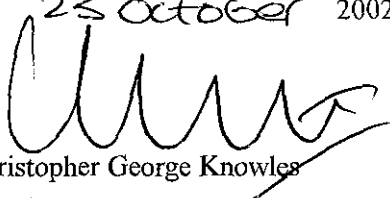
ROYSCOT AUTO CREDIT LIMITED

BALANCE SHEET

AT 31 DECEMBER 2001

	Note	2001 £	2000 £
<u>ASSETS</u>			
FIXED ASSETS			
Tangible assets	8	784	3,678
CURRENT ASSETS			
Debtors falling due within one year	9	2,930,413	2,358,111
Debtors falling due after more than one year	9	<u>6,277,802</u>	<u>2,415,852</u>
		<u>9,208,999</u>	<u>4,777,641</u>
<u>LIABILITIES</u>			
CAPITAL AND RESERVES			
Called up share capital	10	1,000	1,000
Profit and loss account	11	<u>57,376</u>	<u>16,740</u>
TOTAL EQUITY SHAREHOLDERS' FUNDS	12	58,376	17,740
CREDITORS			
	14	<u>9,150,623</u>	<u>4,759,901</u>
		<u>9,208,999</u>	<u>4,777,641</u>

The financial statements were approved at a meeting of the board of directors on 23 October 2002 and were signed on their behalf by:


Christopher George Knowles
Director

All of the above share capital relates to equity funds.

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

ROYSCOT AUTO CREDIT 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 accounting standards.

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. Deferred Taxation

Deferred tax is provided using the liability method on all timing differences to the extent that a tax liability is expected to arise in the future. Credit for deferred tax is taken in respect of timing differences to the extent that tax relief is expected to crystallise.

e. Related Party Transactions/Financial Reporting Standard 1

As a wholly owned subsidiary of Lombard North Central PLC, its intermediate parent undertaking, the company has taken advantage of the exemption permitted by Financial Reporting Standard 8, 'Related Party Disclosures', and does not disclose inter company transactions. Similarly, the company is exempted under Financial Reporting Standard 1, 'Cash Flow Statements', from the requirement to prepare a cash flow statement.

ROYSCOT AUTO CREDIT LIMITED

NOTES TO THE FINANCIAL STATEMENTS (CONTINUED)

2. TURNOVER

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

	12 months ended 31 December 2001 £	15 months ended 31 December 2000 £
(ii) Net amounts financed under all forms of financial agreements entered into during the period were as follows:		
Instalment credit agreements	<u>8,028,596</u>	<u>4,174,777</u>
(iii) Aggregate amounts received during the period were as follows:		
Instalment credit agreements	<u>4,376,519</u>	<u>2,855,893</u>

3. OPERATING PROFIT

The profit on ordinary activities before taxation is stated after charging:

	12 months ended 31 December 2001 £	15 months ended 31 December 2000 £
Auditors' remuneration	<u>1,080</u>	<u>1,217</u>

ROYSCOT AUTO CREDIT LIMITED

NOTES TO THE FINANCIAL STATEMENTS (CONTINUED)

	12 months ended 31 December 2001 £	15 months ended 31 December 2000 £
4. INTEREST PAYABLE		

On bank loans and overdrafts, and other loans:

To group undertakings	<u>488,769</u>	<u>321,008</u>
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5. EMPLOYEES, DIRECTORS' REMUNERATION AND INTERESTS

No emoluments were paid to any director by the company during the year (15 months to 31 December 2000 - £nil).

None of the directors had any material interest in any contract of significance in relation to the business of the company (15 months to 31 December 2000 - £nil).

The company has no direct employees (15 months to 31 December 2000 - nil).

	12 months ended 31 December 2001 £	15 months ended 31 December 2000 £
6. TAXATION CHARGE ON PROFIT ON ORDINARY ACTIVITIES		
Group relief payable*	30,287	12,500
Transfer to deferred tax (note 13)	(6,443)	(264)
Adjustments in respect of prior years:		
Group relief payable*	7,200	1
Transfer to deferred tax (note 13)	(7,200)	-
	<u>23,844</u>	<u>12,237</u>

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

ROYSCOT AUTO CREDIT LIMITED

NOTES TO THE FINANCIAL STATEMENTS (CONTINUED)

	12 months ended 31 December 2001 £	15 months ended 31 December 2000 £
7. DIVIDENDS		
Ordinary shares:		
Interim dividend paid of £15 per share (2000 - £24)	<u>15,000</u>	<u>24,000</u>
 8. TANGIBLE FIXED ASSETS		
		Equipment £
<u>Cost</u>		
At 1 January 2001 and at 31 December 2001		<u>53,546</u>
<u>Depreciation</u>		
At 1 January 2001		49,868
Charge for the period		<u>2,894</u>
At 31 December 2001		<u>52,762</u>
 Net book value at 31 December 2001		 <u>784</u>
 Net book value at 31 December 2000		 <u>3,678</u>

ROYSCOT AUTO CREDIT LIMITED

NOTES TO THE FINANCIAL STATEMENTS (CONTINUED)

9. DEBTORS	2001	2000
	<u>£</u>	<u>£</u>
Amounts falling due:		
i) Within one year		
Net investment in instalment credit agreements	2,930,399	2,357,796
Other debtors	<u>14</u>	<u>315</u>
	2,930,413	2,358,111
ii) After more than one year		
Net investment in instalment credit agreements	6,261,830	2,413,523
Deferred taxation (note 13)	<u>15,972</u>	<u>2,329</u>
	6,277,802	2,415,852
Total debtors	<u><u>9,208,215</u></u>	<u><u>4,773,963</u></u>

10. CALLED UP SHARE CAPITAL

	2001		2000	
	<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><u>1,000</u></u>	<u><u>1,000</u></u>	<u><u>1,000</u></u>	<u><u>1,000</u></u>

ROYSCOT AUTO CREDIT LIMITED

NOTES TO THE FINANCIAL STATEMENTS (CONTINUED)

11. PROFIT AND LOSS ACCOUNT

	<u>£</u>
Balance at 1 January 2001	16,740
Retained profit for the financial period	40,636
Balance at 31 December 2001	<u><u>57,376</u></u>

12. RECONCILIATION OF MOVEMENTS IN SHAREHOLDERS' FUNDS

	12 months ended 31 December 2001 <u>£</u>	15 months ended 31 December 2000 <u>£</u>
Profit attributable to members of the company	55,636	28,549
Dividends	<u>(15,000)</u>	<u>(24,000)</u>
Net movement in shareholders' funds	40,636	4,549
Opening shareholders' funds	<u>17,740</u>	<u>13,191</u>
Closing shareholders' funds	<u><u>58,376</u></u>	<u><u>17,740</u></u>

13. DEFERRED TAXATION ASSET

	<u>£</u>
Balance at 1 January 2001	2,329
Transfer from profit and loss account (note 6)	13,643
Balance at 31 December 2001	<u><u>15,972</u></u>

There is no unprovided liability for deferred tax.

The above balance represents the full potential asset in respect of the following:-

	2001 <u>£'000</u>	2000 <u>£'000</u>
Capital allowances	2,339	2,329
Other	<u>13,633</u>	<u>-</u>
	<u><u>15,972</u></u>	<u><u>2,329</u></u>

ROYSCOT AUTO CREDIT LIMITED

NOTES TO THE FINANCIAL STATEMENTS (CONTINUED)

14. CREDITORS	2001	2000
	£	£
Amounts falling due within one year:		
Amounts owed to group undertakings	9,083,956	4,748,539
Other creditors	64,432	11,362
Accruals	2,235	-
	<u>9,150,623</u>	<u>4,759,901</u>

15. ULTIMATE PARENT UNDERTAKING

The ultimate parent undertaking and ultimate controlling party is The Royal Bank of Scotland Group plc, which is registered in Scotland.

The smallest group of undertakings for which group financial statements are drawn up, including the company, is that of Lombard North Central PLC, which is registered in England and Wales.

Copies of the financial statements of The Royal Bank of Scotland Group plc can be obtained from:
The Secretary, The Royal Bank of Scotland Group plc, 36 St Andrew Square, Edinburgh, EH2 2YB.

Copies of the financial statements of Lombard North Central PLC can be obtained from:
The Secretary, Lombard North Central PLC, 3 Princess Way, Redhill, Surrey, RH1 1NP.