

Company No. 2807036

ROYSCOT AUTO CREDIT LIMITED

DIRECTORS' REPORT AND ACCOUNTS

30th SEPTEMBER 1995



ROYSCOT AUTO CREDIT LIMITED

REPORT AND ACCOUNTS FOR THE YEAR ENDED 30th SEPTEMBER 1995

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ROYSCOT AUTO CREDIT LIMITED

DIRECTORS AND OFFICERS

CHAIRMAN

David John Finlayson

DIRECTORS

John Huw Evans
Nasser Abdul Mohammed
John Reginald Pollard
Thomas Ian Rarity

SECRETARY

Michael Ian Charles Woodcock

REGISTERED OFFICE

RoyScot House
The Promenade
Cheltenham
Gloucestershire GL50 1PL

PRINCIPAL OFFICE

39 Roseburn Street
Murrayfield
Edinburgh
EH12 5PE

ROYSCOT AUTO CREDIT LIMITED

Directors' Report

The directors present their annual report, together with the audited accounts for the year ended 30th September 1995.

Results

The results for the year are set out on page 7. The directors do not recommend the payment of a final dividend. The retained profit for the year to 30th September 1995 to be transferred to reserves will amount to £6,037.

Business review

The principal activity of the company, which is a wholly owned subsidiary of RoyScot Trust plc, is the provision of hire purchase facilities for new and used motor cars as specified in an agreement dated 28th October 1993.

The company will continue to operate in the asset financing market.

Directors

The present directors of the company, all of whom were directors at 30th September 1995, are listed on page 2.

During the year to 30th September 1995, no changes were made in the composition of the board of directors.

Directors' interests

No director had any interest in the ordinary shares of the company on 30th September 1995 nor on 1st October 1994.

The interests of the directors at 30th September 1995 in the share or loan capital of the ultimate holding company, The Royal Bank of Scotland Group plc, or in the share or loan capital of its subsidiary undertakings are shown on page 4.

Fixed assets

Changes in the fixed assets of the company are shown in note 5 on the accounts on page 10.

Auditors

The auditors, Coopers & Lybrand, have indicated their willingness to continue in office. Resolutions to reappoint them and to authorise the directors to fix their remuneration will be proposed at the annual general meeting.

By order of the Board



M I C Woodcock
Secretary
CHELTENHAM

16 NOV 1995

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

	1st October 1994 (or date of appointment if later)	30th September 1995
	<u>Shares</u>	<u>Shares</u>
J H Evans	1,691	1,055
D J M Finlayson	7,185	12,350
J R Pollard	2,870	6,910

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

	At 1st October 1994 (or date of appointment if later)	Options granted	Price £	Options exercised	Price £	At 30th Sept 1995
D J M Finlayson	28,995	431 23,000	3.20 3.99	3,285	1.49	49,141
J R Pollard	8,564	1,509	3.20	2,899	1.49	7,174

No other director had an interest in the ordinary shares of The Royal Bank of Scotland Group plc and no director had an interest in any of the preference shares of The Royal Bank of Scotland Group plc during the year to 30th September 1995.

In addition, during that period, none of the directors held a beneficial interest in the loan capital of The Royal Bank of Scotland Group plc or in the share or loan capital of any of the other subsidiaries of The Royal Bank of Scotland Group plc.

ROYSCOT AUTO CREDIT LIMITED

Statement of directors' responsibilities

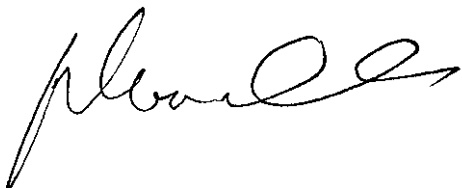
Company law requires the directors to prepare accounts for each financial year which give a true and fair view of the state of affairs of the company and of the profit or loss of the company for that year. In preparing those accounts, the directors are required to:

- 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 accounts; and
- prepare the accounts 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 accounts comply with the Companies Act 1985. They are also responsible for safeguarding the assets of the company and hence for taking reasonable steps for the prevention and detection of fraud and other irregularities.

The directors confirm that these accounts comply with the aforementioned requirements.

By order of the Board



M I C Woodcock
Secretary
CHELTENHAM

16 NOV 1995

ROYSCOT AUTO CREDIT LIMITED

Accounting policies

The accounts on pages 6 to 12 are prepared in accordance with applicable accounting standards in the United Kingdom. The principal accounting policies adopted by the company are described below.

1. Accounting convention

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

2. Instalment credit agreements

Where the amount of the total charges on instalment credit agreements is established at the commencement of the agreement, income and unearned interest charges have been calculated in accordance with a formula known as the 'Rule of 78' after deduction of commission payable to dealers. In other transactions, charges are debited to customers' accounts as and when they fall due.

3. Provisions for bad and doubtful debts

Provisions are made against receivables when it is considered that recovery is doubtful or losses are anticipated.

Provisions made during the year are charged against profits. Receivables classified as bad debts are written off in part or in whole when the extent of the loss incurred has been confirmed.

4. Tangible fixed assets

Equipment is depreciated on a straight line basis at a rate of 20% per annum.

5. Deferred taxation

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

ROYSCOT AUTO CREDIT LIMITED

Profit & loss account

for the year ended 30th September 1995

	Note	£	1994 £
Instalment credit income		268,356	33,837
Cost of sales		<u>(132,696)</u>	<u>(11,945)</u>
Gross profit		135,660	21,892
Operating costs		<u>(126,609)</u>	<u>(22,704)</u>
Profit/(loss) on ordinary activities before taxation	2	9,051	(812)
Taxation on profit/(loss) on ordinary activities	4	<u>(3,014)</u>	<u>268</u>
Profit/(loss) for the year	11	<u><u>6,037</u></u>	<u><u>(544)</u></u>

The company has no recognised gains and losses other than those included in the profit/(loss) above, and therefore no separate statement of total recognised gains and losses has been presented.

There is no difference between the profit/(loss) on ordinary activities before taxation and the profit/(loss) for the year stated above, and their historical cost equivalents.

The results above derive from the continuing operations of the company.

ROYSCOT AUTO CREDIT LIMITED

Balance sheet
at 30th September 1995

	Note	£	1994 £
Fixed assets			
Tangible assets	5	<u>30,720</u>	<u>29,547</u>
Current assets			
Advances to customers due within one year	6	681,508	256,609
Advances to customers due after more than one year	6	1,066,624	619,234
Debtors	7	<u>400</u>	<u>7,151</u>
		1,748,532	882,994
Current liabilities			
Creditors: amounts falling due within one year	8	<u>(1,771,765)</u>	<u>(910,925)</u>
Net current liabilities		<u>(23,233)</u>	<u>(27,931)</u>
Total assets less current liabilities		7,487	1,616
Provisions for liabilities and charges			
Deferred taxation	9	<u>(994)</u>	<u>(1,160)</u>
Net assets		<u>6,493</u>	<u>456</u>
Capital and reserves			
Called-up share capital	10	1,000	1,000
Profit and loss account	11	<u>5,493</u>	<u>(544)</u>
Equity shareholders' funds	12	<u>6,493</u>	<u>456</u>

D.J.M. Finlayson
Director



J.R Pollard
Director



ROYSCOT AUTO CREDIT LIMITED

Notes on the accounts

for the year ended 30th September 1995

1. Ultimate holding company

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

2. Profit/(loss) on ordinary activities before taxation

The profit/(loss) on ordinary activities before taxation is stated after charging:

		1994
	£	£
Interest payable to group undertakings	132,696	11,945
Auditors' remuneration	805	1,675
Depreciation	<u>7,567</u>	<u>5,163</u>

3. Directors' emoluments

None of the directors received any emoluments in respect of their services to the company during the year.

4. Taxation on profit/(loss) on ordinary activities

		1994
	£	£
Group relief		
- current year	2,464	(1,428)
- prior year	<u>716</u>	<u>-</u>
	3,180	(1,428)
Deferred taxation		
- current year	550	1,160
- prior year	<u>(716)</u>	<u>-</u>
	<u>(166)</u>	<u>1,160</u>
	<u>3,014</u>	<u>(268)</u>

The tax charge for the current and prior years has been based on a corporation tax rate of 33%.

ROYSCOT AUTO CREDIT LIMITED

Notes on the accounts - continued

5. Tangible fixed assets

	Equipment £
Cost	
At beginning of year	34,710
Additions	<u>8,740</u>
At end of year	<u>43,450</u>
Depreciation	
At beginning of year	5,163
Charge	<u>7,567</u>
At end of year	<u>12,730</u>
Net book value	
At end of year	<u>30,720</u>
At beginning of year	<u>29,547</u>

6. Advances to customers

The capital cost of assets financed during the year was £1,644,606 (1994 - £913,272).

1994

7. Debtors

	£	£
Amounts falling due within one year:		
Amounts due from other group undertakings	-	1,428
Other debtors	<u>400</u>	<u>5,723</u>
	<u>400</u>	<u>7,151</u>

ROYSCOT AUTO CREDIT LIMITED

Notes on the accounts - continued

8. Creditors		1994
	£	£
Amounts falling due within one year:		
Amounts owed to immediate holding company	1,712,387	833,483
Amounts owed to other group undertakings	9,789	58,434
Other creditors	<u>49,589</u>	<u>19,008</u>
	<u>1,771,765</u>	<u>910,925</u>
9. Deferred taxation		
The full potential deferred tax liability has been recognised in the accounts as shown below:		
	£	1994
		£
Accelerated capital allowances	<u>994</u>	<u>1,160</u>
The movement during the year is as follows:		
At beginning of year	1,160	-
(Credit)/charge for year	<u>(166)</u>	<u>1,160</u>
At end of year	<u>994</u>	<u>1,160</u>
10. Called-up share capital		
	£	1994
		£
Authorised, called-up and fully paid:		
1,000 Ordinary shares of £1 each	<u>1,000</u>	<u>1,000</u>
11. Profit and loss account		
	£	1994
		£
At beginning of year	(544)	-
Profit/(loss) for the year	<u>6,037</u>	<u>(544)</u>
At end of year	<u>5,493</u>	<u>(544)</u>

ROYSCOT AUTO CREDIT LIMITED

Notes on the accounts - continued

12. Reconciliation of movements in shareholders' funds

	£	1994 £
Profit/(loss) for the year	6,037	(544)
Issue of share capital	-	1,000
Shareholders funds at beginning of year	<u>456</u>	<u>-</u>
Shareholders' funds at end of year	<u>6,493</u>	<u>456</u>

13. Cash flow statement

A cash flow statement is not included in these accounts because the company is a wholly owned subsidiary undertaking of RoyScot Trust plc. RoyScot Trust plc has informed the company of its intention to prepare a consolidated cash flow statement, including the cash flow of the company, in accordance with Financial Reporting Standard no.1.

14. Capital commitments

No capital expenditure was authorised or contracted for as at 30th September 1995 (1994 - nil).

15. Contingent liabilities

There were no contingent liabilities at 30th September 1995.

16. Approval of accounts

The accounts were approved by the board of directors on **16 NOV 1995**

ROYSCOT AUTO CREDIT LIMITED

Report of the auditors

To the members of RoyScot Auto Credit Limited

We have audited the financial statements on pages 6 to 12.

Respective responsibilities of directors and auditors

As described on page 5 the company's directors are responsible for the preparation of financial statements. It is our responsibility to form an independent opinion, based on our audit, on those financial statements and to report our opinion to you.

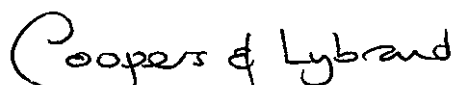
Basis of opinion

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

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

Opinion

In our opinion the financial statements give a true and fair view of the state of the company's affairs at 30th September 1995 and of its profit and total recognised gains and losses for the period then ended and have been properly prepared in accordance with the Companies Act 1985.



Coopers & Lybrand
Chartered Accountants and Registered Auditors

Gloucester, 16 November 1995