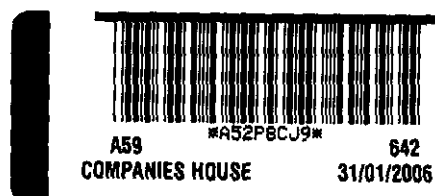


Company Registration Number: 3074526

GROUP VEHICLE SERVICES (1) LIMITED

DIRECTORS' REPORT AND FINANCIAL STATEMENTS

31 March 2005



Lombard North Central PLC
3 Princess Way
Redhill RH1 1NP

GROUP VEHICLE SERVICES (1) LIMITED

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GROUP VEHICLE SERVICES (1) LIMITED

DIRECTORS

R A Bailey
T J Booth
N T J Clibbens
A D Parkinson
M A Spicknell

SECRETARY

C J Whittaker

REGISTERED OFFICE

3 Princess Way
Redhill
Surrey
RH1 1NP

AUDITORS

Deloitte & Touche LLP
Birmingham

Registered in England and Wales.

GROUP VEHICLE SERVICES (1) LIMITED

DIRECTORS' REPORT

The directors present their report and the audited financial statements for the year ended 31 March 2005.

ACTIVITIES AND BUSINESS REVIEW

The principal activity of the company is vehicle leasing.

The net amount financed under all forms of financial agreements entered into during the year was £2,871,582 (2004: £352,295). The results for the year are set out in the profit and loss account on page 5. The directors do not recommend the payment of a dividend.

The company traded profitably during the year under review and the directors expect that it will continue to do so, although the level of trading is expected to be lower in the coming year.

DIRECTORS AND SECRETARY

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

Directors	Appointed	Resigned
E A M Flint		1 December 2004
S Ramanathan		23 February 2005
R A Bailey	3 March 2005	
T J Booth	3 March 2005	
A D Parkinson	3 March 2005	
M A Spicknell	3 March 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 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 financial statements comply with the aforementioned requirements.

GROUP VEHICLE SERVICES (1) LIMITED

DIRECTORS' REPORT

DIRECTORS INTERESTS

All of the directors at the year end were also directors of the immediate parent undertaking, Group Vehicle Services Limited, a company which is itself required to keep a register of directors' interests. The 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.

POLICY AND PRACTICE ON PAYMENT OF CREDITORS

The company follows the policy and practice on payment of creditors determined by The Royal Bank of Scotland Group plc, as outlined below.

In the year ending 31 March 2005, the Group adhered to the following payment policy in respect of all suppliers. The Group is committed to maintaining a sound commercial relationship with its suppliers. Consequently, it is the Group's policy to negotiate and agree terms and conditions with its suppliers, which include the giving of an undertaking to pay suppliers within 30 days of receipt of a correctly prepared invoice submitted in accordance with the terms of the contract or such other payment period as may be agreed.

ELECTIVE RESOLUTIONS

The company has passed 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.

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



Director

Date 23/01/2006.

GROUP VEHICLE SERVICES (1) LIMITED

INDEPENDENT AUDITORS' REPORT TO THE MEMBERS OF GROUP VEHICLE SERVICES LIMITED

We have audited the financial statements of Group Vehicle Services (1) Limited for the year ended 31 March 2005, which comprise the profit and loss account, the balance sheet, the statement of accounting policies 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 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 March 2005 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 Birmingham
Chartered Accountants and Registered Auditors**

Date *31 January 2006*

GROUP VEHICLE SERVICES (1) LIMITED

PROFIT AND LOSS ACCOUNT FOR THE YEAR ENDED 31 MARCH 2005

	Note	<u>2005</u> <u>£'000</u>	<u>2004</u> <u>£'000</u>
Turnover	2	1,201	2,125
Other operating income		<u>0</u>	<u>5</u>
		1,201	2,130
Depreciation on tangible fixed assets	7	(675)	(1,297)
Profit/(Loss) on disposal of tangible fixed assets		299	36
Other operating charges		<u>4</u>	<u>(306)</u>
		(372)	(1,567)
Operating profit	3	829	563
Interest payable and similar charges	4	(371)	(308)
Profit on ordinary activities before taxation		<u>458</u>	<u>255</u>
Taxation charge on profit on ordinary activities	6	(139)	(76)
Retained profit for the financial year		<u>319</u>	<u>179</u>
Retained profit brought forward		337	158
Retained profit carried forward		<u><u>656</u></u>	<u><u>337</u></u>

All items dealt with in arriving at profit on ordinary activities before taxation for 2005 and 2004 arise from continuing activities.

RECOGNISED GAINS AND LOSSES

There are no recognised gains or losses other than the profit attributable to shareholders of the company of £319,000 in the year ended 31 March 2005 and the profit attributable to shareholders of £179,000 in the year ended 31 March 2004.

The notes on pages 7 to 12 form part of these financial statements

GROUP VEHICLE SERVICES (1) LIMITED

BALANCE SHEET AS AT 31 MARCH 2005

	Note	2005 <u>£'000</u>	2004 <u>£'000</u>
<u>ASSETS</u>			
FIXED ASSETS			
Tangible assets	7	709	2,399
CURRENT ASSETS			
Debtors falling due within one year	8	11,073	7,209
		<u>11,782</u>	<u>9,608</u>
<u>LIABILITIES</u>			
EQUITY SHAREHOLDERS' DEFICIT			
Called up share capital	9	-	-
Profit and loss account	10	<u>656</u>	<u>337</u>
		656	337
PROVISIONS FOR LIABILITIES AND CHARGES			
Deferred tax	11	355	295
CREDITORS			
	12	10,771	8,976
		<u>11,782</u>	<u>9,608</u>

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

23rd January 2006



Director

Date 23/01/2006.

The notes on pages 7 to 12 form part of these financial statements.

GROUP VEHICLE SERVICES (1) 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 going concern basis and in accordance with applicable UK accounting standards.

b Operating Leases

Assets held for use in operating leases are recorded as tangible fixed assets.

Net income from operating leases, after charging interest, depreciation, maintenance and other costs, is credited to the profit and loss account to give a constant periodic return on the operating lease fixed assets throughout the period of the lease.

c Fixed Assets and Depreciation

Fixed assets are held at historical cost less depreciation. An impairment review is carried out if there is evidence or indication that impairment has occurred.

Depreciation is provided on tangible fixed assets so as to write them down to their estimated residual value over their estimated useful life. Assets held for use in operating leases are depreciated over the term of the contract using the actuarial basis.

d Deferred Tax

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

e Financial Reporting Standard 1

As a wholly owned subsidiary undertaking, the company is exempt under Financial Reporting Standard 1, 'Cash Flow Statements', from the requirement to prepare a cash flow statement.

GROUP VEHICLE SERVICES (1) LIMITED

NOTES TO THE FINANCIAL STATEMENTS (CONTINUED)

2. TURNOVER

Turnover represents lease income, all of which arises in the United Kingdom, and is from continuing activities.

Net amounts financed were as follows:

	2005 £'000	2004 £'000
Finance Lease	2,739	-
Operating Lease	133	352
	<u>2,872</u>	<u>352</u>

Aggregate rentals during the year were as follows:

	2005 £'000	2004 £'000
Finance Lease	171	-
Operating Lease	1,030	2,125
	<u>1,201</u>	<u>2,125</u>

3. OPERATING PROFIT

Operating profit is stated after charging:

	2005 £'000	2004 £'000
Auditors' remuneration	<u>5</u>	<u>5</u>

4. INTEREST PAYABLE

	2005 £'000	2003 £'000
On bank loans and overdrafts, and other loans:		
From group undertakings	<u>371</u>	<u>308</u>

5. DIRECTORS' REMUNERATION AND INTERESTS

None of the directors received any remuneration for their services to the company (2004:£nil).

None of the directors had any material interest in any contract of significance in relation to the business of the company.

GROUP VEHICLE SERVICES (1) LIMITED

NOTES TO THE FINANCIAL STATEMENTS (CONTINUED)

6. TAXATION CHARGE ON PROFIT ON ORDINARY ACTIVITIES

a) Analysis of charge for the year:

	2005	2004
	£'000	£'000
Group relief payable	(78)	(380)
Transfer from deferred tax (note 11)	(61)	304
Taxation charge on profit on ordinary activities	<u>(139)</u>	<u>(76)</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.

b) Factors affecting the tax charge for the year:

Taxation charge is equivalent to that resulting from applying the standard rate of corporation tax in the UK: (30%) (2004: 30%).

	2005	2004
	£'000	£'000
Profit on ordinary activities before tax	<u>458</u>	<u>255</u>
Profit on ordinary activities multiplied by standard rate of corporation tax in the UK of 30% (2004: 30%)	(138)	(76)
Effects of:		
Capital allowances for the year in excess of depreciation	<u>61</u>	<u>(304)</u>
Current tax charge for the year	(77)	(380)
Deferred tax originating and reversal of timing differences	(61)	304
Adjustment in respect of prior years	(1)	-
Taxation charge on profit on ordinary activities	<u>(139)</u>	<u>(76)</u>

GROUP VEHICLE SERVICES (1) LIMITED

NOTES TO THE FINANCIAL STATEMENTS (CONTINUED)

7. TANGIBLE FIXED ASSETS

	Assets held for use in operating leases £'000
<u>Cost</u>	
At 1 April 2004	4,943
Additions	133
Disposals	(3,576)
At 31 March 2005	<u>1,500</u>
<u>Depreciation</u>	
At 1 April 2004	(2,544)
Charge for the year	(675)
Disposals	2,428
At 31 March 2005	<u>(791)</u>
<i>Net book value</i>	
At 31 March 2005	<u>709</u>
At 31 March 2004	<u>2,399</u>

8. DEBTORS

Amounts falling due within one year:

	2005 £'000	2004 £'000
Trade debtors	80	30
Amounts owed by group undertakings	8,823	7,140
Prepayments & accrued income	83	39
Net Investment in Finance Leases	2,087	-
	<u>11,073</u>	<u>7,209</u>

9. CALLED UP SHARE CAPITAL

	2005 £	2004 £
Authorised		
100 Ordinary shares of £1 each	<u>100</u>	<u>100</u>
Allotted, called up and fully paid		
100 Ordinary shares of £1	<u>100</u>	<u>100</u>

All of the above share capital relates to equity funds.

GROUP VEHICLE SERVICES (1) LIMITED

NOTES TO THE FINANCIAL STATEMENTS (CONTINUED)

10. PROFIT AND LOSS ACCOUNT AND RECONCILIATION OF MOVEMENTS IN SHAREHOLDERS' FUNDS

	Share Capital £'000	Profit & loss Account £'000	Total shareholder Funds £'000
Balance at 1 April 2004	-	337	337
Retained profit for the financial year	-	319	319
Balance at 31 March 2005	<u>-</u>	<u>656</u>	<u>656</u>

11. DEFERRED TAXATION

	2005 £'000	2004 £'000
Accelerated capital allowances	<u>355</u>	<u>294</u>
Balance at 1 April 2004	294	
Transfer to profit and loss account (note 6)	<u>61</u>	
Balance at 31 March 2005	<u>355</u>	

12. CREDITORS

Amounts falling due within one year:

	2005 £'000	2004 £'000
Amounts owed to group undertakings	10,621	8,338
Other creditors	15	160
Accruals and deferred income	<u>135</u>	<u>478</u>
	<u>10,771</u>	<u>8,976</u>

13. EMPLOYEE NOTE

The company has no employees. All staff are employed by the Royal Bank of Scotland Group plc. Staff costs are paid by Lombard North Central PLC and disclosed in the financial statements of Lombard North Central PLC. These costs are recharged to Lombard Vehicle Management Limited, a fellow subsidiary undertaking, as an intra-group recharge to the company as part of an overall administrative cost.

GROUP VEHICLE SERVICES (1) LIMITED

NOTES TO THE FINANCIAL STATEMENTS (CONTINUED)

14. ULTIMATE CONTROLLING PARTY

The company's immediate parent company is Lombard North Central 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.

15. 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.

16. CONTINGENT LIABILITIES AND COMMITMENTS

The Royal Bank of Scotland Group has agreed to compensate UK members for any adjustments in respect of UK:UK Transfer Pricing that may arise under paragraph 1A of Schedule 28AA, Income and Corporation Taxes Act 1988.