

Company Registration Number: 3074526

GROUP VEHICLE SERVICES (1) LIMITED

DIRECTORS' REPORT AND FINANCIAL STATEMENTS

31 March 2004

Lombard North Central PLC
3 Princess Way
Redhill RH1 1NP



GROUP VEHICLE SERVICES (1) LIMITED

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GROUP VEHICLE SERVICES (1) LIMITED

OFFICERS AND PROFESSIONAL ADVISORS

DIRECTORS: N T J Clibbens
S Ramanathan

SECRETARY: C J Whittaker

REGISTERED OFFICE: 3 Princess Way
Redhill
Surrey
RH1 1NP

AUDITORS: Deloitte & Touche LLP
Birmingham

Registered in England.

GROUP VEHICLE SERVICES (1) LIMITED

DIRECTORS' REPORT

The directors have pleasure in submitting their report and the financial statements for the year ended 31 March 2004

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 £352,295 (2003: £517,639).

The retained profit for the period was £179,000 (2003: £68,000) and this was transferred to reserves. The directors do not recommend the payment of a dividend. The directors do not anticipate any material change in either the type or level of activities of the company.

DIRECTORS and SECRETARY

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

From April 1 2003 to date the following changes have taken place:

| Director | Appointed |
|-----------------|------------------|
| E A Flint | 18 June 2003 |
| Director | Resigned |
| C G Knowles | 31 May 2003 |
| E A Flint | 1 December 2004 |

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.

GROUP VEHICLE SERVICES (1) LIMITED

DIRECTORS' REPORT (continued)

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

In the year ending 31 March 2004 the group will continue to adhere 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 includes 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.

DIRECTORS' RESPONSIBILITIES

UK 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:-

- 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 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.

The directors confirm that these financial statements comply with the aforementioned requirements.

AUDITORS

The company has elected to dispense with the obligation to appoint auditors annually, and accordingly Deloitte & Touche LLP shall be deemed to be re-appointed as auditors for a further term under the provisions of Section 386(2) of the Companies Act 1985.

Approved by the Board of Directors
and signed on behalf of the board



N Clibbens
Director

Date 14 January 2005

INDEPENDENT AUDITORS' REPORT TO THE MEMBERS OF

GROUP VEHICLE SERVICES (1) LIMITED

We have audited the financial statements of Group Vehicle Services (1) Limited for the year ended 31 March 2004, 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.

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.

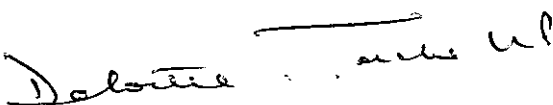
BASIS OF OPINION

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 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 Birmingham
Chartered Accountants and Registered Auditors

Date 18 January 2005

GROUP VEHICLE SERVICES (1) LIMITED

PROFIT AND LOSS ACCOUNT FOR THE YEAR ENDED 31 MARCH 2004

| | Note | <u>2004</u> <u>£'000</u> | <u>2003</u> <u>£'000</u> |
|--|------|-----------------------------|-----------------------------|
| Turnover | 2 | 2,125 | 4,301 |
| Other operating income | | <u>5</u> | <u>1</u> |
| | | 2,130 | 4,302 |
| Depreciation on tangible fixed assets | 7 | (1,297) | (2,426) |
| Profit/(Loss) on disposal of tangible fixed assets | | 36 | (500) |
| Other operating charges | | <u>(306)</u> | <u>(723)</u> |
| | | (1,567) | (3,649) |
| Operating profit | 3 | 563 | 653 |
| Interest payable and similar charges | 4 | (308) | (556) |
| Profit on ordinary activities before taxation | | <u>255</u> | <u>97</u> |
| Taxation charge on profit on ordinary activities | 6 | (76) | (29) |
| Retained profit for the financial year | | <u>179</u> | <u>68</u> |
| Retained profit brought forward | | 158 | 90 |
| Retained profit carried forward | | <u><u>337</u></u> | <u><u>158</u></u> |

All items dealt with in arriving at profit on ordinary activities before taxation for 2004 and 2003 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 £179,000 in the year ended 31 March 2004 and the profit attributable to shareholders of £68,000 in the year ended 31 March 2003

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

GROUP VEHICLE SERVICES (1) LIMITED

BALANCE SHEET AS AT 31 MARCH 2004

| | Note | 2004 <u>£'000</u> | 2003 <u>£'000</u> |
|---|------|----------------------|----------------------|
| <u>ASSETS</u> | | | |
| FIXED ASSETS | | | |
| Tangible assets | 7 | 2,399 | 4,950 |
| CURRENT ASSETS | | | |
| Debtors falling due within one year | 8 | 7,209 | 7,358 |
| | | <u>9,608</u> | <u>12,308</u> |
| <u>LIABILITIES</u> | | | |
| EQUITY SHAREHOLDERS' DEFICIT | | | |
| Called up share capital | 9 | - | - |
| Profit and loss account | 10 | <u>337</u> | <u>158</u> |
| | | 337 | 158 |
| PROVISIONS FOR LIABILITIES AND CHARGES | | | |
| Deferred tax | 11 | 295 | 599 |
| CREDITORS | | | |
| | 12 | 8,976 | 11,551 |
| | | <u>9,608</u> | <u>12,308</u> |

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

14 January 2005



N Clibbens
Director

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:

| | 2004 £'000 | 2003 £'000 |
|-----------------|---------------|---------------|
| Operating Lease | <u>352</u> | <u>518</u> |

Aggregate rentals during the year were as follows:

| | 2004 £'000 | 2003 £'000 |
|-----------------|---------------|---------------|
| Operating Lease | <u>2,125</u> | <u>4,301</u> |

3. OPERATING PROFIT

Operating profit is stated after charging:

| | 2004 £'000 | 2003 £'000 |
|------------------------|---------------|---------------|
| Auditors' remuneration | <u>5</u> | <u>3</u> |

4. INTEREST PAYABLE

| | 2004 £'000 | 2003 £'000 |
|--|---------------|---------------|
| On bank loans and overdrafts, and other loans: | | |
| From group undertakings | <u>308</u> | <u>556</u> |

5. DIRECTORS' REMUNERATION AND INTERESTS

None of the directors received any remuneration for their services to the company (2003:£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:

| | 2004 £'000 | 2003 £'000 |
|--|---------------|---------------|
| Group relief (receivable) * | (380) | (752) |
| Transfer from deferred tax (note 11) | 304 | 723 |
| Taxation charge on profit on ordinary activities | <u>(76)</u> | <u>(29)</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%) (2003: 30%).

| | 2004 £'000 | 2003 £'000 |
|---|---------------|---------------|
| Profit on ordinary activities before tax | <u>255</u> | <u>97</u> |
| Profit on ordinary activities multiplied by standard rate of corporation tax in the UK of 30% (2003: 30%) | (76) | (29) |
| Effects of: | | |
| Capital allowances for the year in excess of depreciation | <u>(304)</u> | <u>(723)</u> |
| Current tax charge for the year | (380) | (752) |
| Deferred tax originating and reversal of timing differences | 304 | 723 |
| Taxation charge on profit on ordinary activities | <u>(76)</u> | <u>(29)</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 2003 | 8,024 |
| Additions | 352 |
| Disposals | (3,433) |
| At 31 March 2004 | <u>4,943</u> |
| <u>Depreciation</u> | |
| At 1 April 2003 | (3,074) |
| Charge for the year | (1,297) |
| Disposals | 1,827 |
| At 31 March 2004 | <u>(2,544)</u> |
| <i>Net book value</i> | |
| At 31 March 2004 | <u>2,399</u> |
| At 31 March 2003 | <u>4,950</u> |

8. DEBTORS

Amounts falling due within one year:

| | 2004 £'000 | 2003 £'000 |
|------------------------------------|---------------|---------------|
| Trade debtors | 30 | 125 |
| Amounts owed by group undertakings | 7,140 | 7,171 |
| Prepayments & accrued income | 39 | 62 |
| | <u>7,209</u> | <u>7,358</u> |

9. CALLED UP SHARE CAPITAL

| | 2004 £ | 2003 £ |
|---|------------|------------|
| 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 2003 | - | 158 | 158 |
| Retained profit for the financial year | | 179 | 179 |
| Balance at 31 March 2004 | <u>-</u> | <u>337</u> | <u>337</u> |

11. DEFERRED TAXATION

| | 2004 £'000 | 2003 £'000 |
|--|---------------|---------------|
| Accelerated capital allowances | <u>295</u> | <u>599</u> |
| Balance at 1 April 2003 | 599 | |
| Transfer to profit and loss account (note 6) | <u>(304)</u> | |
| Balance at 31 March 2004 | <u>295</u> | |

12. CREDITORS

Amounts falling due within one year:

| | 2004 £'000 | 2003 £'000 |
|------------------------------------|---------------|---------------|
| Amounts owed to group undertakings | 8,338 | 10,877 |
| Other creditors | 160 | 107 |
| Accruals and deferred income | <u>478</u> | <u>567</u> |
| | <u>8,976</u> | <u>11,551</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.