Company Registered No: 03177092

ROYAL BANK OPERATING LEASING LIMITED

DIRECTORS' REPORT AND FINANCIAL STATEMENTS

For the year ended 30 September 2012

RBS Secretariat
The Royal Bank of Scotland Group plc
PO Box 1000
Gogarburn
Edinburgh
EH12 1HQ

DIRECTORS' REPORT AND FINANCIAL STATEMENTS 2012

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OFFICERS AND PROFESSIONAL ADVISERS

DIRECTORS:	S J Caterer J E Rogers P D J Sullivan R F Warren
SECRETARY:	RBS Secretarial Services Limited
REGISTERED OFFICE:	The Quadrangle The Promenade Cheltenham GL50 1PX

Registered in England and Wales

DIRECTORS' REPORT

The directors of Royal Bank Operating Leasing Limited ("the company") present their report and the financial statements for the year ended 30 September 2012

ACTIVITIES AND BUSINESS REVIEW

Activity
The principal activity of the company is the provision of fixed asset finance, usually through structured facilities The company disposed of its leases in prior years and has not traded in either the current or prior years

The company is a subsidiary of The Royal Bank of Scotland Group plc which provides the company with direction and access to all central resources it needs and determines policies in all key areas such as finance, risk, human resources or environment For this reason, the directors believe that performance indicators specific to the company are not necessary or appropriate for an understanding of the development, performance or position of the business The annual reports of The Royal Bank of Scotland Group plc review these matters on a group basis Copies can be obtained from RBS Secretariat, RBS Gogarburn, Edinburgh, EH12 1HQ, the Registrar of Companies or through the Group's website at rbs com

Business review
The company did not trade during the current or prior years and, accordingly, no Statement of Comprehensive Income has been prepared

Financial performance
The company made neither a profit nor a loss in the current year (2011 £nil)

At the end of the year total assets were £nil (2011 £nil)

Dividends
The directors do not recommend the payment of a dividend (2011 £nil)

Principal risks and uncertainties
The company is funded by facilities from The Royal Bank of Scotland plc

The company's financial risk management objectives and policies regarding the use of financial instruments are set out in note 6 and 7 to these financial statements

The company seeks to minimise its exposure to external financial risks other than credit risk, further information on financial risk management policies and exposures is disclosed in note 7

Going concern
The directors, having made such enquiries as they considered appropriate, have prepared the financial statements on a going concern basis

DIRECTORS' REPORT (continued)

DIRECTORS AND SECRETARY

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

From 1 October 2011 to date the following changes have taken place

	Appointed	Resigned
Secretary		
C J Down	-	31 October 2012
RBS Secretarial Services Limited	31 October 2012	-

DIRECTORS' RESPONSIBILITIES STATEMENT

The directors are responsible for preparing the annual report and the financial statements in accordance with applicable law and regulations

Company law requires the directors to prepare a Directors' Report and financial statements for each financial year and the directors have elected to prepare them in accordance with International Financial Reporting Standards (IFRS) as adopted by the European Union Under company law the directors must not approve the financial statements unless they are satisfied that they give a true and fair view of the state of affairs at the end of the year and the profit or loss for the financial year of the company In preparing these financial statements, under International Accounting Standard 1, the directors are required to

- select suitable accounting policies and then apply them consistently,
- present information, including accounting policies, in a manner that provides relevant, reliable, comparable and understandable information,
- provide additional disclosures when compliance with the specific requirements in IFRS are insufficient to enable users to understand the impact of particular transactions, other events and conditions of the entity's financial position and performance, and
- make an assessment of the company's ability to continue as a going concern

The directors are responsible for keeping adequate accounting records that are sufficient to show and explain the company's transactions and disclose with reasonable accuracy at any time the financial position of the company and to enable them to ensure that the Directors' Report and financial statements comply with the requirements of the Companies Act 2006 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

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

S Caterer
Director
Date 21 March 2013

ROYAL BANK OPERATING LEASING LIMITED **03177092**

BALANCE SHEET
As at 30 September 2012

	Notes	2012 £	2011 £
Liabilities			
Current liabilities			
Borrowings from Group undertakings	5	**12,748**	12,748
Total liabilities		**12,748**	12,748
Equity			
Share capital	8	**100**	100
Retained deficit		**(12,848)**	(12,848)
Total equity		**(12,748)**	(12,748)
Total liabilities and equity		**-**	-

The accompanying notes form an integral part of these financial statements

DIRECTORS' DECLARATION

1 For the year ended 30 September 2012 the company was entitled to an audit exemption under Section 480(1) of the companies Act 2006

2 No members have required the company to obtain an audit of its financial statements for the period in question in accordance with Section 476 of the companies Act 2006

3 The directors acknowledges their responsibility for

a) ensuring the company keeps accounting records, which comply with Section 386 of the companies Act 2006, and

b) preparing financial statements which fairly present the financial position of the company as at the end of its financial period, and its financial performance for the period in accordance with International Accounting Standards referred to by Section 395 (1(b)) of the companies Act 2006

The financial statements were approved by the Board of Directors on 14 March 2013 and signed on its behalf by

S Caterer
Director 21 March 2013

STATEMENT OF CHANGES IN EQUITY
For the year ended 30 September 2012

	Share capital £	Retained earnings £	Total £
At 1 October 2010	100	(12,848)	(12,748)
At 30 September 2011	100	(12,848)	(12,748)
At 30 September 2012	**100**	**(12,848)**	**(12,748)**

The accompanying notes form an integral part of these financial statements

NOTES TO THE FINANCIAL STATEMENTS

1. Accounting policies

a) Presentation of financial statements
The financial statements are prepared in accordance with International Financial Reporting Standards issued by the International Accounting Standards Board (IASB) and interpretations issued by the International Financial Reporting Interpretations Committee of the IASB as adopted by the European Union (EU) (together IFRS) The company's financial statements are presented in accordance with the Companies Act 2006

The company is incorporated in the UK and registered in England and Wales The accounts are prepared on the historical cost basis

Adoption of new and revised standards
There are a number of changes to IFRS that were effective from 1 October 2011 They have had no material effect on the company's financial statements for the year ended 30 September 2012

b) Foreign currencies
The company's financial statements are presented in sterling which is the functional currency of the company

c) Financial liabilities
On initial recognition financial liabilities are classified at amortised cost using the effective interest method

d) Accounting developments
The IASB issued IFRS 9 'Financial Instruments' in November 2009 simplifying the classification and measurement requirements in IAS 39 in respect of financial assets The standard reduces the measurement categories for financial assets to two fair value and amortised cost A financial asset is classified on the basis of the entity's business model for managing the financial asset and the contractual cash flow characteristics of the financial asset Only assets with contractual terms that give rise to cash flows on specified dates that are solely payments of principal and interest on principal and which are held within a business model whose objective is to hold assets in order to collect contractual cash flows are classified as amortised cost All other financial assets are measured at fair value Changes in the value of financial assets measured at fair value are generally taken to profit or loss

In October 2010, IFRS 9 was updated to include requirements in respect of the classification and measurement of liabilities These do not differ markedly from those in IAS 39 except for the treatment of changes in the fair value of financial liabilities that are designated as at fair value through profit or loss attributable to own credit, these must be presented in other comprehensive income

In December 2010, the IASB issued amendments to IFRS 9 and to IFRS 7 'Financial Instruments Disclosures' delaying the effective date of IFRS 9 to annual periods beginning on or after 1 January 2015 and introducing revised transitional arrangements including additional transition disclosures If an entity implements IFRS 9 in 2012 the amendments permit it either to restate comparative periods or to provide the additional disclosures The additional transition disclosures must be given if implementation takes place after 2012

1. Accounting policies (continued)

d) Accounting developments (continued)

IFRS 9 makes major changes to the framework for the classification and measurement of financial instruments however these will not have a significant effect on the company's financial statements The company is assessing the effect of IFRS 9 which will depend on the outcome of the other phases of the IASB's IAS 39 replacement project and on the outcome of the IASB's tentative decision at its December 2011 meeting to reconsider the following topics

- additional application guidance to clarify how the instrument characteristics test was intended to be applied
- bifurcation of financial assets, after considering any additional guidance for the instrument characteristics test
- expanded use of other comprehensive income or a third business model for some debt instruments

'Disclosures - Transfers of Financial Assets (Amendments to IFRS 7)' was published by the IASB in October 2010 This replaces IFRS 7's existing derecognition disclosure requirements with disclosures about (a) transferred assets that are not derecognised in their entirety and (b) transferred assets that are derecognised in their entirety but where an entity has continuing involvement in the transferred asset The amendments are effective for annual periods beginning on or after 1 July 2011 This will not have a significant effect on the Company

The IASB issued an amendment to IAS 12 'Income Taxes' in December 2010 to clarify that recognition of deferred tax should have regard to the expected manner of recovery or settlement of the asset or liability The amendment and consequential withdrawal of SIC 21 'Deferred Tax Recovery of Underlying Assets', effective for annual periods beginning on or after 1 January 2012, is not expected to have a material effect on the company

In May 2011, the IASB issued six new or revised standards

IFRS 10 'Consolidated Financial Statements' which replaces SIC-12 'Consolidation - Special Purpose Entities' and the consolidation elements of the existing IAS 27 'Consolidated and Separate Financial Statements' The new standard adopts a single definition of control a reporting entity controls another entity when the reporting entity has the power to direct the activities of that other entity to generate returns for the reporting entity

IAS 27 'Separate Financial Statements' which comprises those parts of the existing IAS 27 that dealt with separate financial statements

IFRS 11 'Joint Arrangements', which supersedes IAS 31' Interests in Joint Ventures', distinguishes between joint operations and joint ventures Joint operations are accounted for by the investor recognising its assets and liabilities including its share of any assets held and liabilities incurred jointly and its share of revenues and costs Joint ventures are accounted for in the investor's consolidated accounts using the equity method

IAS 28 'Investments in Associates and Joint Ventures' covers joint ventures as well as associates, both must be accounted for using the equity method The mechanics of the equity method are unchanged

NOTES TO THE FINANCIAL STATEMENTS (continued)

1. Accounting policies (continued)

d) Accounting developments (continued)

IFRS 12 'Disclosure of Interests in Other Entities' covers disclosures for entities reporting under IFRS 10 and IFRS 11 replacing those in IAS 28 and IAS 27. Entities are required to disclose information that helps financial statement readers evaluate the nature, risks and financial effects associated with an entity's interests in subsidiaries, in associates and joint arrangements and in unconsolidated structured entities

IFRS 13 'Fair Value Measurement' which sets out a single IFRS framework for defining and measuring fair value and requiring disclosures about fair value measurements

The standards are effective for annual periods beginning on or after 1 January 2013 Earlier application is permitted The company is reviewing the standards to determine their effect on the company's financial reporting

In June 2011, the IASB issued amendments to two standards

Amendments to IAS 1 'Presentation of Items of Other Comprehensive Income' require items that will never be recognised in profit or loss to be presented separately in other comprehensive income from those that are subject to subsequent reclassification The amendments are effective for annual periods beginning on or after 1 July 2012 Earlier application is permitted The Company is reviewing the amendments to determine the effect on the Company's financial reporting

Amendments IAS 19 'Employee Benefits' require the immediate recognition of all actuarial gains and losses eliminating the 'corridor approach', interest cost to be calculated on the net pension liability or asset at the appropriate corporate bond rate, and all past service costs to be recognised immediately when a scheme is curtailed or amended The amendments are effective for annual periods beginning on or after 1 January 2013 Earlier application is permitted The amendment will not have a material effect on the Company's financial reporting

In December 2011, the IASB issued 'Offsetting Financial Assets and Financial Liabilities (Amendments to IAS 32)' and 'Disclosures-Offsetting Financial Assets and Financial Liabilities (Amendments to IFRS 7)' The amendment to IAS 32 adds application guidance on the meaning of 'a legally enforceable right to set off' and on simultaneous settlement IFRS 7 is amended to require disclosures facilitating comparisons between those entities reporting under IFRS and those reporting under US GAAP The amendments are effective for annual periods beginning on or after 1 January 2014 and are required to be applied retrospectively The amendments to IFRS 7 are effective for annual periods beginning on or after 1 January 2012 and are also required to be applied retrospectively

The IASB issued "Annual Improvements to IFRSs 2009-2011 Cycle" in May 2012 implementing minor changes to IFRSs, making non-urgent but necessary amendments to standards, primarily to remove inconsistency and to clarify wording The revisions are effective for annual accounting periods beginning on or after 1 January 2013 and are not expected to have a material effect on the company

NOTES TO THE FINANCIAL STATEMENTS (continued)

2. Statement of Comprehensive Income

The company has not traded dunng the accountıng penod It receıved no ıncome and ıncurred no expendıture and consequently has made neıther a profit nor a loss A Statement of Comprehensıve Income ıs therefore not presented

3. Cash flow statement

The company dıd not trade dunng the fınancıal year or the precedıng financıal year It receıved no ıncome and ıncurred no expendıture The Company has no movement ın ıts cash and cash equıvalent balance due to ıts dormant status Consequently a cash flow statement has not been prepared

4. Operating expenses

Staff costs, number of employees and directors' emoluments
All staff and dırectors were employed by The Royal Bank of Scotland plc, the accounts for whıch contaın full dısclosure of employee benefit expenses ıncurred ın the penod ıncludıng share-based payments and pensıons The company has no employees The dırectors of the company do not receıve remuneratıon for specıfic servıces provıded to the company

5. Borrowings from Group undertakings

	2012	2011
	£	£
Loan from Group undertakıngs – Royal Bank Leasıng Lımıted	**12,748**	12,748

6. Financial instruments

Categories of financial instruments
There ıs no dıfference between the faır value of financıal ınstruments carned on the balance sheet and theır carryıng value

All financıal assets are classed as loans and receıvables All financıal lıabılıtıes are classed as amortısed cost

7. Risk management

The pnncıpal nsks assocıated wıth the company's busınesses are as follows

Interest rate risk

Interest rate nsk anses where assets and lıabılıtıes have dıfferent repncıng matunties

The financıal lıabılıtıes of the company consıst of amounts due to Group undertakıngs The amounts due to Group undertakıngs do not have any ınterest rate nsk as they are all non-ınterest beanng

Currency risk
The company has no currency nsk as all transactıons and balances are denomınated ın sterlıng

7. Risk management (continued)

Liquidity risk
Liquidity risk is the risk that the company is unable to meet its obligations as they fall due The company has no material liquidity risk as it has access to Group funding

The following table shows by contractual maturity the undiscounted cash flows payable from the balance sheet date including future interest payments

2012	**4-12 months £**
Borrowings	**12,748**

2011	4-12 months £
Borrowings	12,748

Market risk

Market risk is the potential for loss as a result of adverse changes in risk factors including interest rates, foreign currency and equity prices together with related parameters such as market volatilities

The principal market risk to which the company is exposed is the interest rate, however this is deemed significant as the balances are all with other Group companies

8. Share capital

	2012 £	2011 £
Authorised:		
25 'HB' ordinary shares of £1	**25**	25
75 'RBL' ordinary shares of £1	**75**	75
	100	100
Allotted, called up and fully paid		
Equity shares		
25 'HB' ordinary shares of £1	**25**	25
75 'RBL' ordinary shares of £1	**75**	75
	100	100

The 'RBL' and 'HB' ordinary shares rank on a pari passu basis

The company has two classes of ordinary voting shares which carry no right to fixed income

9. Capital resources

The company's capital consists of equity comprising issued share capital, retained earnings, loans from Group undertakings The company is a member of The Royal Bank of Scotland Group of companies which has regulatory disciplines over the use of capital In the management of capital resources, the company is governed by the Group's policy which is to maintain a strong capital base it is not separately regulated The Group has complied with the Financial Services Authority's (FSA) capital requirements throughout the year

NOTES TO THE FINANCIAL STATEMENTS (continued)

10. Related parties

On 1 December 2008, the UK Government through HM Treasury became the ultimate controlling party of The Royal Bank of Scotland Group plc The UK Government's shareholding is managed by UK Financial Investments Limited, a company wholly-owned by the UK Government As a result, the UK Government and UK Government controlled bodies became related parties of the company

The company's ultimate holding company is The Royal Bank of Scotland Group plc, and its immediate parent company is Royal Bank Leasing Limited Both companies are incorporated in Great Britain and registered in Scotland

As at 30 September 2012, Royal Bank of Scotland Group plc heads the largest group in which the company is consolidated The Royal Bank of Scotland plc heads the smallest group in which the company is consolidated Copies of the consolidated accounts of both companies may be obtained from The Secretary, The Royal Bank of Scotland Group plc, Gogarburn, Edinburgh, EH12 1HQ

Amounts due to related parties are unsecured and will be settled in cash No guarantees have been given or received No provisions have been made for doubtful debts in respect of amounts owed by related parties

Capital support deed
The company, together with other members of The Royal Bank of Scotland Group plc, is party to a capital support deed (CSD) Under the terms of the CSD, the company may be required, if compatible with its legal obligations, to make distributions on, or repurchase or redeem, its ordinary shares The amount of this obligation is limited to the company's immediately accessible funds or assets, rights, facilities or other resources that, using best efforts, are reasonably capable of being converted to cleared, immediately available funds (the company's available resources) The CSD also provides that, in certain circumstances, funding received by the company from other parties to the CSD becomes immediately repayable, such repayment being limited to the company's available resources

Key management
The company is a subsidiary of The Royal Bank of Scotland Group plc whose policy is for companies to bear the costs of their full-time staff The time and costs of executives and other staff who are primarily employed by the Group are not specifically recharged However, the Group recharges subsidiaries for management fees which include an allocation of certain staff and administrative support costs

In the company and the Group, key management comprise directors of the company and members of the Group Executive Management Committee The emoluments of the directors of the company are met by the Group

The directors of the company do not receive remuneration for specific services provided to the company

11. Post balance sheet event

There are no significant events between the year end and the date of approval of these financial statements which would require a change to or disclosure in the financial statements