

**Company Registration No: 03177092**

**ROYAL BANK OPERATING LEASING LIMITED**

**DIRECTORS' REPORT AND FINANCIAL STATEMENTS**

**30 September 2009**

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

**SATURDAY**



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**15/05/2010**

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**COMPANIES HOUSE**

## **Royal Bank Operating Leasing Limited**

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**Royal Bank Operating Leasing Limited**

**OFFICERS AND PROFESSIONAL ADVISERS**

**DIRECTORS:**

**S Caterer  
P Sullivan  
R Warren  
J Rogers**

**SECRETARY:**

**C J Whittaker**

**REGISTERED OFFICE:**

**The Quadrangle  
The Promenade  
Cheltenham  
Gloucestershire  
GL50 1PX**

**AUDITORS:**

**Deloitte LLP  
Bristol**

**Registered in England and Wales.**

## **Royal Bank Operating Leasing Limited**

### **DIRECTORS' REPORT**

The directors present their report and the audited financial statements for the year ended 30 September 2009

### **ACTIVITIES AND BUSINESS REVIEW**

This directors' report has been prepared in accordance with the special provisions relating to small companies under section 417 (1) of the Companies Act 2006

#### **Activity**

The Company disposed of its leases in a prior period and as such ceased to trade on 30 September 2008. Note 1 to the accounts gives more information on the fact that the accounts have not been prepared on a going concern basis. The Directors do not anticipate that any further transactions will be written in this company. There will be a capital contribution or loan waiver from the Parent Company to clear the retained deficit and then it is planned to strike off the Company.

The Company made neither a profit nor a loss in the year (2008 loss of £1,759). The directors do not recommend that a dividend be paid (2008 £nil).

The Company seeks to minimise its exposure to external financial risks other than credit risk, further information is disclosed in Note 2.

### **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 2008 to date the following changes have taken place:

<b>Directors</b>	<b>Appointed</b>	<b>Resigned</b>
I Shephard J Rogers	16 March 2009	10 February 2009

### **DIRECTORS' RESPONSIBILITIES**

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 financial statements for each financial year. Under that law the directors have elected to prepare the financial statements in accordance with International Financial Reporting Standards (IFRSs) 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 of the Company and of the profit or loss of the Company for that period. In preparing these financial statements, International Accounting Standard 1 requires that directors

## **Royal Bank Operating Leasing Limited**

### **DIRECTORS' RESPONSIBILITIES - continued**

- properly select and apply accounting policies,
- 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 IFRSs are insufficient to enable users to understand the impact of particular transactions, other events and conditions on the entity's financial position and financial 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 enable them to ensure that the financial statements comply with 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.

### **DISCLOSURE OF INFORMATION TO AUDITORS**

Each of the directors at the date of approval of this report confirms that

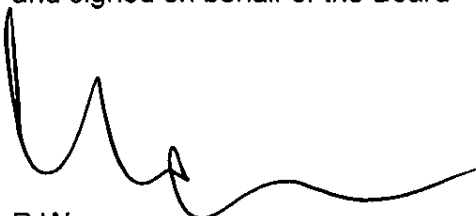
- a) so far as he/she is aware there is no relevant audit information of which the Company's auditors are unaware, and
- b) the director has taken all the steps that he/she ought to have taken to make himself/herself aware of any relevant audit information and to establish that the Company's auditors are aware of that information.

This confirmation is given and shall be interpreted in accordance with the provisions of section 418 of the Companies Act 2006.

### **AUDITORS**

Deloitte LLP have expressed their willingness to continue in office as auditors.

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

A handwritten signature in black ink, appearing to be 'R Warren', written over a horizontal line.

R Warren  
Director

Date 11 May 2010

## INDEPENDENT AUDITORS' REPORT TO THE MEMBERS OF ROYAL BANK OPERATING LEASING LIMITED

We have audited the financial statements of Royal Bank Operating Leasing Limited ('the company') for the year ended 30 September 2009 which have been prepared on a basis other than that of a going concern and comprise the Income Statement, the Statement of Recognised Income and Expense, the Balance Sheet, the Cash Flow Statement and the related notes 1 to 12. The financial reporting framework that has been applied in their preparation is applicable law and International Financial Reporting Standards (IFRSs) as adopted by the European Union.

This report is made solely to the company's members, as a body, in accordance with Chapter 3 of Part 16 of the Companies Act 2006. 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 explained more fully in the Directors' Responsibilities Statement, the directors are responsible for the preparation of the financial statements and for being satisfied that they give a true and fair view. Our responsibility is to audit the financial statements in accordance with applicable law and International Standards on Auditing (UK and Ireland). Those standards require us to comply with the Auditing Practices Board's (APB's) Ethical Standards for Auditors.

### Scope of the audit of the financial statements

An audit involves obtaining evidence about the amounts and disclosures in the financial statements sufficient to give reasonable assurance that the financial statements are free from material misstatement, whether caused by fraud or error. This includes an assessment of whether the accounting policies are appropriate to the company's circumstances and have been consistently applied and adequately disclosed, the reasonableness of significant accounting estimates made by the directors, and the overall presentation of the financial statements.

### Opinion on financial statements

In our opinion the financial statements

give a true and fair view of the state of the company's affairs as at 30 September 2009 and of its result for the year then ended,  
have been properly prepared in accordance with IFRSs as adopted by the European Union, and  
have been prepared in accordance with the requirements of the Companies Act 2006.

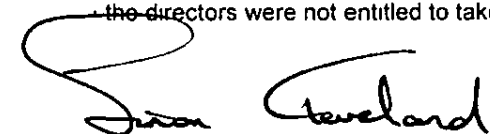
### Opinion on other matter prescribed by the Companies Act 2006

In our opinion the information given in the Directors' Report for the financial year for which the financial statements are prepared is consistent with the financial statements.

### Matters on which we are required to report by exception

We have nothing to report in respect of the following matters where the Companies Act 2006 requires us to report to you if, in our opinion:

adequate accounting records have not been kept, or returns adequate for our audit have not been received from branches not visited by us, or  
the financial statements are not in agreement with the accounting records and returns, or  
certain disclosures of directors' remuneration specified by law are not made, or  
we have not received all the information and explanations we require for our audit, or  
the directors were not entitled to take advantage of the small companies exemption in preparing the directors' report.



Simon Cleveland (Senior Statutory Auditor)  
for and on behalf of Deloitte LLP  
Chartered Accountants and Statutory Auditors  
Bristol, United Kingdom

12 May 2010

ROYAL BANK OPERATING LEASING LIMITED

**INCOME STATEMENT**

for the year ended 30 September 2009

	Note	2009 £	2008 £
<b>DISCONTINUED OPERATIONS</b>			
Finance costs	4	<u>-</u>	<u>(2,478)</u>
<b>LOSS BEFORE TAXATION</b>		-	(2,478)
Tax credit	5	<u>-</u>	<u>719</u>
<b>LOSS FOR THE FINANCIAL YEAR</b>	10	<u>-</u>	<u>(1,759)</u>

ROYAL BANK OPERATING LEASING LIMITED

**STATEMENT OF RECOGNISED INCOME AND EXPENSE**  
for the year ended 30 September 2009

	2009 £	2008 £
Loss for the year	<u>-</u>	<u>(1,759)</u>
<b>Total recognised income and expense for the year</b>	<u><u>-</u></u>	<u><u>(1,759)</u></u>



**BALANCE SHEET**  
 as at 30 September 2009

	Note	2009 £	2008 £
<b>CURRENT ASSETS</b>			
Trade and other receivables	7	<u>-</u>	<u>500</u>
<b>TOTAL ASSETS</b>		<u>-</u>	<u>500</u>
<b>CURRENT LIABILITIES</b>			
Borrowings	8	<u>(12,748)</u>	<u>(13,248)</u>
<b>TOTAL LIABILITIES</b>		<u>(12,748)</u>	<u>(13,248)</u>
<b>NET LIABILITIES</b>		<u>(12,748)</u>	<u>(12,748)</u>
<b>DEFICIT</b>			
Share capital	9	100	100
Retained earnings	10	<u>(12,848)</u>	<u>(12,848)</u>
<b>TOTAL DEFICIT</b>		<u>(12,748)</u>	<u>(12,748)</u>

The financial statements were approved by the Board of Directors on 11 May 2010 and signed on its behalf by



R Warren  
Director

**ROYAL BANK OPERATING LEASING LIMITED**

**CASH FLOW STATEMENT**

**for the year ended 30 September 2009**

	Note	2009 £	2008 £
<b>NET CASH FROM/(USED IN) OPERATING ACTIVITIES</b>	11	<u>500</u>	<u>(1,953)</u>
<b>FINANCING ACTIVITIES</b>			
Repayments of borrowings		<u>(500)</u>	<u>(21,753)</u>
<b>NET CASH USED IN FINANCING ACTIVITIES</b>		<u>(500)</u>	<u>(21,753)</u>
<b>NET DECREASE IN CASH AND CASH EQUIVALENTS</b>		-	(23,706)
<b>CASH AND CASH EQUIVALENTS AT BEGINNING OF YEAR</b>		-	23,706
		<u>-</u>	<u>-</u>
<b>CASH AND CASH EQUIVALENTS AT END OF YEAR</b>		<u>-</u>	<u>-</u>

NOTES TO THE FINANCIAL STATEMENTS

1 SIGNIFICANT ACCOUNTING POLICIES

a BASIS OF ACCOUNTING

The financial statements have been prepared in accordance with International Financial Reporting Standards (IFRS) as adopted for use in the EU. The Company in addition to complying with its legal obligation to comply with IFRS as adopted for use in the European Union, also complies with IFRS as issued by the International Accounting Standards Board.

The financial statements have been prepared on the historical cost basis. The principal accounting policies are set out below.

The directors do not believe the adoption of any Standards or Interpretations that have been issued but are not yet effective will have any material impact on the financial statements of the Company.

The company has within it cash balances and amounts owed to and from fellow group companies; the directors believe that there have been no significant judgements and assumptions involved in the Company's accounting policies.

The company has ceased to trade following its disposal of all its finance leases in earlier periods. As required by IAS 1 Presentation of financial statements, management has prepared the financial statements on the basis that the entity is no longer a going concern. No material adjustments arose as a result of ceasing to apply the going concern basis.

b BORROWING COSTS

All borrowing costs are recognised as an expense in the period in which they are incurred.

c TAXATION

Provision is made for taxation at current enacted rates on taxable profits.

Deferred taxation is accounted for in full for all temporary differences between the carrying amount of an asset or liability for accounting purposes and its carrying amount for tax purposes. Deferred tax assets are only recognised to the extent that it is probable that they will be recovered.

d FINANCIAL INSTRUMENTS

The Company's financial asset categories are loans and receivables. Loans and receivables comprise 'trade and other receivables' in the balance sheet.

The Company's financial liabilities are all categorised as financial liabilities measured at amortised cost. This comprises 'borrowings' in the balance sheet.

The Company does not account for any financial assets or liabilities at fair value through profit or loss.

e TRADE AND OTHER RECEIVABLES

Trade and other receivables are measured on initial recognition at fair value, and subsequently measured at amortised cost using the effective interest rate method. Trade and other receivables do not carry any interest and are stated at their nominal value.

f BORROWINGS

Interest-bearing borrowings are initially recorded at fair value and are subsequently measured at amortised cost using the effective interest rate method.

# ROYAL BANK OPERATING LEASING LIMITED

## NOTES TO THE FINANCIAL STATEMENTS

### 1 SIGNIFICANT ACCOUNTING POLICIES - continued

#### a OPERATING PROFIT

Operating profit is stated before charging or crediting investment income and finance costs

### 2 FINANCIAL RISK MANAGEMENT

#### a Interest rate risk

Interest rate risk is the risk that the fair value or future cash flows of a financial instrument will fluctuate because of changes in market interest rates. The Company does not have interest bearing borrowings

#### b Currency risk

Currency risk is the risk that the fair value or future cash flows of a financial instrument will fluctuate because of changes in foreign exchange rates. The Company has no exposure to currency rate risk

#### c Credit risk

Credit risk is the risk arising from the possibility that the Company will incur losses from the failure of counterparties to meet their obligations. Credit risk is managed through The Royal Bank of Scotland plc Group Credit Risk Management Framework to enable the Group to achieve appropriate risk versus reward performance whilst maintaining credit risk exposure in line with approved risk appetite on a Group basis. The Framework encompasses credit risk assessment prior to the approval of any credit exposure, and the control and monitoring of these exposures against approved limits. It is intended that a capital contribution will enable the Company to meet its financial obligations

#### d Liquidity risk

Liquidity risk is the risk that the Company will not be able to meet its financial obligations as they fall due

The company is unable to meet its financial obligations and will require either a capital contribution or a loan waiver from its Parent Company to meet its obligations

#### e Capital management

The Company is a member of a group with regulatory disciplines over the use of its capital. Although the Company itself is not regulated it aims to maintain capital resources commensurate with the nature, scale and risk profile of its business. It regards its capital as the total equity as shown on the balance sheet

### 3 ADMINISTRATION COSTS

All directors are employed and remunerated by The Royal Bank of Scotland plc, which did not make a recharge to the Company in the year (2008 nil)

The average monthly number of employees was nil (2008 nil)

Audit fees are borne by the parent company, Royal Bank Leasing Limited. No recharge was made to the Company (2008 £nil)

### 4 FINANCE COSTS

	2009 £	2008 £
Interest payable to group undertakings	-	2,478

**ROYAL BANK OPERATING LEASING LIMITED**

**NOTES TO THE FINANCIAL STATEMENTS**

<b>5 TAXATION</b>	<b>2009</b>	<b>2008</b>
	<b>£</b>	<b>£</b>
<b>A) ANALYSIS OF TAX CREDIT FOR THE YEAR</b>		
Current tax credit		
- Group relief receivable on the loss for the year	<u>-</u>	<u>(719)</u>
<b>B) FACTORS AFFECTING THE TAX CREDIT FOR THE YEAR</b>		
Loss before tax	<u>-</u>	<u>(2,478)</u>
Tax on loss at the rate of 28% (2008 29%)	<u>-</u>	<u>(719)</u>

The standard corporation tax rate changed from 30% to 28% effective from 1 April 2008

**6 FINANCIAL INSTRUMENTS**

a) Carrying value and fair value of financial instrument by category

	<b>Carrying value 2009 £</b>	<b>Fair value 2009 £</b>	<b>Carrying value 2008 £</b>	<b>Fair value 2008 £</b>
<b>Loans and receivables</b>				
Trade and other receivables	<u>-</u>	<u>-</u>	<u>500</u>	<u>500</u>
<b>Financial liabilities measured at amortised cost</b>				
Bank borrowings	<u>12,748</u>	<u>12,748</u>	<u>13,248</u>	<u>13,248</u>

b) Financial instrument - carrying amount by market risk exposure

	<b>2009 £</b>	<b>2008 £</b>
<b>Interest rate risk</b>		
<b>Financial assets</b>		
- non-interest bearing	<u>-</u>	<u>500</u>
<b>Financial liabilities</b>		
- non-interest bearing	<u>-</u>	<u>500</u>
	<u>12,748</u>	<u>13,248</u>

If market interest rates had been 2% (2008 1%) higher or lower the profit or loss and equity of the Company would not have been materially affected (2008 the profit or loss and equity of the Company would have been £264 higher or lower)

<b>c) Financial asset - credit quality and concentration of credit risk</b>	<b>2009</b>	<b>2008</b>
	<b>£</b>	<b>£</b>
<b>Maximum credit exposure and neither past due nor impaired</b>		
Group undertakings	<u>-</u>	<u>500</u>

Based on counterparty payment history the Company considers all the above financial assets to be of good credit quality

ROYAL BANK OPERATING LEASING LIMITED

NOTES TO THE FINANCIAL STATEMENTS

6 FINANCIAL INSTRUMENTS - continued

d) Liquidity risk

Contractual cash flows payable to maturity on financial liabilities on an undiscounted basis

	2009 £	2008 £
Due within one year		
Bank borrowings	<u>12,748</u>	<u>13,248</u>

7 TRADE AND OTHER RECEIVABLES

	2009 £	2008 £
Amounts due from group undertakings	<u>-</u>	<u>500</u>

8 BORROWINGS

	2009 £	2008 £
Loan amount due to group undertakings, payable on demand or withing one year	<u>12,748</u>	<u>13,248</u>

A right of set-off exists over the Company's bank account with The Royal Bank of Scotland plc against advances made to the Company's immediate holding company and its subsidiaries

The effective interest rate on the loan is 0% (2008 5.0%) p a

9 SHARE CAPITAL

	2009 Number of shares	2008 Number of shares	2009 £	2008 £
- Authorised				
HB Ordinary £1 shares	25	25	25	25
RBL Ordinary £1 shares	<u>75</u>	<u>75</u>	<u>75</u>	<u>75</u>
	<u>100</u>	<u>100</u>	<u>100</u>	<u>100</u>
- Issued, called up and fully paid				
HB Ordinary £1 shares	25	25	25	25
RBL Ordinary £1 shares	<u>75</u>	<u>75</u>	<u>75</u>	<u>75</u>
	<u>100</u>	<u>100</u>	<u>100</u>	<u>100</u>

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

10 RETAINED EARNINGS

	£
Balance at 1 October 2007	(11,089)
Profit for the financial year	<u>(1,759)</u>
Balance at 1 October 2008	(12,848)
Profit for the financial year	<u>-</u>
Balance at 30 September 2009	<u>(12,848)</u>

# ROYAL BANK OPERATING LEASING LIMITED

## NOTES TO THE FINANCIAL STATEMENTS

### 11 NOTES TO THE CASH FLOW STATEMENT

	2009 £	2008 £
Loss before tax	-	(2,478)
Adjustments for Interest expense	-	2,478
Cash generated by operations	-	-
Income taxes received	500	632
Interest paid	-	(2,585)
Net cash from/(used in) operating activities	500	(1,953)

### 12 RELATED PARTY TRANSACTIONS

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.

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 2009, The Royal Bank of Scotland Group plc heads the largest group in which the Group is consolidated and The Royal Bank of Scotland plc heads the smallest group in which the Group is consolidated. Copies of the consolidated accounts of both companies may be obtained from The Secretary, The Royal Bank of Scotland Group plc, Gogarburn, PO Box 1000, Edinburgh EH12 1HQ.

	2009 £	2008 £
<b>Royal Bank Leasing Limited</b>		
Transactions during the period		
- Interest on loan paid to related party	-	2,478
- Group relief received from related party	(500)	(632)
- Loan repaid to related party	500	21,753
Balances at year end		
Group relief owed by related party	-	500
Outstanding balance owed to related party	(12,748)	(12,747)

The amounts outstanding 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 the amounts owed by related parties. Both The Royal Bank of Scotland plc and Royal Bank Leasing Limited are fellow subsidiaries of the ultimate holding company The Royal Bank of Scotland Group plc.