

Company Registration No: 04137546

GL LEASE COMPANY NO.12 LIMITED

DIRECTORS' REPORT AND FINANCIAL STATEMENTS

31 December 2006

**Group Secretariat
The Royal Bank of Scotland Group plc
3 Princess Way
Redhill
Surrey
RH1 1NP**

FRIDAY



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29/06/2007
COMPANIES HOUSE**

GL LEASE COMPANY NO.12 LIMITED

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GL LEASE COMPANY NO.12 LIMITED

OFFICERS AND PROFESSIONAL ADVISERS

DIRECTORS:

**N T J Clibbens
C G Freeman
C F Glenn
I J Isaac**

SECRETARY:

M Castro

REGISTERED OFFICE:

**3 Princess Way
Redhill
Surrey
RH1 1NP**

AUDITORS:

**Deloitte & Touche LLP
St Albans**

Registered in England and Wales.

GL LEASE COMPANY NO.12 LIMITED

DIRECTORS' REPORT

The directors present their report and the audited financial statements for the year ended 31 December 2006.

ACTIVITIES AND BUSINESS REVIEW

The directors' report has been prepared in accordance with the special provisions relating to small companies under section 246(4)(a) of the Companies Act 1985

Activity

The principal activity of the Company is the provision of residual value guarantees

Review of the year

The profit for the year was £27,478 (2005 profit of £27,467) and this was met by reserves
No dividend was paid during the year (2005 £nil)

The directors do not anticipate any material change in either the type or level of activities of the Company

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 January 2006 to date the following changes have taken place

Directors	Appointed	Resigned
S D Recaldin (Alternate to N T J Clibbens)		2 January 2007
Secretary		
A M Cunningham		21 December 2006
R L Waterton	22 December 2006	11 June 2007
M Castro	11 June 2007	

DIRECTORS' RESPONSIBILITIES

The directors are required by the Companies Act 1985 to prepare a directors' report and financial statements for each financial year and have elected to prepare them in accordance with International Financial Reporting Standards as adopted by the European Union. They are responsible for preparing financial statements that present fairly the financial position, financial performance and cash flows of the Company. In preparing these financial statements, the directors are required to

- select suitable accounting policies and then apply them consistently,

GL LEASE COMPANY NO.12 LIMITED

DIRECTORS' REPORT (Continued)

DIRECTORS' RESPONSIBILITIES (Continued)

- 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 financial statements, 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 directors' report and financial statements comply with the requirements of 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.

USE OF FINANCIAL INSTRUMENTS

The Company's financial risk management policies and exposure in relation to the respective risks are detailed in note 14 of the financial statements.

DISCLOSURE OF INFORMATION TO AUDITORS

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

- (a) so far as he 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 ought to have taken to make himself 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 234ZA of the Companies Act 1985.

DIRECTORS' INDEMNITIES

In terms of Section 309C of the Companies Act 1985 (as amended), Mr N T J Clibbens had been granted Qualifying Third Party Indemnity Provisions by The Royal Bank of Scotland Group plc.

DIRECTORS' REPORT (Continued)

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 ('RBSG'), as outlined below

RBSG is committed to maintaining a sound commercial relationship with its suppliers. Consequently, it is RBSG'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

ELECTIVE RESOLUTIONS

The Company has elected to dispense with the requirement to hold annual general meetings, lay directors' reports and financial statements before a general meeting and re-appoint 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



I J saac
Director

Date 28/6/07

INDEPENDENT AUDITORS' REPORT TO THE MEMBERS OF GL LEASE COMPANY NO.12 LIMITED

We have audited the financial statements of GL Lease Company No 12 Limited (the Company) for the year ended 31 December 2006 which comprise the income statement, the statement of changes in equity, the balance sheet, the cash flow statement and the related notes 1 to 19. 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 the 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

The directors' responsibilities for preparing the directors' report and the financial statements in accordance with applicable law and International Financial Reporting Standards ("IFRS") as adopted by the European Union are set out in the Statement of Directors' Responsibilities.

Our responsibility is to audit the financial statements in accordance with relevant legal and regulatory requirements and International Standards on Auditing (UK and Ireland).

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 to you whether in our opinion the information given in the directors' report is consistent with the financial statements.

In addition we report to you if, in our opinion, 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 other transactions are not disclosed.

We read the directors' report for the above year and consider whether it is consistent with the audited financial statements. We also consider the implications for our report if we become aware of any apparent misstatements or material inconsistencies with the financial statements. Our responsibility does not extend to any further information outside the directors' report.

BASIS OF AUDIT OPINION

We conducted our audit in accordance with International Standards on Auditing (UK and Ireland) 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 circumstances of the Company, 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.

**INDEPENDENT AUDITORS' REPORT TO THE MEMBERS OF GL LEASE COMPANY NO 12
LIMITED (Continued)**

OPINION

In our opinion

- the financial statements give a true and fair view, in accordance with IFRSs as adopted by the European Union, of the state of the Company's affairs as at 31 December 2006 and of its profit for the year then ended, and
- the financial statements have been properly prepared in accordance with the Companies Act 1985, and
- the information given in the directors' report is consistent with the financial statements

SEPARATE OPINION IN RELATION TO IFRS

As explained in Note 1 to the financial statements, the Company, in addition to complying with its legal obligation to comply with IFRS as adopted by the European Union, has also complied with the IFRS as issued by the International Accounting Standards Board. Accordingly, in our opinion, the financial statements give a true and fair view, in accordance with IFRS, of the state of the Company's affairs as at 31 December 2006 and of its profit for the year then ended

Deloitte & Touche LLP

Deloitte & Touche LLP
Chartered Accountants and Registered Auditors
St. Albans
Date: *29 June 2007*

GL LEASE COMPANY NO.12 LIMITED

INCOME STATEMENT

for the year ended 31 December 2006

	Note	2006 £	2005 £
Continuing operations			
Revenue	2	101,184	99,991
Other operating charges	3	(71,604)	(70,221)
Operating profit		29,580	29,770
Finance income	4	9,712	9,469
Finance costs	5	(38)	-
Profit before tax		39,254	39,239
Tax	6	(11,776)	(11,772)
Profit for the year	13	27,478	27,467

The notes on pages 11 to 19 form a part of these financial statements

GL LEASE COMPANY NO.12 LIMITED

STATEMENT OF CHANGES IN EQUITY
for the year ended 31 December 2006

	Share capital £	Retained earnings £	Total equity £
At 1 January 2005	4	28,904	28,908
Profit for the year	-	27,467	27,467
	<u>4</u>	<u>56,371</u>	<u>56,375</u>
At 31 December 2005			
At 1 January 2006	4	56,371	56,375
Profit for the year	-	27,478	27,478
	<u>4</u>	<u>83,849</u>	<u>83,853</u>
At 31 December 2006			

The notes on pages 11 to 19 form a part of these financial statements

BALANCE SHEET
 at 31 December 2006

	Note	2006 £	2005 £
Non-current assets			
Trade and other receivables	8	75,887	126,480
Current assets			
Cash and cash equivalents	9	-	247,688
Loans and receivables	10	218,660	3
Trade and other receivables	8	51,961	51,873
Total assets		<u>346,508</u>	<u>426,044</u>
Current liabilities			
Overdrafts	9	-	5,945
Trade and other payables	11	106,752	105,184
Tax payable		4,128	5,580
		<u>110,880</u>	<u>116,709</u>
Non-current liabilities			
Trade and other payables	11	151,775	252,960
Total liabilities		<u>262,655</u>	<u>369,669</u>
Net assets		<u>83,853</u>	<u>56,375</u>
Equity			
Share capital	12	4	4
Reserves	13	83,849	56,371
Total equity		<u>83,853</u>	<u>56,375</u>

The financial statements were approved by the board of directors and authorised for issue on 28/6/07 and were signed on its behalf by


 I J Isaac
 Director

The notes on pages 11 to 19 form a part of these financial statements

GL LEASE COMPANY NO.12 LIMITED

CASH FLOW STATEMENT

for the year ended 31 December 2006

	Note	2006 £	2005 £
Operating activities			
Profit before tax		39,254	39,239
<i>Adjustments for</i>			
Finance income	4	(9,712)	(9,469)
Finance costs	5	38	-
Operating loss before changes in working capital		29,580	29,770
Decrease in trade and other receivables	8	50,505	51,355
(Decrease)/increase in amounts owed to group undertakings	10	(218,657)	-
Decrease in trade and other payables	11	(99,617)	(100,681)
Net cash used in the operations		(238,189)	(19,556)
Finance income	4	9,712	9,469
Finance costs	5	(38)	-
Tax paid		(13,228)	(12,126)
Net cash used in operating activities		(241,743)	(22,213)
Net cash from investing activities		-	-
Net cash from financing activities		-	-
Net decrease in cash and cash equivalents		(241,743)	(22,213)
Cash and cash equivalents at 1 January	9	241,743	263,956
Cash and cash equivalents at 31 December	9	-	241,743

The notes on pages 11 to 19 form a part of these financial statements

NOTES TO THE FINANCIAL STATEMENTS
for the year ended 31 December 2006

1 Accounting policies

a. Accounting convention

The financial statements have been prepared upon the basis of historical cost and in accordance with applicable United Kingdom law, International Financial Reporting Standards adopted by the International Accounting Standards Board (IASB) and interpretations issued by the International Financial Reporting Interpretations Committee of the IASB (together IFRS). They have also been prepared in accordance with IFRSs adopted for use in the European Union (EU) and therefore comply with Article 4 of the EU IAS regulation.

At the date of authorisation of these financial statements, there are a number of Standards and Interpretations in issue but not yet effective. The directors have considered all of these and identified the following which is relevant to the Company but not been applied in these financial statements: IFRS 7 *Financial instruments: Disclosures* and the related amendment to IAS 1 on capital disclosures.

The directors anticipate that the adoption of these Standards in future periods will have no material impact on the financial statements of the Company except for additional disclosures on capital and financial instruments when the relevant standards come into effect for periods commencing on or after 1 January 2007.

b Revenue recognition

Revenue represents net fees and equipment rental income, on goods held for resale, credited to the profit and loss account and net profit of invoiced sales during the year.

Residual Value Guarantee fees are accrued evenly over the period of the lease to which the Residual Value Guarantee relates except where, at inception, it is anticipated that losses will be incurred on disposal. Where, at inception, losses are anticipated to arise on disposal, fees received at inception of the lease are deferred to match the anticipated loss on disposal.

Revenue arises in the United Kingdom from continuing activities.

c. Trade receivables

Trade receivables are measured at initial recognition at fair value and are subsequently measured at amortised cost using the effective interest rate method. Appropriate allowances for estimated irrecoverable amounts are recognised in the income statement when there is objective evidence that the asset is impaired. The allowance recognised is the difference between the asset's carrying amount and the present value of estimated future cash flows discounted at the effective interest rate computed at initial recognition.

d. Cash and cash equivalents

Cash and cash equivalents comprise cash on hand and demand deposits and other short-term highly liquid investments that are readily convertible to a known amount of cash and are subject to an insignificant risk of changes in value.

e. Loans and receivables

Loans and receivables are measured at initial recognition at fair value and are subsequently measured at amortised cost using the effective interest rate method. Appropriate allowances for estimated irrecoverable amounts are recognised in the income statement when there is objective evidence that the asset is impaired.

NOTES TO THE FINANCIAL STATEMENTS (Continued)
for the year ended 31 December 2006

1 Accounting policies (continued)

e. Loans and receivables (continued)

The allowance recognised is the difference between the asset's carrying amount and the present value of estimated future cash flows discounted at the effective interest rate computed at initial recognition

f. Taxation

Provision is made for taxation at current enacted rates on taxable profits, arising in income or in equity, taking into account relief for overseas taxation where appropriate

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, except in relation to overseas earning where remittance is controlled by the Group

Deferred tax assets are only recognised to the extent that it is probable that they will be recovered

g. Trade payables

Trade payables are initially measured at fair value and are subsequently measured at amortised cost using the effective interest rate method

h. Other operating charges

Other operating charges include provisions for bad and doubtful debts and other operating charges. Individually assessed provisions are made against advances for which recovery is considered to be doubtful. Collectively assessed provision is made in respect of losses which, although not separately identified, are from experience known to be present in any portfolio of financial assets. Other operating charges, including management charges payable, are accounted for on an accruals basis.

i. Residual values

The Company's profit on disposal of assets are recognised as they arise

Residual value exposure occurs due to the uncertain nature of the value of an asset at the end of an agreement. Throughout the life of an asset its residual value will fluctuate because of the uncertainty of the market for that asset as well as general economic conditions.

Future residual values are monitored so as to identify any impairment required, by reference to the Company's past history for values and the Company's projections of the likely future market for each group of assets. Provision for losses is made when the likelihood of loss is identified.

NOTES TO THE FINANCIAL STATEMENTS (Continued)
for the year ended 31 December 2006

j. Critical accounting judgements and key sources of estimation uncertainty

In the process of applying the Company's accounting policies above, management has made the following judgements that have the most significant effect on the amounts recognised in the financial statements

Provisions for bad and doubtful debt,
Provisions for future residual value guarantee losses, and
Provisions for stock dilapidation

2 Revenue	2006	2005
	£	£
Fee income	<u>101,184</u>	<u>99,991</u>

3 Other operating charges	2006	2005
	£	£
RVG advice and monitoring fees	65,770	65,770
Legal and Professional	5,568	4,093
Other	266	358
	<u>71,604</u>	<u>70,221</u>

The Company had no employees in the current year (2005 – nil)

4 Finance income	2006	2005
	£	£
On loans and receivables		
From group undertakings	<u>9,712</u>	<u>9,469</u>

5 Finance costs	2006	2005
	£	£
On loans and payables		
Other	<u>38</u>	<u>-</u>

GL LEASE COMPANY NO 12 LIMITED

NOTES TO THE FINANCIAL STATEMENTS (Continued) for the year ended 31 December 2006

6 Tax charge on profit on ordinary activities

A) Analysis of credit for the year

	2006	2005
	£	£
Current taxation		
Income tax (credit)/charge for the year	11,776	11,772
Tax credit for the year	<u>11,776</u>	<u>11,772</u>

B) Factors affecting the tax charge for the year

The actual tax charge in the current and prior year does not differ from the expected tax charge computed by applying the standard rate of UK corporation tax of 30% (2005 30%)

7 Profit for the year

Profit for the year has been arrived at after charging

	2006	2005
	£	£
Auditors' remuneration		
Audit services	<u>5,568</u>	<u>4,093</u>

NOTES TO THE FINANCIAL STATEMENTS (Continued)
for the year ended 31 December 2006

8 Trade and other receivables

	2006 £	2005 £
Non-current assets		
Prepayments and accrued income	75,887	126,480
Current assets		
Prepayments and accrued income	50,593	1,281
Other receivables	<u>1,368</u>	<u>50,592</u>
	<u>51,961</u>	<u>51,873</u>
	<u><u>127,848</u></u>	<u><u>178,353</u></u>

9 Cash and cash equivalents

	2006 £	2005 £
Cash and cash equivalents per balance sheet		
Amounts held with group undertakings	-	247,688
Overdrafts per balance sheet		
Amounts held with group undertakings	-	(5,945)
Cash and cash equivalents per cash flow statement	<u>-</u>	<u>241,743</u>

10 Loans and receivables

	2006 £	2005 £
Current		
Amounts owed from group undertakings	<u>218,660</u>	<u>3</u>

The average effective interest rate over amounts owed from group undertakings approximates 5%

The fair value of loans and receivables is considered not to be materially different to the carrying amounts in the balance sheet

11 Trade and other payables

	2006 £	2005 £
Non-current liabilities		
Accruals and deferred income	151,775	252,960
Current liabilities		
Accruals and deferred income	<u>106,752</u>	<u>105,184</u>
	<u><u>258,527</u></u>	<u><u>358,144</u></u>

NOTES TO THE FINANCIAL STATEMENTS (Continued)
for the year ended 31 December 2006

12 Share capital

	2006 £	2005 £
Authorised:		
25 (2005 25) 'A' Ordinary shares of £1 each	25	25
75 (2005 75) 'B' Ordinary shares of £1 each	75	75
	<u>100</u>	<u>100</u>
Allotted, called up and fully paid:		
1 (2005 1) 'A' Ordinary shares of £1 each	1	1
3 (2005 3) 'B' Ordinary shares of £1 each	3	3
	<u>4</u>	<u>4</u>

Dividends

To the extent that distributable reserves are available and dividends are paid, the holder of each A Share shall be entitled to be paid a dividend in respect of each A Share which is three times the value of the dividend paid in respect of each B Share

Winding up

On a winding up or on a return of capital or otherwise, the assets of the Company available for distribution shall be applied so that there shall be paid to the holder of the A Shares in respect of each A Share an amount which is three times that paid to the holder of the B Shares in respect of each B Share

Voting Rights

The holder of the A Shares shall be entitled to three votes per A Share held and the holder of the B Shares shall be entitled to one vote per B Share held, whether on a show of hands or on a poll

13 Reserves

	Retained earnings £
At 1 January 2005	28,904
Profit for the year	27,467
At 31 December 2005	<u>56,371</u>
At 1 January 2006	56,371
Profit for the year	27,478
At 31 December 2006	<u>83,849</u>

NOTES TO THE FINANCIAL STATEMENTS (Continued)
for the year ended 31 December 2006

14 Financial instruments

The Company uses a comprehensive framework for managing risks established by the Lombard group of companies and the Royal Bank of Scotland group of companies
The risks associated with the Company's businesses are as follows

Market risk

Market risk is the risk that changes in interest rates, foreign exchange or other market conditions will have an adverse impact on the Company's financial condition or results

The Company has no significant market risk and all balances are denominated in Sterling

Interest rate risk

Structural interest rate risk arises where assets and liabilities have different repricing maturities

The Company has no significant interest rate risk as all amounts owed to and from group undertakings are due primarily on demand and interest has been waived

Credit risk

Credit risk is the risk that companies, financial institutions, individuals and other counterparties will be unable to meet their obligations to the Company

The Company has no significant credit risk as all loans and receivables are with group undertakings

NOTES TO THE FINANCIAL STATEMENTS (Continued)
for the year ended 31 December 2006

15 Contingent liabilities

There are no contingent liabilities

16 Commitments

The Company is committed to acquire assets from lessors at the end of their respective leases at amounts agreed at the beginning of the related lease contract such as to guarantee a certain return to the lessor

As at 31 December 2006 there was only one lease contract in which the Company is guaranteeing a residual value

The commitment under the contract, which is due to terminate in the year 2009, is to The Royal Bank of Scotland Group plc

The guaranteed value amount is £26,883,444 (2005 £26,883,444)

17 Related parties

The Company's immediate parent and ultimate controlling party is described in note 18

The table below details balances and transactions with group undertakings

	Opening balance £	Net receipts / (payments) £	Interest received £	Closing balance £
Banking members of the group	241,744	(246,187)	4,443	-
Other, non-banking members of the group				
Other RBS Group undertakings	3	213,389	5,268	218,660
Total	<u>241,747</u>	<u>(32,798)</u>	<u>9,711</u>	<u>218,660</u>

Net operating charges and fees paid to GATX Asset Residual Management Limited, an associate company within the group, were £15,178 (2005 £15,178)

The amounts outstanding are unsecured and will be settled in cash No guarantees have been given or received

GL LEASE COMPANY NO.12 LIMITED

NOTES TO THE FINANCIAL STATEMENTS (Continued) **for the year ended 31 December 2006**

17 Related parties (continued)

Other related party transactions

No emoluments were paid to any director by the Company during the year (2005 £nil)

None of the directors had any material interest in any contract of significance in relation to the business of the Company (2005 £nil)

18 Parent companies

The Company's immediate parent company is R B Leasing Company Limited

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 which 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, Gogarburn, Edinburgh, EH12 1HQ

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, Gogarburn, Edinburgh, EH12 1HQ

19 Post balance sheet events

There have been no significant events between the year end and the approval of these accounts which would require a change to the disclosures in the accounts