

Company Registration No: 4439293

**LOMBARD CORPORATE FINANCE (12) LIMITED**

**DIRECTORS' REPORT AND FINANCIAL STATEMENTS**

**for the period from 15 May 2002 to 30 June 2003**



## LOMBARD CORPORATE FINANCE (12) LIMITED

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**LOMBARD CORPORATE FINANCE (12) LIMITED**

**OFFICERS AND PROFESSIONAL ADVISERS**

**DIRECTORS:**

**Graham Colin Clemett  
Adrian Colin Farnell  
William Vaughan Latter  
Nigel Pearce**

**SECRETARY:**

**Marina Louise Thomas**

**REGISTERED OFFICE:**

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

**AUDITORS:**

**Deloitte & Touche LLP  
Bristol**

**Registered in England and Wales.**

## DIRECTORS' REPORT

The directors present their report and the audited financial statements for the period ended 30 June 2003.

The company commenced trading on 25 September 2002.

## ACTIVITIES AND BUSINESS REVIEW

The company was incorporated on 15 May 2002.

The principal activity of the company, which is a wholly owned subsidiary of Royal Bank Leasing Limited, is the provision of fixed asset finance usually involving individually structured facilities.

The accumulated loss for the period was £1,486 and this was transferred to reserves. The directors do not recommend that a dividend be paid.

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 as listed on page 1. From 15 May 2002 to date the following changes have taken place:

	Appointed	Resigned
<b>Directors</b>		
Graham Colin Clemett	1 June 2003	
Adrian Colin Farnell	15 May 2002	
William Vaughan Latter	15 May 2002	
Nigel Pearce	15 May 2002	
Christopher Paul Sullivan	15 May 2002	31 May 2003
Maureen Anne Childs	15 May 2002	15 May 2002
Brian John Payne	15 May 2002	15 May 2002
<b>Company Secretary</b>		
Marina Louise Thomas	1 June 2003	
Angela Mary Cunningham	15 May 2002	31 May 2003
Maureen Anne Childs	15 May 2002	15 May 2002

## DIRECTORS' RESPONSIBILITIES

United Kingdom 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 as at the end of the financial period 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, 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 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.

**DIRECTORS' INTERESTS**

No director had an interest in the ordinary shares of the company on 30 June 2003 nor on 15 May 2002.

At the period end, the directors were also directors of the immediate parent undertaking, Royal Bank Leasing 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.

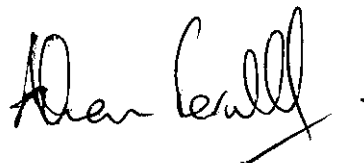
In the year ending 30 June 2004, the Group will adhere to the following payment policy in respect of all suppliers. The Group is committed to maintaining a sound commercial relationship with its suppliers. Consequently, it is the Group's policy to negotiate and agree terms and conditions with its suppliers, 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.

The proportion which the amount owed to trade creditors at 30 June 2003 bears to the amounts invoiced by suppliers during the period then ended equated to nil days proportion of 365 days.

**AUDITORS**

On 1 August 2003, Deloitte & Touche, the Company's auditors transferred their business to Deloitte & Touche LLP, a limited liability partnership incorporated under the Limited Liability Partnership Act 2000. The Company's consent has been given to treating the appointment of Deloitte & Touche as extending to Deloitte & Touche LLP with effect from 21 August 2003 under the provisions of Section 26(5) of the Companies Act 1989. A resolution to re-appoint Deloitte & Touche LLP as the Company's auditor will be proposed at the forthcoming Annual General Meeting.

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



A C Farnell  
Director

Date: 26 November 2003

## **INDEPENDENT AUDITORS' REPORT TO THE MEMBERS OF LOMBARD CORPORATE FINANCE (12) LIMITED**

We have audited the financial statements of Lombard Corporate Finance (12) Limited for the period from 15 May 2002 to 30 June 2003 which comprise the profit and loss account, the balance sheet and related notes 1 to 12. 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 the opinions we have formed.

### **Respective responsibilities of directors and auditors**

As described in the directors' report, 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 period and consider the implications for our report if we become aware of any apparent misstatements.

### **Basis of audit 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 at 30 June 2003 and of its loss for the period 15 May 2002 to 30 June 2003 and have been properly prepared in accordance with the Companies Act 1985.

*Deloitte & Touche Ltd*

**Deloitte & Touche LLP**

Chartered Accountants and Registered Auditors  
Bristol

*28 November 2003*

**LOMBARD CORPORATE FINANCE (12) LIMITED**

**PROFIT AND LOSS ACCOUNT**  
**for the period ended 30 June 2003**

CONTINUING  
OPERATIONS  
15 May 2002  
to 30 June 2003

	Note	£
Lease income	4	8,308
Other income	5	<u>275</u>
		8,583
Finance charges	5	(3,402)
Operating expenses	5	<u>(7,305)</u>
OPERATING LOSS AND LOSS ON ORDINARY ACTIVITIES BEFORE TAXATION	5	(2,124)
Taxation credit on loss on ordinary activities	6	<u>638</u>
ACCUMULATED LOSS FOR THE PERIOD	11	<u><u>(1,486)</u></u>

There is no difference between the loss on ordinary activities before taxation and the accumulated loss for the period stated above and their historical cost equivalents.

The Company has no recognised gains and losses other than those included in the losses shown above and therefore no separate statement of total recognised gains and losses has been presented.

The notes on pages 7 to 11 form part of these financial statements.

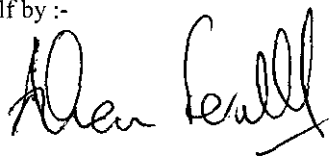
**LOMBARD CORPORATE FINANCE (12) LIMITED**

**BALANCE SHEET**

as at 30 June 2003

	Note	2003 £
<b>CURRENT ASSETS</b>		
Finance lease receivables due within one year		28,729
Finance lease receivables due after more than one year		102,739
Debtors	7	<u>4,015</u>
		135,483
<b>CREDITORS: AMOUNTS FALLING DUE WITHIN ONE YEAR</b>	8	<u>(38,694)</u>
<b>NET CURRENT ASSETS</b>		<u>96,789</u>
<b>TOTAL ASSETS LESS CURRENT LIABILITIES</b>		96,789
<b>CREDITORS: AMOUNTS FALLING DUE AFTER MORE THAN ONE YEAR</b>	8	(97,271)
<b>PROVISIONS FOR LIABILITIES AND CHARGES</b>	9	<u>(1,002)</u>
<b>NET LIABILITIES</b>		<u><u>(1,484)</u></u>
<b>CAPITAL AND RESERVES</b>		
Called up share capital	10	2
Profit and loss account	11	<u>(1,486)</u>
<b>TOTAL EQUITY SHAREHOLDERS' DEFICIT</b>	12	<u><u>(1,484)</u></u>

The financial statements on pages 5 to 11 were approved by the Board of Directors on 26 November 2003 and were signed on its behalf by :-



A C Farnell  
Director

The notes on pages 7 to 11 form part of these financial statements.

**NOTES ON THE FINANCIAL STATEMENTS**

**1 ACCOUNTING POLICIES**

The financial statements on pages 5 to 11 are prepared on the basis of the principal accounting policies adopted by the Company described below and applicable Accounting Standards. Accounting policies have been applied consistently.

**a ACCOUNTING CONVENTION**

The financial statements of the Company are prepared under the historical cost convention. In accordance with the Companies Act 1985, the Directors have adapted the prescribed formats of the financial statements as required by the special nature of the business.

**b GROSS EARNINGS UNDER FINANCE LEASES**

Gross earnings under finance leases are recognised according to the actuarial after tax method whereby pre tax and post tax profits are allocated to accounting periods so as to give a constant periodic rate of return on the net cash investment.

**c DEFERRED TAXATION**

Certain items of income and expenditure are accounted for in different periods for financial reporting purposes than for taxation purposes. Deferred taxation is provided on the full liability method in respect of timing differences which have originated but not reversed at the balance sheet date. Deferred taxation is calculated on a non-discounted basis.

**d AMOUNTS RECEIVABLE UNDER FINANCE LEASES**

Finance lease receivables are stated in the balance sheet at the amount of the net investment in the leases. Progress payments made prior to the commencement of the primary lease are included at cost together with the amount of any interest charged on such payments.

**e CASH FLOW STATEMENT**

The company is a wholly-owned subsidiary of The Royal Bank of Scotland Group plc and is included in the consolidated financial statements of The Royal Bank of Scotland Group plc, which are publicly available. Consequently, the Company has taken advantage of the exemption from preparing a cash flow statement under the terms of Financial Reporting Standard 1 (revised).

## LOMBARD CORPORATE FINANCE (12) LIMITED

### NOTES ON THE FINANCIAL STATEMENTS

#### 2 IMMEDIATE AND ULTIMATE PARENT COMPANY

The Company's immediate parent company is Royal Bank Leasing Limited.

The Company's ultimate holding company, ultimate controlling party, and the parent of the largest and smallest 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.

#### 3 RELATED PARTY TRANSACTIONS

The Company is exempt from the requirements 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 results are included in the consolidated financial statements of The Royal Bank of Scotland Group plc.

There were no other related party transactions during the year or any amounts due to or from related parties outstanding at the balance sheet date.

#### 4 TURNOVER

15 May 2002  
to 30 June 2003  
£

##### Lease income:

##### Finance leases:

Rentals receivable  
Amortisation

33,344  
(25,036)

8,308

##### Capital cost of assets financed:

##### Finance leases

158,128

#### 5 LOSS ON ORDINARY ACTIVITIES BEFORE TAXATION

15 May 2002  
to 30 June 2003  
£

##### Includes the following:

##### Other income:

275

##### Finance charges:

Interest payable to group undertakings

3,403

##### Operating expenses:

Management charge

7,305

# LOMBARD CORPORATE FINANCE (12) LIMITED

## NOTES ON THE FINANCIAL STATEMENTS

### 5 LOSS ON ORDINARY ACTIVITIES BEFORE TAXATION (continued)

The emoluments of Mr G C Clemett were paid by a fellow subsidiary company, Lombard North Central PLC, which made no recharge to the company. Mr Clemett is a director of a number of fellow subsidiaries and it is not possible to make an accurate apportionment of his emoluments in respect of each of the companies. Accordingly, the above details include no emoluments in respect of Mr Clemett.

Other directors and employees are employed by Royal Bank of Scotland Group PLC. and remunerated by recharge from a fellow subsidiary, Royal Bank Leasing Limited. Costs incurred in respect of their services to the Company are included in the management charge as shown below:

	£	£
Directors' emoluments	552	-
Staff costs	<u>5,272</u>	<u>-</u>

The auditors' remuneration for audit services was borne by Royal Bank Leasing Limited which made no recharge to the company.

### 6 TAXATION £

#### A) ANALYSIS OF CREDIT FOR THE PERIOD

Current tax credit:	
- Group relief receivable on loss for the period	1,640
Deferred tax - origination and reversal of timing differences:	
- Current period	(1,002)
	<u>638</u>
Taxation credit on loss on ordinary activities	<u>638</u>

#### B) FACTORS AFFECTING THE CURRENT TAX CREDIT FOR THE PERIOD £

Loss on ordinary activities before tax	<u>(2,124)</u>
Tax on loss on ordinary activities at the standard rate of 30%	638
Capital allowances for period more than depreciation	<u>1,002</u>
Current tax credit	<u>1,640</u>

### 7 DEBTORS 2003 £

Amounts falling due within one year:

Amounts due from group undertakings	3,464
Called up share capital not paid	2
Other debtors	<u>549</u>
	<u>4,015</u>

LOMBARD CORPORATE FINANCE (12) LIMITED

NOTES ON THE FINANCIAL STATEMENTS

8	CREDITORS	2,003 £
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Amounts falling due within one year:

Amounts due to group undertakings	37,047
Other creditors	<u>1,647</u>
	<u>38,694</u>

Amounts falling due after more than one year: £

Amounts due to group undertakings:	
Between one and two years	30,435
Between two and five years	59,425
After more than five years	<u>7,411</u>
	<u>97,271</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.

Amounts falling due after more than five years are repayable by instalments with varying repayment terms. Interest rates applicable to these amounts will be determined by reference to inter bank rates for three, six and twelve months.

9 PROVISIONS FOR LIABILITIES AND CHARGES

Movements during the period:	Deferred taxation £
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Credit to profit and loss account	<u>1,002</u>
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At 30 June 2003	<u>1,002</u>
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Full provision has been made for the potential amount of deferred taxation shown below:

	2003 £
Accelerated capital allowances on assets financed	<u>1,002</u>

10	SHARE CAPITAL	2003 £
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Authorised	<u>100</u>
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Allotted, called up but not paid	<u>2</u>
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On 15 May 2002 the Company issued 2 ordinary shares of £1 each at par.

LOMBARD CORPORATE FINANCE (12) LIMITED

NOTES ON THE FINANCIAL STATEMENTS

11	PROFIT AND LOSS ACCOUNT	2,003 £
	Accumulated loss for the year	<u>(1,486)</u>
	At 30 June 2003	<u><u>(1,486)</u></u>
12	RECONCILIATION OF SHAREHOLDERS' DEFICIT	2,003 £
	Loss for the financial period	(1,486)
	Issue of shares	<u>2</u>
	Closing shareholders' deficit	<u><u>(1,484)</u></u>