

**Company Registration No: SC058013**

**ROYAL BANK LEASING LIMITED**

**DIRECTORS' REPORT AND FINANCIAL STATEMENTS**

**30 September 2005**

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



# **ROYAL BANK LEASING LIMITED**

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**ROYAL BANK LEASING LIMITED**

**OFFICERS AND PROFESSIONAL ADVISERS**

**DIRECTORS:**

**T V Castledine  
S J Caterer  
A C Farnell  
P A Tubb**

**SECRETARY:**

**C J Whittaker**

**REGISTERED OFFICE:**

**24 / 25 St Andrew Square  
Edinburgh  
EH2 1AF**

**PRINCIPAL OFFICE:**

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

**AUDITORS:**

**Deloitte & Touche LLP  
Bristol**

**Registered in Scotland.**

# ROYAL BANK LEASING LIMITED

## DIRECTORS' REPORT

The directors present their report and the audited financial statements for the year ended 30 September 2005.

## ACTIVITIES AND BUSINESS REVIEW

The principal activity of the Company is the provision of leasing and other forms of asset finance, usually involving individually structured facilities. In addition, the Company acts as a holding company for a group of companies also involved in the leasing and asset finance market. The Company will continue to operate in the leasing and asset financing market.

During the year the Company sold its investments in RBSSAF (15) Limited and Lombard Corporate Finance (12) Limited, for a profit before tax of £21,368,000.

The retained profit for the year was £19,288,000 (2004: £25,685,000) and this was transferred to reserves. The directors do not recommend that an interim dividend be paid (2004: NIL).

## DIRECTORS AND SECRETARY

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

From 1 October 2004 to date the following changes have taken place:

	Appointed	Resigned
<b>Secretary</b>		
M L Thomas		14 November 2005
C J Whittaker	11 November 2005	

## DIRECTORS' RESPONSIBILITIES

United Kingdom company law requires the directors to prepare financial statements for each financial year which give a true and fair view of the state of affairs of the company as at the end of the financial year 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

## ROYAL BANK LEASING LIMITED

### DIRECTORS' INDEMNITIES

In terms of Section 309C of the Companies Act 1985 (as amended), Mr A C Farnell has been granted Qualifying Third Party Indemnity Provisions by The Royal Bank of Scotland Group plc.

### DIRECTORS' INTERESTS

No director had an interest in the shares of the company.

The following directors were beneficially interested in the ordinary shares of The Royal Bank of Scotland Group plc:

	As at 1 October 2004	As at 30 September 2005
T V Castledine	84	339
S J Caterer	11,857	12,786
A C Farnell	15,067	16,765
P A Tubb	1,721	1,721

Options to subscribe for ordinary shares of 25p each in The Royal Bank of Scotland Group plc granted to and exercised during the period by the following directors of the Company and members of their immediate family are:

	As at 1 October 2004	Granted during the period		Exercised during the period		As at 30 September 2005
		Options	Price	Options	Price	
T V Castledine	707	4,737	1729	-	-	5,444
S J Caterer	534	1,217	1209	263	741	1,488
A C Farnell	312	-	-	312	1364	-
P A Tubb	5,739	3,759	1729	-	-	9,498

No director had an interest in any of the preference shares during the year to 30 September 2005.

Other than detailed above, none of the directors in office at 30 September 2005 held any other interest in the share or loan capital of the company or any other group company during the year to 30 September 2005.

**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 September 2006, 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 September 2005 bears to the amounts invoiced by suppliers during the year then ended equated to nil days proportion of 365 days (2004: nil days).

**ELECTIVE RESOLUTIONS**

Elective Resolutions electing to dispense with the requirement to hold annual general meetings, lay accounts before a general meeting and re-appointment of auditors annually were passed.

**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



S J Caterer  
Director

Date: 27 July 2006

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

We have audited the financial statements of Royal Bank Leasing Limited for the year ended 30 September 2005 which comprise the profit and loss account, the statement of total recognised gains and losses the balance sheet and the related notes 1 to 22. 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 year 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 September 2005 and of its profit for the year then ended and have been properly prepared in accordance with the Companies Act 1985.

*Deloitte & Touche LLP*

Deloitte & Touche LLP  
Chartered Accountants and Registered Auditors  
Bristol, United Kingdom

28 July 2006

**ROYAL BANK LEASING LIMITED**

**PROFIT AND LOSS ACCOUNT**  
for the year ended 30 September 2005

		CONTINUING OPERATIONS	
	Note	2005 £'000	2004 £'000
Turnover	4	21,061	23,917
Cost of sales		(2,412)	(4,218)
Administrative expenses	5	(4,424)	(3,857)
Other operating income	6	<u>3,883</u>	<u>5,260</u>
OPERATING PROFIT	5	18,108	21,102
Income from shares in group undertakings		632	3,846
Exceptional profit on sale of subsidiary undertaking	14	21,368	20,631
Interest payable	7	<u>(13,449)</u>	<u>(16,590)</u>
PROFIT ON ORDINARY ACTIVITIES BEFORE TAXATION		26,659	28,989
Taxation charge on profit on ordinary activities	10	<u>(7,371)</u>	<u>(3,304)</u>
PROFIT FOR THE FINANCIAL YEAR	20	<u>19,288</u>	<u>25,685</u>

There is no difference between the profit on ordinary activities before taxation and the retained profit for the year stated above and their historical cost equivalents

**STATEMENT OF TOTAL RECOGNISED GAINS AND LOSSES**

	2005 £'000	2004 £'000
Profit for the financial year	19,288	25,685
Loss arising on exchange rate movements	(48)	(64)
Less associated tax credit	<u>14</u>	<u>19</u>
Total gains recognised since last report	<u>19,254</u>	<u>25,640</u>

The notes on pages 8 to 20 form part of these financial statements



**ROYAL BANK LEASING LIMITED**

**BALANCE SHEET**  
as at 30 September 2005

	Note	2005 £'000	2004 £'000
<b>FIXED ASSETS</b>			
Tangible fixed assets	11	78,697	80,956
<b>INVESTMENTS</b>			
Investments in joint ventures and other investments	13	2,996	2,904
Shares in Subsidiary undertakings	14	<u>82,799</u>	<u>82,799</u>
<b>TOTAL FIXED ASSETS</b>		<b>164,492</b>	<b>166,659</b>
<b>CURRENT ASSETS</b>			
<b>DEBTORS:</b>			
Finance lease receivables due after more than one year		192,470	229,197
Loan receivables due after more than one year		17,359	9,060
Other debtors due after more than one year		4,627,336	3,953,565
Finance lease receivables due within one year		12,177	9,011
Loan receivables due within one year		4,667	5,155
Other debtors due within one year	15	<u>39,312</u>	<u>44,638</u>
		<b>4,893,321</b>	<b>4,250,626</b>
<b>CREDITORS AMOUNTS FALLING DUE WITHIN ONE YEAR</b>	16	<u>(394,942)</u>	<u>(48,329)</u>
<b>NET CURRENT ASSETS</b>		<u><b>4,498,379</b></u>	<u><b>4,202,297</b></u>
<b>TOTAL ASSETS LESS CURRENT LIABILITIES</b>		<b>4,662,871</b>	<b>4,368,956</b>
<b>CREDITORS AMOUNTS FALLING DUE AFTER MORE THAN ONE YEAR</b>	16	<b>(4,525,773)</b>	<b>(4,249,707)</b>
<b>PROVISIONS FOR LIABILITIES AND CHARGES</b>	17	<u><b>(44,713)</b></u>	<u><b>(46,118)</b></u>
<b>NET ASSETS</b>		<u><u><b>92,385</b></u></u>	<u><u><b>73,131</b></u></u>
<b>CAPITAL AND RESERVES</b>			
Called up share capital	19	19,000	19,000
Profit and loss account	20	<u>73,385</u>	<u>54,131</u>
<b>TOTAL SHAREHOLDERS' FUNDS</b>	21	<u><u><b>92,385</b></u></u>	<u><u><b>73,131</b></u></u>

The financial statements on pages 6 to 20 were approved by the Board of Directors on 27 July 2006 and were signed on its behalf by -



S J Caterer  
Director

The notes on pages 8 to 20 form part of these financial statements

# ROYAL BANK LEASING LIMITED

## NOTES TO THE FINANCIAL STATEMENTS

### 1 ACCOUNTING POLICIES

The financial statements on pages 6 to 20 are prepared on the basis of the principal accounting policies adopted by the Company described below and applicable United Kingdom Accounting Standards. Accounting policies have been applied consistently.

The Company's accounts have been prepared in accordance with the Statement of Recommended Practice (SORP) issued by the Finance & Leasing Association. The SORP, 'Accounting issues in the asset finance and leasing industry', was published in April 2000.

#### 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.

The Company is exempt from preparing group accounts by virtue of it being a wholly owned subsidiary undertaking of The Royal Bank of Scotland Group plc, a company registered in England and Wales. Consequently, these statements include information about the Company as an individual entity and not as a group. All subsidiaries are listed in Note 14.

#### b GROSS EARNINGS UNDER FINANCE AND OPERATING LEASES

Gross earnings under finance and operating 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. For those leasing transactions where a permanent difference arises between the accounting and tax treatments of income and expense, a tax equalisation adjustment is made to each period to ensure that the resulting post tax profit is recognised in accordance with the actuarial after tax method.

#### c GROSS EARNINGS UNDER FINANCE SUB LEASES

Total gross earnings under finance sub leases are recognised according to the actuarial after tax method whereby gross earnings are allocated to accounting periods so as to give a constant periodic rate of return on the net cash investment.

#### d HIRE PURCHASE INCOME

Total gross earnings under hire purchase contracts are allocated to accounting periods to give a constant periodic rate of return on the net cash investment.

#### e PROGRESS PAYMENTS INCOME RECOGNITION

Where assets are subject to progress payments being made prior to the commencement of the primary lease period, interest on the total of such payments at an appropriate rate is added to the cost of the asset and credited to the profit and loss account.

#### f PENSION CONTRIBUTIONS

The Company participates in a group defined benefit scheme and it is not possible to identify the share of the underlying assets and liabilities that relate to the Company. Consequently, the pension cost charged to the profit and loss account is the total of contributions payable in the period.

#### g TAXATION

Current tax, including UK corporation tax, is provided at amounts expected to be paid (or recovered) using the tax rates and laws that have been enacted or subsequently enacted at the balance sheet date.

Certain items of income and expenditure are accounted for in different periods for financial reporting purposes other 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.

# ROYAL BANK LEASING LIMITED

## NOTES TO THE FINANCIAL STATEMENTS

### 1 ACCOUNTING POLICIES - continued

#### h FOREIGN CURRENCY

Assets or liabilities denominated in foreign currency are translated at the rate of exchange ruling at the balance sheet date. Transactions in foreign currency are translated at an average rate for the period. Foreign currency lease transactions, together with their related liabilities, are regarded as a separate group of assets and liabilities and accounted for in foreign currency. Any exchange differences arising on these transactions are taken to reserves. Other exchange differences are included in operating profit.

#### i TANGIBLE FIXED ASSETS

Tangible fixed assets are included in the balance sheet at cost less accumulated depreciation. Depreciation on computer and other equipment is calculated to write off the cost, less the estimated residual value, of tangible fixed assets on a straight line basis over their estimated useful lives.

##### Useful life

Plant and machinery	15 years
Computer and other equipment	5 years

Depreciation on assets for hire under operating leases is charged over the lease term so that the resulting profits are allocated to accounting periods to give a constant periodic rate of return on the net cash investment.

The balance sheet carrying values of operating lease assets include balances in respect of residual values, unguaranteed residual values are subject to regular review with any corrections being made through depreciation.

#### j INVESTMENTS IN LEASING PARTNERSHIPS

Investments in leasing partnerships are stated at cost less any provision for impairment. The Company's share of profits less losses is included in the profit and loss account. These amounts are taken from the latest audited financial statements or, where appropriate, the management accounts of the partnerships concerned.

#### k INVESTMENTS IN JOINT VENTURE

Investments in joint ventures are included in the financial statements at cost less any provision for impairment.

#### l INVESTMENTS IN JOINT ARRANGEMENTS

Investments in joint arrangements are included in the financial statements by recognising the Company's share of the assets and liabilities together with the income and expenditure of the joint arrangement. The Company's share has been measured according to the terms of the agreement covering the joint arrangement.

#### m INVESTMENTS IN SUBSIDIARY UNDERTAKINGS

Investments in subsidiary undertakings are stated at cost, less any provision for impairment.

#### n 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.

# ROYAL BANK LEASING LIMITED

## NOTES TO THE FINANCIAL STATEMENTS

### 1 ACCOUNTING POLICIES - continued

#### o LOAN RECEIVABLES

Loan receivables are stated at rentals receivable less unearned finance income.

#### p OBLIGATIONS UNDER FINANCE LEASES

Amounts payable under finance leases are stated in the balance sheet at the amount of the net obligation under the leases. Costs are charged on an actuarial before tax basis so as to give a constant charge on the net obligation.

#### q FINANCIAL INSTRUMENTS

The company uses derivative financial instruments to manage exposure to foreign exchange risk and interest rate movements. The company does not hold or issue derivative financial instruments for speculative purposes. Gains and losses arising on forward exchange contracts are deferred and recognised in the profit and loss account, or as adjustments to the carrying amount of fixed assets, only when gains and losses associated with the hedged transaction have themselves been reflected in the company's financial statements. Interest rate swaps are used to correct the nature of the interest rate by converting a fixed rate to a variable rate, or vice versa. Interest differentials under these swaps are recognised by adjusting net interest payable over the periods of the contracts.

#### r 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).

### 2 IMMEDIATE AND ULTIMATE PARENT COMPANY

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, PO Box 1000, Edinburgh, EH12 1HQ.

The Company's immediate parent and 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, PO Box 1000, Edinburgh, EH12 1HQ.

### 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 current year or prior year related party transactions during the current year or prior year any amounts due to or from related parties outstanding at the balance sheet date.

**ROYAL BANK LEASING LIMITED**

**NOTES TO THE FINANCIAL STATEMENTS**

<b>4 TURNOVER</b>	<b>2005 £'000</b>	<b>2004 £'000</b>
<b>Finance leases</b>		
Rentals receivable	25,532	27,225
Amortisation	<u>(11,530)</u>	<u>(12,212)</u>
	<u>14,002</u>	<u>15,013</u>
<b>Loan receivables</b>		
Gross repayments receivable	6,490	1,771
Capital element of repayments	<u>(5,147)</u>	<u>(505)</u>
	<u>1,343</u>	<u>1,266</u>
<b>Operating leases</b>		
Rentals receivable	<u>5,716</u>	<u>7,638</u>
	<u>21,061</u>	<u>23,917</u>
<b>Capital cost of asset additions financed:</b>		
Finance leases	205	4,589
Operating leases	<u>177</u>	<u>208</u>
	<u>382</u>	<u>4,797</u>
<b>5 OPERATING PROFIT</b>	<b>2005 £'000</b>	<b>2004 £'000</b>
Includes the following		
Administrative expenses		
Auditors' remuneration - audit fees	69	71
Depreciation - computer and other equipment	40	83
Depreciation - plant and machinery	590	590
Bad debt recoveries	(2)	-
Fees & commissions	951	1,129
Management charge	(3,484)	(3,546)
Purchases	5,009	5,063
Loss on termination of lease	1,121	-
Other	<u>130</u>	<u>467</u>
	<u>4,424</u>	<u>3,857</u>

The Royal Bank of Scotland Group has agreed to compensate UK members for any adjustments in respect of UK UK Transfer Pricing that may arise under paragraph 1A of Schedule 28 AA, Income and Corporation Taxes Act 1988

# ROYAL BANK LEASING LIMITED

## NOTES TO THE FINANCIAL STATEMENTS

6 OTHER OPERATING INCOME	2005 £'000	2004 £'000
Fee income	3,534	5,244
Other income	349	16
	<u>3,883</u>	<u>5,260</u>
7 INTEREST PAYABLE	2005 £'000	2004 £'000
Interest payable to group undertakings	13,364	16,343
Finance lease charges	85	247
	<u>13,449</u>	<u>16,590</u>

## 8 DIRECTORS' AND EMPLOYEES' EMOLUMENTS

The emoluments of Mr T V Castledine, Mrs S J Caterer, Mr A C Farnell and Mr P A Tubb are paid by The Royal Bank of Scotland Group plc, which does not make a recharge to the company. All are directors of a number of fellow subsidiaries and it is not possible to make an accurate apportionment of number of fellow subsidiaries and it is not possible to make an accurate apportionment of their emoluments in respect of each of the companies

Staff Costs (including Executive Directors)	2005 £'000	2004 £'000
Wages and salaries	-	1,703
Social security costs	-	180
Other pension costs	-	126
	<u>-</u>	<u>2,009</u>

The Company does not directly employ staff but was recharged for their remuneration by The Royal Bank of Scotland Group plc until 31 December 2003. The average number of staff, all of whom were engaged in the development and administration of structured finance business, was 90 (2004 90)

## 9 PENSION CONTRIBUTIONS

The company participates in The Royal Bank of Scotland Group Pension Fund, which is a funded defined benefit scheme whose assets are independent of the Group's finances. This scheme was formed from the merger of the National Westminster Bank Pension Fund and The Royal Bank of Scotland Staff Pension Scheme on 1 April 2002. Scheme valuations are carried out by independent professionally qualified actuaries to determine pension costs, using the projected unit method, any imbalance between assets and liabilities is adjusted over the average future service life of members of the scheme. The latest full valuation was carried out as at 31 March 2004.

The pension costs of this scheme are assessed across its membership as a whole, and it is not possible to determine the share of the scheme's assets and liabilities that relates to Royal Bank Leasing Limited. Accordingly, the requirements of FRS 17 'Pension Costs' relating to multi-employer schemes apply. The pension costs included in the profit and loss account are £nil (2004 £126,000). At 30 September 2005 there was a pension costs accrual of £nil (2004 £nil). Since January 2004 the pension costs of the company have been borne by The Royal Bank of Scotland Group plc. In accordance with FRS 17, a valuation of the whole scheme was prepared as at 31 December 2004, using actuarial bases and assumptions consistent with the requirements of that standard, and showed scheme assets representing 85% of scheme liabilities. Further information on the scheme and the actuarial valuations is given in the financial statements of The Royal Bank of Scotland Group plc.

## NOTES TO THE FINANCIAL STATEMENTS

## 10 TAXATION

2005

2004

£'000

£'000

## A) ANALYSIS OF CHARGE FOR THE YEAR

## Current tax charge/(credit)

- Group relief payable/(receivable) on profits for the year

9,741

(3,801)

- Adjustment in respect of prior periods

(977)

701

8,764(3,100)

## Taxation equalisation

97

122

## Deferred tax - origination and reversal of timing differences

- Current year

(2,646)

5,028

- Adjustment in respect of prior periods

1,156

1,254

## Taxation charge on profit on ordinary activities

7,3713,304

## B) FACTORS AFFECTING THE CURRENT TAX CHARGE/(CREDIT) FOR THE YEAR

## Profit on ordinary activities before tax

26,65928,989

## Tax on profit on ordinary activities at the standard rate of 30% (2004 30%)

7,998

8,697

## Capital allowances for period less/(more) than depreciation

2,646

(5,028)

## Permanent difference - assets not qualifying for capital allowances

512

(157)

## Permanent difference - disallowable items

51

30

## Permanent difference - profit on disposal of subsidiary undertaking

(1,276)

(6,189)

## Permanent difference - non taxable income from subsidiary undertakings

(190)

(1,154)

## Adjustment to tax charge in respect of previous periods

(977)

701

## Current tax charge/(credit)

8,764(3,100)

## NOTES TO THE FINANCIAL STATEMENTS

## 11 FIXED ASSETS

COST	Assets for hire under operating leases	Plant and machinery	Computer and other equipment	Share of assets of joint arrangement	TOTAL £'000
At 1 October 2004	60,589	8,847	1,743	28,393	99,572
Additions	177	8	-	206	391
Disposals	(525)	-	(33)	-	(558)
Exchange revaluation	-	-	-	686	686
At 30 September 2005	<u>60,241</u>	<u>8,855</u>	<u>1,710</u>	<u>29,285</u>	<u>100,091</u>
DEPRECIATION					
At 1 October 2004	(11,854)	(1,013)	(1,542)	(4,207)	(18,616)
Charge for the year	(3,226)	(590)	(40)	814	(3,042)
Exchange revaluation	-	-	-	(121)	(121)
Disposals	<u>363</u>	<u>-</u>	<u>22</u>	<u>-</u>	<u>385</u>
At 30 September 2005	<u>(14,717)</u>	<u>(1,603)</u>	<u>(1,560)</u>	<u>(3,514)</u>	<u>(21,394)</u>
NET BOOK VALUE					
At 30 September 2005	<u>45,524</u>	<u>7,252</u>	<u>150</u>	<u>25,771</u>	<u>78,697</u>
At 30 September 2004	<u>48,735</u>	<u>7,834</u>	<u>201</u>	<u>24,186</u>	<u>80,956</u>

Cumulative capitalised interest included within cost for the share of the joint arrangement's assets is £864,000 (2004 £864,000). Interest capitalised during the year amounted to £Nil (2004 £Nil)

## 12 INVESTMENT IN JOINT ARRANGEMENT

The joint arrangements in which the Company has an interest are shown below

	Company share
GATX 737-800 Partners III Limited	24.5%
GATX 737-800 Partners III B V	24.5%

As a consequence of the investment in GATX 737-800 Partners III Limited, the Company has an interest in an associated company, Clement Leasing Limited. The associated company is incorporated in the Cayman Islands and prepares financial statements to 31 December in each year.

The joint arrangement is for the leasing of aircraft.



# ROYAL BANK LEASING LIMITED

## NOTES TO THE FINANCIAL STATEMENTS

### 13 INVESTMENT IN JOINT VENTURES

The joint ventures in which the company owns a share are detailed below -

	Year End	Nature of Business
TS4i (Power Resources 1) Limited	31 December	Provision of energy and power related products
TS4i (Power Resources 2) Limited	31 December	Provision of energy and power related products
Tay Valley Lighting (Stoke on Trent) Limited	31 December	Provision and maintenance of public street lighting
Tay Valley Lighting (Newcastle & North Tyneside) Limited	31 December	Provision and maintenance of public street lighting
Gate Leasing Limited	31 December	Leasing of assets
All Companies are registered in England		

The Company owns 50% of the £1 Ordinary share capital of each company. As a consequence of the investment in Gate Leasing Limited, the Company has an interest in an associated company, Quay Leasing Limited. The associated company is incorporated in the United Kingdom and prepares financial statements to 31 December in each year.

	Share Capital £'000
Value at 1 October 2004	2,904
Additions	26
Exchange rate gain	66
	<hr/>
Value at 30 September 2005	2,996

### 14 SHARES IN SUBSIDIARY UNDERTAKINGS

The principal trading subsidiary undertakings, the capital of which consists of ordinary shares and preference shares, are shown below. All share capital is wholly owned.

Owned by the Company	Nature of business	Statutory year end
Desertlands Entertainment Limited	Leasing	28 February
Royal Bank Asset Management Limited	Leasing	31 March
Royal Bank of Scotland (Industrial Leasing) Limited	Leasing	31 March
R B Quadrangle Leasing Limited	Leasing	31 March
W & G Industrial Leasing Limited	Leasing	31 March
Lombard Corporate Finance (March 1) Limited	Leasing	31 March
Sandford Leasing Limited	Leasing	31 March
Lombard Corporate Finance (7) Limited	Leasing	31 March
RBSSAF (1) Limited	Leasing	31 March
RBSSAF (2) Limited	Leasing	31 March
RBSSAF (3) Limited	Leasing	31 March
RBSSAF (19) Limited	Leasing	31 March
R B Leasing (April) Limited	Leasing	30 April
Royal Bank Asset Finance and Leasing Limited	Leasing	31 May
R B Capital Leasing Limited	Leasing	30 June
Helena Productions Limited	Film production & development	30 June
Winchcombe Finance Limited	Leasing	30 June
Pittville Leasing Limited	Leasing	30 June
Lombard Corporate Finance (10) Limited	Leasing	30 June
Lombard Corporate Finance (11) Limited	Leasing	30 June
Lombard Corporate Finance (June 1) Limited	Leasing	30 June
Lombard Corporate Finance (June 2) Limited	Leasing	30 June
P of A Productions Limited	Leasing	30 June
RBSSAF (4) Limited	Leasing	30 June
RBSSAF (5) Limited	Leasing	30 June

# ROYAL BANK LEASING LIMITED

## NOTES TO THE FINANCIAL STATEMENTS

### 14 SHARES IN SUBSIDIARY UNDERTAKINGS (CONTINUED)

Owned by the Company - continued	Nature of business	Statutory year end
Theobald Film Production LLP	Film production & development	28 June
Patalex III Productions Limited	Film production & development	30 June
Patalex II Productions Limited	Film production & development	30 September
R B Leasing (Eden) Limited	Leasing	30 September
Royal Scot Leasing Limited	Film production & development	30 September
R B Leasing Company Limited	Leasing	30 September
Williams & Glyn's Leasing Company Limited	Leasing and Hire Purchase	30 September
R B Leasing (September) Limited	Leasing and Hire Purchase	30 September
Royal Bank Operating Leasing Limited	Leasing	30 September
R.B Asset Value Limited	Provision of residual value guarantees	30 September
Royal Bank Structured Asset Finance Limited	Leasing	30 September
R B Leasing (Shaftesbury) Limited	Asset Valuation	30 September
Lombard Corporate Finance (13) Limited	Leasing	30 September
Lombard Corporate Finance (14) Limited	Leasing	30 September
Lombard Corporate Finance (15) Limited	Leasing	30 September
Lombard Corporate Finance (September 1) Limited	Leasing	30 September
RBSSAF (6) Limited	Leasing	30 September
RBSSAF (7) Limited	Leasing	30 September
RBSSAF (8) Limited	Leasing	30 September
RBSSAF (9) Limited	Leasing	30 September
Price Productions Limited	Film production & development	30 September
Nanny McPhee Productions Limited	Film production & development	30 September
Patalex V Productions Limited	Film production & development	31 October
Distant Planet Productions Limited	Film production & development	31 October
Patalex Productions Limited	Film production & development	31 October
R B Equipment Leasing Limited	Leasing	30 November
RBSSAF (10) Limited	Leasing	30 November
Patalex IV Productions Limited	Film production & development	30 November
R B Leasing (December) Limited	Leasing	31 December
W & G. Lease Finance Limited	Leasing	31 December
R B Leasing (Bluewater) Limited	Leasing	31 December
Leckhampton Finance Limited	Leasing	31 December
Lombard Corporate Finance (6) Limited	Leasing	31 December
Lombard Corporate Finance (December 1) Limited	Leasing	31 December
Lombard Corporate Finance (December 2) Limited	Leasing	31 December
Lombard Corporate Finance (December 3) Limited	Leasing	31 December
RBSSAF (11) Limited	Leasing	31 December
RBSSAF (12) Limited	Leasing	31 December
RBSSAF (13) Limited	Leasing	31 December
RBSSAF (16) Limited	Leasing	31 December
RBSSAF (17) Limited	Leasing	31 December
RBSSAF (18) Limited	Leasing	31 December
RBSSAF (20) Limited	Leasing	31 December
RBSSAF (21) Limited	Leasing	31 December
RBSSAF (22) Limited	Leasing	31 December
RBSSAF (23) Limited	Leasing	31 December
RBSSAF (25) Limited	Leasing	31 December
RBSSAF (26) Limited	Leasing	31 December
RBSSAF (27) Limited	Leasing	31 December
TS41 Power Resources 3 Limited	Provision of energy and power related products	31 December

# ROYAL BANK LEASING LIMITED

## NOTES TO THE FINANCIAL STATEMENTS

### 14 SHARES IN SUBSIDIARY UNDERTAKINGS (CONTINUED)

During the year the Company disposed of its interests in Lombard Corporate Finance (12) Limited and RBSSAF (15) Limited. These disposals gave rise to a profit of £21,368,000 before taxation. As identified in note 10, no taxation charge is anticipated in relation to the sale of Lombard Corporate Finance (12) Limited.

	Nature of business	Statutory year end
Owned by R B Leasing (September) Limited		
R B Leasing (March) Limited	Leasing	31 March
Owned by R. B Leasing Company		
G L Lease Company No 12 Limited	Provision of residual value guarantees	30 September
Movement during the year.		£'000
At 1 October 2004 and at 30 September 2005		<u>82,799</u>

15 DEBTORS	2005 £'000	2004 £'000
Amounts falling due within one year		
Trade debtors	1,317	649
Amounts due from group undertakings	32,955	36,926
Other debtors	<u>5,040</u>	<u>7,063</u>
	<u>39,312</u>	<u>44,638</u>
Amounts falling due after more than one year		
Amounts due from group undertakings	<u>4,627,336</u>	<u>3,953,565</u>

**ROYAL BANK LEASING LIMITED**

**NOTES TO THE FINANCIAL STATEMENTS**

16 CREDITORS	2005 £'000	2004 £'000
Amounts falling due within one year		
Payments received on account	1,451	1,126
Trade creditors	22	53
Amounts due to group undertakings	381,232	34,415
Obligations under finance leases	770	2,177
Other creditors	<u>11,467</u>	<u>10,558</u>
	<u>394,942</u>	<u>48,329</u>
Amounts falling due after more than one year		
Between one and two years		
Amounts due to group undertakings	167,434	191,707
Other creditors	<u>771</u>	<u>719</u>
	<u>168,205</u>	<u>192,426</u>
Between two and five years		
Amounts due to group undertakings	930,466	948,660
Other creditors	<u>2,625</u>	<u>2,450</u>
	<u>933,091</u>	<u>951,110</u>
After more than five years		
Amounts due to group undertakings	3,421,876	3,102,662
Other creditors	<u>2,601</u>	<u>3,509</u>
	<u>3,424,477</u>	<u>3,106,171</u>
Total due after more than one year	<u>4,525,773</u>	<u>4,249,707</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

# ROYAL BANK LEASING LIMITED

## NOTES TO THE FINANCIAL STATEMENTS

### 17 PROVISIONS FOR LIABILITIES AND CHARGES

Movements during the year	Tax equalisation £'000	Deferred taxation £'000	Total £'000
At 1 October 2004	1,048	45,070	46,118
Charge/(credit) to profit and loss account	97	(1,490)	(1,393)
Exchange rate gain	-	(12)	(12)
At 30 September 2005	<u>1,145</u>	<u>43,568</u>	<u>44,713</u>

Full provision has been made for the potential amount of deferred taxation shown below

	2005 £'000	2004 £'000
Accelerated capital allowances on assets financed	<u>43,568</u>	<u>45,070</u>

### 18 CONTINGENT LIABILITIES

The Company has issued a number of letters of support for subsidiaries with net liabilities. The Company will offer financial support for 12 months of the date of issue. The expected cost is anticipated to be nil.

### 19 SHARE CAPITAL

2005 2004

Ordinary shares of £1 each

Authorised	<u>22,000,000</u>	<u>22,000,000</u>
Allotted, called up and fully paid	<u>19,000,000</u>	<u>19,000,000</u>

### 20 PROFIT AND LOSS ACCOUNT

£'000

At 1 October 2004	54,131
Retained profit for the year	19,288
Loss arising on exchange rate movements	(48)
Less associated tax credit	<u>14</u>
At 30 September 2005	<u>73,385</u>

### 21 RECONCILIATION OF SHAREHOLDERS' FUNDS

2005 2004  
£'000 £'000

Profit for the financial year	19,288	25,685
Loss on foreign exchange movements	<u>(34)</u>	<u>(45)</u>
Net addition to shareholders' funds	19,254	25,640
Opening shareholders' funds	<u>73,131</u>	<u>47,491</u>
Closing shareholders' funds	<u>92,385</u>	<u>73,131</u>

ROYAL BANK LEASING LIMITED

NOTES TO THE FINANCIAL STATEMENTS

22 RESIDUAL VALUE EXPOSURE

The table below gives details in respect of unguaranteed residual values included in the carrying value of operating lease assets at the balance sheet date

	2005 £'000	2004 £'000
Year in which residual value will be recovered		
Within 1 year	19,282	50
Between 1-2 years	4,940	19,161
Between 2-5 years	4,958	9,560
More than 5 years	<u>14,161</u>	<u>14,161</u>
Total	<u>43,341</u>	<u>42,932</u>