

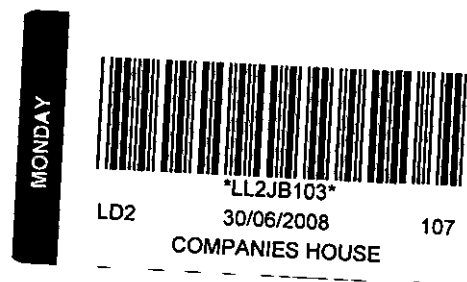
**Company Registration No: SC058013**

**ROYAL BANK LEASING LIMITED**

**DIRECTORS' REPORT AND FINANCIAL STATEMENTS**

**30 September 2007**

**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:**

**S J Caterer  
A S Devine  
A C Farnell  
P A Tubb**

**SECRETARY:**

**C J Whittaker**

**REGISTERED OFFICE:**

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

**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 2007

### Activity

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.

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

### Review of the year

The directors are satisfied with the development of the Company's activities during the year. The Company will be guided by its immediate parent company in seeking further opportunities for growth. Subsequent to the year end dividends of £166,000,000 and £24,000,000 were declared and paid.

The Company's financial performance is presented in the Income Statement on Page 6. At the end of the year, the financial position showed total assets of £6,571,451,000 (2006 £5,850,000) and equity of £73,841,000 (2006 £82,193,000). Since the year end the Company has declared final dividends of, £26,000,000 (£1.37 per share) on 13 December 2007, £166,000,000 (£8.73 per ordinary share) on 4 April 2008 (2006 £nil) and £24,000,000 (£1.26 per share) on 15 April 2008.

The Company is funded by facilities from The Royal Bank of Scotland plc. It seeks to minimise its exposure to external financial risks other than credit risk, further information is disclosed in Note 1.

## 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 2006 to date the following changes have taken place

	Appointed	Resigned
<b>Secretary</b>		
T V Castledine		19 July 2007
A S Devine	19 July 2007	

## DIRECTORS' RESPONSIBILITIES

The directors are required by the Companies Act 1985 and 2006 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,  
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 and 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

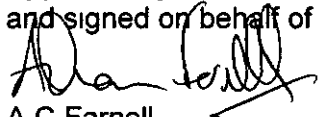
- a) so far as he/she is aware there is no relevant audit information of which the Company's auditors are unaware, and
- b) the director has taken all the steps that he/she ought to have taken to make himself/herself aware of any relevant audit information and to establish that the Company's auditors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

This confirmation is given and shall be interpreted in accordance with the provisions of section 234ZA of the Companies Act 1985

## 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



A C Farnell  
Director

Date 30 June 2008

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

We have audited the financial statements of Royal Bank Leasing Limited ("the Company") for the year ended 30 September 2007 which comprise the income statement, the statement of recognised income and expense, the balance sheet, the cash flow statement and the related Notes 1 to 28. 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 for the opinions we have formed.

### Respective responsibilities of directors and auditors

The directors' responsibilities for preparing the annual report and the financial statements in accordance with applicable law and International Financial Reporting Standards (IFRSs) 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 report to you whether in our opinion the information given in the directors' report is consistent with the financial statements. In addition we also 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 is not disclosed.

We read the Directors' Report and consider the implications for our report if we become aware of any apparent misstatements within it.

### 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.

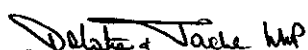
### Opinion

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 30 September 2007 and of its profit for the year then ended,

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.



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

30 June 2008

**ROYAL BANK LEASING LIMITED**

**INCOME STATEMENT**  
for the year ended 30 September 2007

	Note	2007 £'000	2006 £'000
<b>CONTINUING OPERATIONS</b>			
Revenue	4	13,094	15,981
Cost of sales	13, 5	<u>(280)</u>	<u>(1,358)</u>
GROSS PROFIT		12,814	14,623
Other operating income	6	18,250	10,111
Administrative expenses	7	(6,354)	(8,450)
Other gains and losses	8	<u>(2,200)</u>	<u>(2,457)</u>
OPERATING PROFIT	7	22,510	13,827
Income from shares in group undertakings		39,621	449
Finance income/(expense)			
Interest receivable	10	292,908	260,813
Interest payable	10	(296,568)	(267,517)
Movement in fair value of derivatives and fair value hedges	10	<u>18,556</u>	<u>1,766</u>
		<u>14,896</u>	<u>(4,938)</u>
PROFIT BEFORE TAXATION		77,027	9,338
Tax charge	11	<u>(8,379)</u>	<u>(4,076)</u>
PROFIT FOR THE FINANCIAL YEAR	24	<u>68,648</u>	<u>5,262</u>

**STATEMENT OF RECOGNISED INCOME AND EXPENSE**  
for the year ended 30 September 2007

	2007 £'000	2006 £'000
Profit for the year	<u>68,648</u>	<u>5,262</u>
Total recognised income and expense for the year	68,648	5,262
Effect of change in accounting policy		
IFRS transition adjustment at 1 October 2005		
Restatement of derivatives at fair value		(12,176)
Tax on fair value adjustment		3,653
	<u>68,648</u>	<u>(3,261)</u>

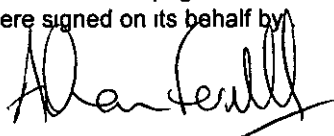
The notes on pages 8 to 25 form part of these financial statements

**ROYAL BANK LEASING LIMITED**

**BALANCE SHEET**  
as at 30 September 2007

	Note	2007 £'000	2006 £'000
<b>NON-CURRENT ASSETS</b>			
Property, plant and equipment	13	9,330	13,794
Investment property	14	20,100	22,300
Investments in joint ventures	15	2,452	2,828
Investments in subsidiary undertakings	16	90,461	82,799
Finance lease receivables	17	149,186	166,999
Loans and other receivables	18	5,906,641	5,462,833
Derivatives at fair value	12	105,341	31,871
		<u>6,283,511</u>	<u>5,783,424</u>
<b>CURRENT ASSETS</b>			
Finance lease receivables	17	18,733	8,898
Loans and other receivables	18	266,584	56,453
Other receivables	19	2,612	1,338
Derivatives at fair value	12	11	1
		<u>287,940</u>	<u>66,690</u>
<b>TOTAL ASSETS</b>		<u><u>6,571,451</u></u>	<u><u>5,850,114</u></u>
<b>CURRENT LIABILITIES</b>			
Trade and other payables	20	(85,430)	(90,786)
Derivatives at fair value	12	(48)	(692)
Bank overdraft and loans	21	(185,174)	(64,603)
		<u>(270,652)</u>	<u>(156,081)</u>
<b>NON CURRENT LIABILITIES</b>			
Derivatives at fair value	12	(7,948)	(62,061)
Bank loans	21	(6,182,038)	(5,516,471)
Deferred tax liabilities	22	(36,972)	(33,308)
		<u>(6,226,958)</u>	<u>(5,611,840)</u>
<b>TOTAL LIABILITIES</b>		<u><u>(6,497,610)</u></u>	<u><u>(5,767,921)</u></u>
<b>NET ASSETS</b>		<u><u>73,841</u></u>	<u><u>82,193</u></u>
<b>EQUITY</b>			
Share capital	23	19,000	19,000
Retained earnings	24	54,841	63,193
<b>TOTAL EQUITY</b>		<u><u>73,841</u></u>	<u><u>82,193</u></u>

The financial statements on pages 5 to 25 were approved by the Board of Directors and authorised for issue on 30 June 2008. They were signed on its behalf by



A C Farnell  
Director

The notes on pages 8 to 25 form part of these financial statements



**ROYAL BANK LEASING LIMITED**

**CASH FLOW STATEMENT**  
for the year ended 30 September 2007

	Note	2007 £'000	2006 £'000
<b>NET CASH FROM OPERATING ACTIVITIES</b>	25	<u>1,781</u>	<u>31,272</u>
<b>INVESTING ACTIVITIES</b>			
Dividends received from subsidiary undertakings		102,800	449
Proceeds from disposal of subsidiary		53,095	
Acquisition of subsidiary		(70,841)	
Proceeds from disposal of jointly controlled entities		1,902	
Proceeds on disposal of property, plant and equipment		3,833	9,974
Purchases of property, plant and equipment		(12)	
Additional loans made		<u>(755,548)</u>	<u>(771,251)</u>
<b>NET CASH USED IN INVESTING ACTIVITIES</b>		<u>(664,771)</u>	<u>(760,828)</u>
<b>FINANCING ACTIVITIES</b>			
Dividends paid		(77,000)	
New bank loans raised		<u>742,275</u>	<u>729,334</u>
<b>NET CASH FROM FINANCING ACTIVITIES</b>		<u>665,275</u>	<u>729,334</u>
<b>NET INCREASE/(DECREASE) IN CASH AND CASH EQUIVALENTS</b>		2,285	(222)
<b>CASH AND CASH EQUIVALENTS AT BEGINNING OF YEAR</b>		<u>(9,349)</u>	<u>(9,127)</u>
<b>CASH AND CASH EQUIVALENTS AT END OF YEAR</b>		<u><u>(7,064)</u></u>	<u><u>(9,349)</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 Company has applied the exemption of IAS 27 'Consolidated and Separate Financial Statements' not to present consolidated financial statements and therefore these statements are the separate financial statements of the Company.

IFRS 7 'Financial Instruments: Disclosures' will be adopted for periods beginning on or after 1 January 2007. The effect of adopting this standard will require the Company to provide comprehensive disclosures in respect of capital and the substance of financial instruments and their impact on the entity's financial position and results of operations as well as qualitative and quantitative disclosures of the nature and scope of risks.

The judgements and assumptions involved in the Company's accounting policies which have the most significant effect on the amounts recognised in the financial statements are those that relate to the criteria for assessing whether substantially all the significant risks and rewards of ownership lease assets are transferred to other entities.

#### b INCOME UNDER FINANCE AND OPERATING LEASES

Leases are classified as finance leases whenever the terms of the lease transfer substantially all the risks and rewards of ownership to the lessee. All other leases are classified as operating leases.

Finance lease income, which includes the amortisation of the investment in the lease, is allocated to accounting periods so as to reflect a constant periodic rate of return on the net investment outstanding in respect of the leases.

Rental income from operating leases is recognised on a straight line basis over the term of the relevant lease.

#### c BORROWING COSTS

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

#### d 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 earnings where remittance is controlled by the Group, and goodwill.

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

NOTES TO THE FINANCIAL STATEMENTS

1 SIGNIFICANT ACCOUNTING POLICIES continued

e FOREIGN CURRENCY

Transactions in foreign currencies are recorded at the rates of exchange prevailing on the dates of the transactions. At each balance sheet date, monetary assets and liabilities that are denominated in foreign currencies are retranslated at the rates prevailing on the balance sheet date. Non-monetary assets and liabilities denominated in foreign currencies are translated at the rates prevailing at the date of the transaction, or if measured at fair value, when the fair value was determined. Gains and losses arising on retranslation are included in profit or loss for the period.

f DERIVATIVES AND HEDGING

All of the Company's derivatives are held for economic hedging purposes to manage balance sheet foreign exchange and interest rate risk, although not all may be designated for hedge accounting in accordance with the provisions of IAS 39. Derivatives entered into include swaps, forwards and options.

The swaps held are currency swaps and interest rate swaps. A swap is an agreement to exchange cash flows in the future in accordance with a pre-arranged formula. In currency swap transactions, interest payment obligations are exchanged on assets and liabilities denominated in different currencies; the exchange of principal may be notional or actual. Interest rate swap contracts generally involve exchange of fixed and floating interest payment obligations without the exchange of underlying principal amounts.

Forwards held are forward foreign exchange contracts. A forward contract is a contract to buy (or sell) a specified amount of a physical or financial commodity, at agreed price, on an agreed future date. Forward foreign exchange contracts are contracts for the delayed delivery of currency on a specified future date.

Interest rate caps and floors are option contracts that give the holder the right but not the obligation to buy (or sell) a specified amount of the underlying financial commodity at an agreed date or over an agreed period.

An interest rate swaption is a financial instrument granting the holder the right but not the obligation to enter into an interest rate swap.

Derivative financial instruments are recognised initially, and subsequently measured, at fair value. Derivative fair values are determined from quoted prices in active markets where available. Where there is no active market for an instrument, fair value is derived from prices for the derivative's components using appropriate pricing or valuation models. The Company's pricing and valuation methods are managed by the ultimate holding company, The Royal Bank of Scotland Group plc's (the Group). Most of the Group's pricing models do not entail material subjectivity because the methodologies utilised do not incorporate significant judgement and the parameters included in the models can be calibrated to actively quoted market prices. Values established from pricing models are adjusted for credit risk, liquidity risk and future operational costs.

Derivatives are classified as fair value through profit and loss. Gains and losses arising from changes in fair value of a derivative are recognised as they arise in profit or loss.

The Company enters into fair value hedge relationships which hedge the changes in fair value of a recognised asset or liability or firm commitment. Principally, such hedges involve interest rate swaps hedging the interest rate risk in fixed rate loans. Hedge relationships are formally documented at inception, which includes the identification of the hedged item and hedged instrument, the risk that is being hedged, and the process for monitoring hedge effectiveness. The gain or loss on the hedging instrument or derivative is recognised in profit or loss. The gain or loss on the hedged item attributable to the hedged risk is recognised in profit or loss and adjusts the carrying value of the hedged item. Hedge accounting is discontinued if the hedge no longer meets the criteria for hedge accounting or if the hedge designation is revoked, and any cumulative adjustment is amortised to profit or loss over the remaining life of the hedged item.

NOTES TO THE FINANCIAL STATEMENTS

1 SIGNIFICANT ACCOUNTING POLICIES continued

g PROPERTY, PLANT AND EQUIPMENT

Property, plant and equipment are stated at cost less accumulated depreciation and any recognised impairment loss

Depreciation on assets for hire under operating leases is charged over the lease term, using the straight line method

Useful life

Plant and machinery	15 years
Computer and other equipment	5 years

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

h INVESTMENT PROPERTY

Investment property, which is property held to earn rentals and/or capital appreciation, is stated at its fair value at the balance sheet date. Gains or losses arising from changes in the fair value of investment property are included in profit or loss for the period in which they arise

i 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

j INVESTMENTS IN JOINT VENTURE

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

k INVESTMENTS IN SUBSIDIARY UNDERTAKINGS

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

l AMOUNTS RECEIVABLE UNDER FINANCE LEASES

A lease is recognised when there is a contractual right to the asset's cash flows and derecognised when all contractual rights and obligations expire. Amounts due from lessees under finance leases are recorded as receivables at the amount of the net investment in the leases. The difference between the gross receivable and the present value of the receivable is recognised as unearned finance income

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

m LOAN RECEIVABLES

Loan receivables are measured at initial recognition at fair value, and subsequently measured at amortised cost using the effective interest rate method. Appropriate allowances for estimated irrecoverable amounts are recognised in profit or loss when there is objective evidence that the asset is impaired. The allowance recognised is measured as 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

## NOTES TO THE FINANCIAL STATEMENTS

### 1 SIGNIFICANT ACCOUNTING POLICIES continued

#### n 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

#### o BANK BORROWINGS

Interest bearing bank loans and overdrafts are recorded at the proceeds received, net of direct issue costs. Finance charges, including premiums payable on settlement or redemption and direct issue costs, are accounted for on an accruals basis in the profit or loss using the effective interest rate method and are added to the carrying amount of the instrument to the extent that they are not settled in the period in which they arise

#### p OBLIGATIONS UNDER FINANCE LEASES

Assets held under finance leases are recognised as assets of the Company at their fair value or, if lower, at the present value of the minimum lease payments, each determined at the inception of the lease. The corresponding liability to the lessor is included in the balance sheet as a finance lease payable obligation. Lease payments are apportioned between finance charges and reduction of the lease obligation so as to achieve a constant rate of interest on the remaining balance of the liability. Finance charges are charged directly against income, unless they are directly attributable to qualifying assets, in which case they are capitalised

#### q COST OF SALES

Cost of sales is the depreciation on assets for hire under operating leases

#### r OPERATING PROFIT

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

## 2 FINANCIAL RISK MANAGEMENT

#### a Interest rate risk

The Company's policy is to avoid interest rate risk by entering into either variable lease or loans, where any movement in interest rates associated with the financing is charged or credited to the customer, or else fixed rate deals with the maturity of the lease or loan matched with its associated funding and fixing the borrowing cost at inception by the use of fixed rate loans or interest rate swaps. Some accounting volatility arises on these swaps due to accounting ineffectiveness on designated hedges, or because hedge accounting under IAS 39 is not achievable on certain items. The gain is primarily due to timing differences in income recognition between the derivative instruments and the economically hedged leases and loans

#### 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 minimises currency risk by ensuring its leases and associated financing is in the same currency

#### c Credit risk

Credit risk is the risk arising from the possibility that the Company will incur losses from the failure of lessees 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. The Company has credit exposure to 23 lessees. The gross investment in the lease less unearned finance income represents the maximum credit exposure

# ROYAL BANK LEASING LIMITED

## NOTES TO THE FINANCIAL STATEMENTS

### 2 FINANCIAL RISK MANAGEMENT CONTINUED

#### d Liquidity risk

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

Any maturity mis match within the overall long term structure of the Company's assets and liabilities is managed to ensure that term asset commitments may be funded on an economic basis over their life. The short term maturity structure of the Company's liabilities and assets is managed on a daily basis to ensure that all cash flow obligations can be met as they arise

#### 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 PARENT COMPANIES

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 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, Gogarburn, Edinburgh, EH12 1HQ

The Company's immediate parent company and the smallest subgroup into which the Company is consolidated is 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

4	REVENUE	2007 £'000	2006 £'000
	Finance leases		
	Rentals receivable	21,364	23,707
	Amortisation	(10,795)	(12,243)
		<u>10,569</u>	<u>11,464</u>
	Operating leases		
	Rentals receivable	2,525	4,517
		<u>13,094</u>	<u>15,981</u>
	<b>Capital cost of asset additions financed.</b>		
	Finance leases	2,874	20
	Operating leases	2	
		<u>2,876</u>	<u>20</u>
	The Company did not enter into any new leasing transactions during the year (2006 £nil)		
5	COST OF SALES	2007 £'000	2006 £'000
	Depreciation on assets for hire under operating leases	<u>280</u>	<u>1,358</u>

**ROYAL BANK LEASING LIMITED**

**NOTES TO THE FINANCIAL STATEMENTS**

<b>6 OTHER OPERATING INCOME</b>	<b>2007</b>	<b>2006</b>
	<b>£'000</b>	<b>£'000</b>
Fee income	5,068	1,505
Profit on disposal of lease	11	608
Profit on sale of jointly controlled entities	1,762	
Profit on sale of subsidiary undertaking	6,947	
Management charge	4,180	7,584
Other income	282	414
	<u>18,250</u>	<u>10,111</u>

**7 OPERATING PROFIT**

Operating profit has been arrived at after charging/(crediting)	<b>2007</b>	<b>2006</b>
	<b>£'000</b>	<b>£'000</b>
Bad debt recoveries	(2)	(6)
Fees & commissions	285	730
Exchange loss	74	166
Depreciation computer and other equipment	20	21
Depreciation plant and machinery	601	590
Auditors' remuneration for audit services	76	82
Purchases	5,200	6,059
Other	100	808
	<u>6,354</u>	<u>8,450</u>

**8 OTHER GAINS AND LOSSES**

	<b>2007</b>	<b>2006</b>
	<b>£'000</b>	<b>£'000</b>
Reduction in fair value of investment property	<u>2,200</u>	<u>2,457</u>

**9 STAFF COSTS**

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

The average monthly number of employees was nil (2006 nil)

ROYAL BANK LEASING LIMITED

NOTES TO THE FINANCIAL STATEMENTS

10 FINANCE COSTS	2007 £'000	2006 £'000
Interest receivable		
Interest receivable from group undertakings	(290,229)	(258,286)
Interest receivable from jointly controlled entities	<u>(2,679)</u>	<u>(2,527)</u>
	<u>(292,908)</u>	<u>(260,813)</u>
Interest payable		
Interest payable to group undertakings	296,553	267,485
Finance lease charges	<u>15</u>	<u>32</u>
	<u>296,568</u>	<u>267,517</u>
Movement in fair value of derivatives and fair value hedges		
Gain from movement in fair value of non hedge derivatives	(16,484)	(7,868)
(Gain)/loss arising from fair value hedge ineffectiveness	<u>(2,072)</u>	<u>6,102</u>
	<u>(18,556)</u>	<u>(1,766)</u>
11 TAXATION	2007 £'000	2006 £'000
A) ANALYSIS OF TAX CHARGE FOR THE YEAR		
Current tax charge		
Group relief payable on profits for the year	6,584	8,284
Adjustment in respect of prior periods	<u>(1,869)</u>	<u>2,052</u>
	4,715	10,336
Deferred tax origination and reversal of timing differences		
Current year	4,299	(6,608)
Adjustment in respect of prior periods	1,739	348
Impact of rate change from 30% to 28%	<u>(2,374)</u>	
Tax charge	<u>8,379</u>	<u>4,076</u>
B) FACTORS AFFECTING THE TAX CHARGE FOR THE YEAR		
Profit before tax	<u>77,027</u>	<u>9,338</u>
Tax on profit at the standard rate of 30% (£'000 30%)	23,108	2,801
Impact of rate change from 30% to 28%	(2,643)	
Permanent difference non taxable/disallowable items	(12,045)	(81)
Permanent difference assets not qualifying for capital allowances	89	(1,044)
Adjustment to tax charge in respect of previous periods	<u>(130)</u>	<u>2,400</u>
Tax charge	<u>8,379</u>	<u>4,076</u>



## NOTES TO THE FINANCIAL STATEMENTS

## 12 DERIVATIVES AT FAIR VALUE

	Assets 2007 £'000	Liabilities 2007 £'000	Assets 2006 £'000	Liabilities 2006 £'000
Forward exchange contracts	1,863		1,406	
Interest rate swaps	9,163	(2,477)	1,384	(10,725)
Interest rate swaps in fair value hedge	94,326	(5,519)	29,082	(52,028)
	<u>105,352</u>	<u>(7,996)</u>	<u>31,872</u>	<u>(62,753)</u>

**Maturity analysis for derivatives**

## Within one year

Interest rate swaps	7	(43)		(18)
Interest rate swaps in fair value hedge	4	(5)	1	(674)
	<u>11</u>	<u>(48)</u>	<u>1</u>	<u>(692)</u>

## In the second to fifth years

Forward exchange contracts	1,863		1,406	
Interest rate swaps	202	(361)	69	(71)
Interest rate swaps in fair value hedge	331	(526)	78	(2,704)
	<u>2,396</u>	<u>(887)</u>	<u>1,553</u>	<u>(2,775)</u>

## After five years

Interest rate swaps	8,954	(2,073)	1,315	(10,636)
Interest rate swaps in fair value hedge	93,991	(4,988)	29,003	(48,650)
	<u>102,945</u>	<u>(7,061)</u>	<u>30,318</u>	<u>(59,286)</u>
	<u>105,352</u>	<u>(7,996)</u>	<u>31,872</u>	<u>(62,753)</u>

**Notional aggregate principals**

	Assets £'000	Liabilities £'000	Assets £'000	Liabilities £'000
Forward exchange contracts	8,210	(6,014)	8,210	(6,937)
Interest rate swaps	2,958,498	(645,205)	1,555,852	(2,112,689)
	<u>2,966,708</u>	<u>(651,219)</u>	<u>1,564,062</u>	<u>(2,119,626)</u>

All derivatives held at the balance sheet date are with The Royal Bank of Scotland plc, and are in UK Sterling, US Dollars and Euros. The derivatives held are governed by the International Swap Dealers Association. All derivatives held are carried at fair value. The value of derivatives designated as a fair value hedge is shown above. No derivatives are in a cash flow hedge relationships.

The fixed rates on the interest rate swaps vary from 3.9% to 8.7% (2006 3.1% to 9.8%)

## NOTES TO THE FINANCIAL STATEMENTS

## 13 PROPERTY, PLANT AND EQUIPMENT

COST OR VALUATION	Assets for hire under operating leases	Plant and machinery	Computer and other equipment	TOTAL £'000
At 1 October 2005	60,763	8,855	1,710	71,328
Reclassified as an investment property	(27,364)			(27,364)
Disposals	(21,410)			(21,410)
At 1 October 2006	11,989	8,855	1,710	22,554
Additions	2		10	12
Disposals	(6,945)			(6,945)
At 30 September 2007	5,046	8,855	1,720	15,621
ACCUMULATED DEPRECIATION AND IMPAIRMENT				
At 1 October 2005	16,978	1,603	1,560	20,141
Reclassified as an investment property	(2,607)			(2,607)
Charge for the year	1,358	590	21	1,969
Disposals	(10,743)			(10,743)
At 1 October 2006	4,986	2,193	1,581	8,760
Charge for the year	280	601	20	901
Disposals	(3,370)			(3,370)
At 30 September 2007	1,896	2,794	1,601	6,291
CARRYING AMOUNT				
At 30 September 2007	3,150	6,061	119	9,330
At 30 September 2006	7,003	6,662	129	13,794

The Plant and Machinery is used by a subsidiary TS4i (Power Resources 3) Limited, no rentals are charged to the subsidiary

NOTES TO THE FINANCIAL STATEMENTS

14 INVESTMENT PROPERTY

FAIR VALUATION	£'000
At 1 October 2005 book value of assets reclassified as investment properties on transition to IFRS	24,757
Effect of restatement to fair value at 30 September 2006	<u>(2,457)</u>
At 30 September 2006	22,300
Decrease in value	<u>(2,200)</u>
At 30 September 2007	<u>20,100</u>

The fair value of the Company's investment property has been arrived at by reference to market evidence of transaction prices for similar properties

The Company has pledged all of its investment property to secure general banking facilities granted to the Company

The property rental income earned by the Company from its investment property, all of which is leased out under operating leases, amounted to £2,105,000 (2006 £2,107,000) Direct operating expenses arising on investment property in the period amounted to £nil (2006 £nil)

15 INVESTMENT IN JOINTLY CONTROLLED ENTITIES

The Company owns an equity interest in the following joint ventures which are classed as jointly controlled entities

	Company share	Nature of Business
Tay Valley Lighting (Stoke on Trent) Limited	50%	Provision and maintenance of public street lighting
Tay Valley Lighting (Leeds) Limited	50%	Provision and maintenance of public street lighting
Tay Valley Lighting (Newcastle & North Tyneside) Limited	50%	Provision and maintenance of public street lighting
Gate Leasing Limited	50%	Leasing of assets

All jointly controlled entities are registered in England and have a reporting year end of 31 December

The Company disposed of its 24.5% interest in both MALL 737 800 Partners III Limited and MALL 737 800 Partners III B V (formerly GATX 737 800 Partners III Limited and GATX 737 800 Partners III B V) on 20 June 2007 for a profit of £1,030,000 and it disposed of its 50% interest in TS4i (Power Resources 1) Limited and TS4i (Power Resources 2) Limited for a profit of £738,000 on 21 June 2007

	Cost £'000
At 1 October 2005	2,996
Disposal	(17)
Exchange loss	<u>(151)</u>
At 30 September 2006	2,828
Disposals	(140)
Exchange loss	<u>(236)</u>
At 30 September 2007	<u>2,452</u>

# ROYAL BANK LEASING LIMITED

## NOTES TO THE FINANCIAL STATEMENTS

### 16 SHARES IN SUBSIDIARY UNDERTAKINGS

Cost	£'000
At 30 September 2006	82,799
Acquisition of shares in RBSSAF (28) Limited	<u>7,662</u>
At 30 September 2007	<u>90,461</u>

The Company disposed of a subsidiary, Royal Bank Asset Finance Limited on 8 December 2006 for a profit of £6,947,000. On 18 July 2007 the Company acquired 100% of the share capital of RBSSAF(28) Limited, formerly SG Leasing (Finance) Limited

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
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
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 guarantee	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 (5) Limited	Leasing	30 September
RBSSAF (6) Limited	Leasing	30 September
RBSSAF (7) Limited	Leasing	30 September
RBSSAF (8) Limited	Leasing	30 September
Price Productions Limited	Film production & development	30 September

**ROYAL BANK LEASING LIMITED**
**NOTES TO THE FINANCIAL STATEMENTS**
**16 SHARES IN SUBSIDIARY UNDERTAKINGS Continued**

Owned by the Company	Nature of business	Statutory year end
Nanny McPhee Productions Limited	Film production & development	30 September
R B Investment Holdings Ltd	Investment	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
TS4i (Power Resources 3) Limited	Provision of energy and power related products	31 December
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
RBS Aerospace (UK) 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
RBS Asset Finance Europe 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
RBSSAF (28) Limited	Leasing	31 December
RBS Asset Finance Asia Limited	Leasing	31 December
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
Owned by Lombard Corporate Finance (13) Limited and RBSSAF (6) Limited		
Theobald Film Production LLP	Film production & development	28 June
Owned by R B Investment Holdings Limited		
R B Investment Company Limited	Investment	30 September
R B Investment (2) Company Limited	Investment	30 September
R B Investment (3) Company Limited	Investment	30 September

ROYAL BANK LEASING LIMITED

NOTES TO THE FINANCIAL STATEMENTS

17 FINANCE LEASE RECEIVABLES

	Gross investment in lease		Present value of minimum lease payments	
	2007 £'000	2006 £'000	2007 £'000	2006 £'000
Amounts receivable under finance leases				
Within one year	19,213	20,532	18,733	8,898
In the second to fifth years inclusive	81,245	84,516	70,618	44,693
After five years	<u>117,241</u>	<u>137,553</u>	<u>78,568</u>	<u>122,306</u>
	217,699	242,601	167,919	175,897
Less unearned finance income	<u>(49,780)</u>	<u>(66,704)</u>	N/A	N/A
Present value of minimum lease payments receivable	<u>167,919</u>	<u>175,897</u>	<u>167,919</u>	<u>175,897</u>
Analysed as				
Non current finance lease receivables (recoverable after 12 months)			149,186	166,999
Current finance lease receivables (recoverable within 12 months)			<u>18,733</u>	<u>8,898</u>
			<u>167,919</u>	<u>175,897</u>

The Company enters into various finance leasing arrangements. The average term of the finance leases entered into is 17 years (2006 9 years).

Unguaranteed residual values of assets leased under finance leases at the balance sheet date are estimated at £nil (2006 £nil).

The interest rate inherent in the leases is determined at the contract date for all the lease term. The average effective interest rate contracted approximates 4.8% (2006 5.0%) per annum.

The fair value of the Company's finance lease receivables at 30 September 2007 is estimated at £167,949,000 (2006 £192,470,000).

18 LOAN RECEIVABLES

	2007 £'000	2006 £'000
Amounts falling due within one year		
Loan receivables		
Amounts due from group undertakings	256,784	48,105
Amounts due from jointly controlled entities	<u>9,800</u>	<u>8,348</u>
	<u>266,584</u>	<u>56,453</u>
Amounts falling due after more than one year		
Loan receivables		
Amounts due from group undertakings	5,860,099	5,435,329
Amounts due from jointly controlled entities	<u>46,542</u>	<u>27,504</u>
	<u>5,906,641</u>	<u>5,462,833</u>

The effective interest rate of the loans receivables is 5.7% (2006 4.9%).

**ROYAL BANK LEASING LIMITED**

**NOTES TO THE FINANCIAL STATEMENTS**

**18 LOAN RECEIVABLES** Continued

Loan receivables by maturity date, or contractual repricing date if earlier

Within one year	2,920,719	2,288,608
In the second year	35,315	57,749
In the third to fifth year	158,753	67,278
After five years	<u>3,058,438</u>	<u>3,105,651</u>
	<u>6,173,225</u>	<u>5,519,286</u>

The fair value of the loans and receivables at 30 September 2007 is estimated at £6,161,951,000 (2006 £5,519,286,000)

**19 OTHER RECEIVABLES**

Trade debtors	1,321	952
Other debtors	<u>1,291</u>	<u>386</u>
	<u>2,612</u>	<u>1,338</u>

The directors consider that the carrying amount of other receivables approximates to their fair value

**20 TRADE AND OTHER PAYABLES**

2007  
£'000

2006  
£'000

Amounts falling due within one year

Payments received on account	315	578
Amounts due to group undertakings	71,961	72,759
Obligations under finance leases	203	458
Other creditors	<u>12,951</u>	<u>16,991</u>
	<u>85,430</u>	<u>90,786</u>

The directors consider that the carrying amount of trade and other payables approximates to their fair value

**21 BANK OVERDRAFT AND LOANS**

2007  
£'000

2006  
£'000

Bank overdraft due to group undertakings  
Loan amount due to group undertakings

7,064	9,349
<u>6,360,148</u>	<u>5,571,725</u>
<u>6,367,212</u>	<u>5,581,074</u>

The borrowings are repayable as follows

On demand or within one year	185,174	64,603
In the second year	226,993	138,339
In the third to fifth year inclusive	1,177,977	875,429
After five years	<u>4,777,068</u>	<u>4,502,703</u>
	<u>6,367,212</u>	<u>5,581,074</u>
Less Amounts due for settlement within 12 months (shown under current liabilities)	<u>(185,174)</u>	<u>(64,603)</u>
Amounts due for settlement after 12 months	<u>6,182,038</u>	<u>5,516,471</u>

The effective interest rate on the bank loan is 5.9% (2006 4.9%)

# ROYAL BANK LEASING LIMITED

## NOTES TO THE FINANCIAL STATEMENTS

### 21 BANK OVERDRAFT AND LOANS Continued

Borrowings by maturity date, or contractual repricing date if earlier

Within one year	6,175,376	5,329,855
In the second year	84,252	444
In the third to fifth year	35,992	135,583
After five years	71,592	115,192
	<u>6,367,212</u>	<u>5,581,074</u>

The fair value of borrowings at 30 September 2007 is estimated at £6,369,587,000 (2006 £5,581,074,000)

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

### 22 DEFERRED TAX

Movements during the year	Deferred taxation £'000
At 1 October 2005	43,221
Credit to the statement of recognised income and expense adoption of IAS 32 and 39	(3,653)
Credit to income statement	<u>(6,260)</u>
At 1 October 2006	33,308
Charge to income statement	<u>3,664</u>
At 30 September 2007	<u>36,972</u>

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

	2007 £'000	2006 £'000
Accelerated capital allowances on assets financed	34,841	36,259
Other temporary differences	<u>2,131</u>	<u>(2,951)</u>
	<u>36,972</u>	<u>33,308</u>

### 23 SHARE CAPITAL

	2007	2006
Ordinary shares of £1 each	Number of shares / £	
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>

The Company has one class of ordinary voting shares which carry no right to fixed income



**ROYAL BANK LEASING LIMITED**

**NOTES TO THE FINANCIAL STATEMENTS**

**24 RETAINED EARNINGS**

	£'000
Balance at 1 October 2005	66,454
Opening adjustment in respect of IAS 32 and 39	(8,523)
Profit for the financial year	<u>5,262</u>
Balance at 1 October 2006	63,193
Profit for the financial year	68,648
Dividends paid	<u>(77,000)</u>
Balance at 30 September 2007	<u>54,841</u>

**25 NOTES TO THE CASH FLOW STATEMENT**

	2007 £'000	2006 £'000
Profit before tax	77,027	9,338
Adjustments for		
Movement in fair value of non hedge derivatives	(16,484)	(7,868)
Fair value hedge ineffectiveness	(2,072)	6,102
Fair value adjustment on investment property	2,200	2,457
Income from shares in subsidiary undertakings	(39,621)	(449)
Depreciation assets for hire under operating leases	280	1,358
Depreciation computer and office equipment	621	611
Interest expense	3,660	6,704
Profit on disposal of subsidiary undertaking	(6,947)	
Profit on disposal of jointly controlled entities	(1,762)	
(Profit) / loss on disposal of property, plant and equipment	(258)	585
Movement in investment in jointly controlled entities	<u>236</u>	<u>169</u>
Operating cash flows before movements in working capital	16,880	19,007
Decrease in receivables	6,870	14,486
Increase in payables	<u>706</u>	<u>4,350</u>
Cash generated by operations	24,456	37,843
Income taxes paid/(received)	(18,074)	3,415
Interest paid	<u>(4,601)</u>	<u>(9,986)</u>
Net cash from operating activities	<u>1,781</u>	<u>31,272</u>

**26 OPERATING LEASE ARRANGEMENTS**

The future minimum lease payments receivable under non cancellable operating leases are as follows

	2007 £'000	2006 £'000
Within one year	692	1,957
In the second to fifth years inclusive	2,894	10,096
After five years	<u>1,613</u>	<u>2,327</u>
	<u>5,199</u>	<u>14,380</u>

# ROYAL BANK LEASING LIMITED

## NOTES TO THE FINANCIAL STATEMENTS

### 27 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

	2007 £'000	2006 £'000
Year in which residual value will be recovered		
Within 1 year	184	8,210
Between 1 2 years		184
More than 5 years	<u>980</u>	<u>10,090</u>
Total	<u>1,164</u>	<u>18,484</u>

### 28 RELATED PARTY TRANSACTIONS

During the period, the company entered into the following related party transactions

	2007 £'000	2006 £'000
The Royal Bank of Scotland plc		
Transactions during the period		
Interest on loan paid to related party	296,553	267,485
Additional borrowing from related party	<u>179,862</u>	<u>536,563</u>
Group relief owed to related party	(11,638)	(24,997)
Bank account held with related party	(7,064)	(9,349)
Outstanding balance owed to the related party	<u>(73,760)</u>	<u>(4,782,858)</u>

Royal Bank Leasing Limited subsidiaries with outstanding balances owed by the Company

Transactions during the period		
Management charge paid by related party		44
Interest on deposits received by related party	(19,729)	(7,716)
Deposits repaid by related party	753	164,928
Outstanding balance owed to the related party	<u>(43,310)</u>	<u>(20,441)</u>

Royal Bank Leasing Limited subsidiaries with outstanding balances owed to the Company

Transactions during the period		
Management charge paid by related party	4,180	4,409
Interest on loan paid by related party	241,231	224,526
(Repaid)/Additional borrowing by related party	(181,326)	411,564
Outstanding balance owed by the related party	<u>4,480,480</u>	<u>5,482,538</u>

Plant and Machinery is used by a subsidiary TS41 (Power Resources 3) Limited, no rentals are charged to the subsidiary

ROYAL BANK LEASING LIMITED

NOTES TO THE FINANCIAL STATEMENTS

Tay Valley jointly controlled entities

Transactions during the period

Interest on loan paid by related party

2,679

1,861

Additional borrowing by related party

23,589

14,010

Outstanding balance owed by the related party

61,428

36,814

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.

All the companies are fellow subsidiaries of the ultimate holding company The Royal Bank of Scotland Group plc.