

**(COMPANY NO. 3051085)**

**ROYAL BANK STRUCTURED ASSET FINANCE LIMITED**

**DIRECTORS' REPORT AND FINANCIAL STATEMENTS**

**30 SEPTEMBER 2001**



# **ROYAL BANK STRUCTURED ASSET FINANCE LIMITED**

## **REPORT AND FINANCIAL STATEMENTS FOR THE PERIOD ENDED 30 SEPTEMBER 2001**

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# **ROYAL BANK STRUCTURED ASSET FINANCE LIMITED**

## **DIRECTORS AND OFFICERS**

### **DIRECTORS**

Adrian Colin Farnell  
Eion Arthur Flint  
William Vaughan Latter  
Nigel Pearce

### **SECRETARY**

Angela Mary Cunningham

### **REGISTERED OFFICE**

The Quadrangle  
The Promenade  
Cheltenham  
Gloucestershire GL50 1PX

### **PRINCIPAL OFFICE**

The Quadrangle  
The Promenade  
Cheltenham  
Gloucestershire GL50 1PX

## **ROYAL BANK STRUCTURED ASSET FINANCE LIMITED**

### **DIRECTORS' REPORT**

The Directors present their annual report, together with the financial statements for the year ended 30 September 2001.

### **RESULTS**

The results for the year are set out on page 8. The Directors recommend the payment of an interim dividend of £32,000 (2000: £Nil). The retained profit for the year to be transferred to reserves will amount to £6,000 (2000: £65,000).

### **BUSINESS REVIEW**

The principal activity of the Company, which is a wholly owned subsidiary of Royal Bank Leasing Limited, is the provision of leasing and other forms of asset finance, usually involving individually structured facilities.

The Company will continue to operate in the leasing and asset financing market.

### **DIRECTORS**

The current Directors are as shown on page 2.

At 30 September 2001, the Members of the Board of Directors were:-

Mr Davies Burns Elder  
Mr Adrian Colin Farnell  
Mr Eion Arthur Flint  
Mr William Vaughan Latter  
Mr Nigel Pearce

Mr E A Flint and Mr N Pearce were appointed to the board on 1 July 2001.

Mr J M Sweetman resigned from the board on 16 July 2001. Mr D B Elder resigned on 9 November 2001.

### **DIRECTORS' INTERESTS**

At the year end, Messrs D B Elder, A C Farnell, W V Latter and N Pearce were also directors of the immediate parent undertaking, Royal Bank Leasing Ltd, a company which is itself required to keep a register of directors' interests. The directors were not therefore required to notify their interests in the shares or debentures of The Royal Bank of Scotland Group plc group undertakings to the company.

The Directors interests of E A Flint in the share capital of the ultimate holding company, The Royal Bank of Scotland Group plc are shown on page 5.

## ROYAL BANK STRUCTURED ASSET FINANCE LIMITED

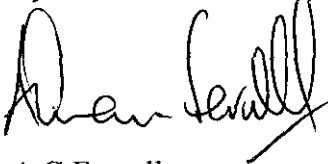
### POLICY AND PRACTICE ON PAYMENT OF CREDITORS

The Company is committed to maintaining a sound commercial relationship with its suppliers. Consequently, it is the Company's policy to negotiate and agree terms and conditions with its suppliers, which includes the giving of an undertaking by the Company to pay suppliers within 30 days of receipt of a correctly prepared invoice submitted in accordance with the terms of the contract.

### AUDITORS

Messrs Deloitte & Touche were appointed Auditors of the Company on 19 February 2001 and have indicated their willingness to continue in office and resolutions to re-appoint them and to authorise the Directors to fix their remuneration will be proposed at the Annual General Meeting.

By Order of the Board



15 APRIL 2002

A C Farnell  
Director  
CHELTENHAM

## ROYAL BANK STRUCTURED ASSET FINANCE LIMITED

### DIRECTORS' INTERESTS IN THE SHARE OR LOAN CAPITAL OF THE ROYAL BANK OF SCOTLAND GROUP plc AND SUBSIDIARY COMPANIES

E A Flint did not hold any ordinary shares of The Royal Bank of Scotland at 1 October 2000 or 30 September 2001.

Options to subscribe for 25p ordinary shares of The Royal Bank of Scotland Group plc granted to and exercised by E A Flint during the year to 30 September 2001 are included in the table below:-

	At 1 October 2000 [or date of appointment if later]	<u>Options Granted</u>		<u>Options Exercised</u>		At 30 September 2001
		<u>Number</u>	<u>Price</u>	<u>Number</u>	<u>Price</u>	
			£		£	
E A Flint	22,065	6,200	12.87	4,377 3,216	6.85 6.96	20,672

E A Flint did not have an interest in any of the preference shares during the year to 30 September 2001.

At 30 September 2001, E A Flint did not hold any interest in the share or loan capital of the company or any other group company.

## **ROYAL BANK STRUCTURED ASSET FINANCE LIMITED**

### **STATEMENT OF 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 and of the profit or loss of the Company for that period. In preparing those 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 assume 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 STRUCTURED ASSET FINANCE LIMITED

### INDEPENDENT AUDITORS' REPORT TO THE MEMBERS OF ROYAL BANK STRUCTURED ASSET FINANCE LIMITED

We have audited the financial statements of Royal Bank Structured Asset Finance Limited for the year ended 30 September 2001 which comprise the profit and loss account, the balance sheet, and the related notes 1 to 12. These financial statements have been prepared under the accounting policies set out therein.

#### Respective responsibilities of directors and auditors

As described in the statement of directors' responsibilities, 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.

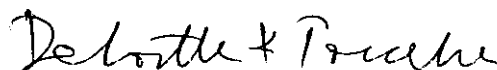
#### Basis of opinion

We conducted our audit in accordance with United Kingdom auditing standards issued by the Auditing 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 2001 and of its profit for the year then ended and have been properly prepared in accordance with the Companies Act 1985.



#### Deloitte & Touche

Chartered Accountants and Registered Auditors  
Queen Anne House  
69-71 Queen Square  
Bristol BS1 4JP

29 April 2002



**ROYAL BANK STRUCTURED ASSET FINANCE LIMITED**

**PROFIT AND LOSS ACCOUNT**  
for the year ended 30 September 2001

		CONTINUING OPERATIONS	
		Year ended 30 September 2001	11 months ended 30 September 2000
	Note	£'000	£'000
Lease income	4	2,290	676
Other income	5	<u>-</u>	<u>79</u>
		2,290	755
Finance charges	5	(2,137)	(632)
Operating expenses	5	<u>(99)</u>	<u>(30)</u>
OPERATING PROFIT AND PROFIT ON ORDINARY ACTIVITIES BEFORE TAXATION	5	54	93
Taxation charge on profit on ordinary activities	6	<u>(16)</u>	<u>(28)</u>
PROFIT ON ORDINARY ACTIVITIES AFTER TAXATION		38	65
Dividend for the year - final proposed		<u>(32)</u>	<u>-</u>
RETAINED PROFIT FOR THE YEAR	11	<u><u>6</u></u>	<u><u>65</u></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.

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

The notes on pages 10 to 14 form part of these financial statements.

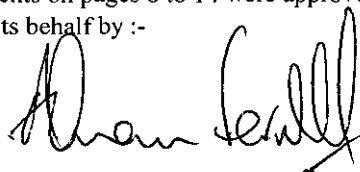
**ROYAL BANK STRUCTURED ASSET FINANCE LIMITED**

**BALANCE SHEET**  
at 30 September 2001

	Note	2001 £'000	2000 £'000
<b>CURRENT ASSETS</b>			
Finance lease receivables due within one year		934	741
Finance lease receivables due after more than one year		34,809	35,742
Debtors	7	<u>2,568</u>	<u>1,341</u>
		38,311	37,824
<b>CREDITORS: AMOUNTS FALLING DUE WITHIN ONE YEAR</b>	8	<u>(3,001)</u>	<u>(2,712)</u>
<b>NET CURRENT ASSETS</b>		<u>35,310</u>	<u>35,112</u>
<b>TOTAL ASSETS LESS CURRENT LIABILITIES</b>		35,310	35,112
<b>CREDITORS: AMOUNTS FALLING DUE AFTER MORE THAN ONE YEAR</b>	8	(32,262)	(34,404)
<b>PROVISIONS FOR LIABILITIES AND CHARGES</b>	9	<u>(2,977)</u>	<u>(643)</u>
<b>NET ASSETS</b>		<u><u>71</u></u>	<u><u>65</u></u>
<b>CAPITAL AND RESERVES</b>			
Called up share capital	10	-	-
Profit and loss account	11	<u>71</u>	<u>65</u>
<b>EQUITY SHAREHOLDERS' FUNDS</b>	12	<u><u>71</u></u>	<u><u>65</u></u>

The financial statements on pages 8 to 14 were approved by the Board of Directors on  
and were signed on its behalf by :-

15 APRIL 2002



Director

The notes on pages 10 to 14 form part of these financial statements.

## ROYAL BANK STRUCTURED ASSET FINANCE LIMITED

### NOTES ON THE FINANCIAL STATEMENTS

#### 1 ACCOUNTING POLICIES

The financial statements on pages 8 to 14 are prepared on the basis of the principal accounting policies adopted by the Company described below and applicable Accounting Standards. Accounting policies have been applied consistently.

#### a ACCOUNTING CONVENTION

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

#### b GROSS EARNINGS UNDER FINANCE LEASES

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

#### c DEFERRED TAXATION

Certain items of income and expenditure are accounted for in different periods for financial reporting purposes and for taxation purposes. Deferred taxation is provided on the liability method in respect of timing differences which are expected to result in a taxation liability in the foreseeable future.

#### d AMOUNTS RECEIVABLE UNDER FINANCE LEASES

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

#### e CASH FLOW STATEMENT

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

# ROYAL BANK STRUCTURED ASSET FINANCE LIMITED

## NOTES ON THE FINANCIAL STATEMENTS

### 2 ULTIMATE HOLDING COMPANY

The Company is a wholly owned subsidiary of Royal Bank Leasing Limited. The Company's ultimate holding company and hence its controlling party is The Royal Bank of Scotland Group plc. Copies of the group financial statements of The Royal Bank of Scotland Group plc may be obtained from the Company Secretary's office, The Royal Bank of Scotland Group plc, 42 St. Andrews Square, Edinburgh, EH2 2YE. Copies of the financial statements of Royal Bank Leasing Limited may be obtained from The Quadrangle, The Promenade, Cheltenham, Gloucestershire, GL50 1PX.

### 3 RELATED PARTY TRANSACTIONS

The Company has taken advantage of the exemptions available to it in Financial Reporting Standard 8, 'Related Party Disclosures', not to disclose any transactions with entities that are part of the Group or investees of the Group qualifying as related parties.

4	TURNOVER	Year ended 30 September 2001 £'000	11 months ended 30 September 2000 £'000
	<b>Lease income:</b>		
	Finance leases:		
	Rentals receivable	3,030	1,037
	Amortisation	(740)	(361)
		<u>2,290</u>	<u>676</u>
	<b>Capital cost of assets financed:</b>		
	Finance leases	<u>-</u>	<u>36,586</u>

ROYAL BANK STRUCTURED ASSET FINANCE LIMITED

NOTES ON THE FINANCIAL STATEMENTS

5	PROFIT ON ORDINARY ACTIVITIES BEFORE TAXATION	Year ended 30 September 2001 £'000	11 months ended 30 September 2000 £'000
	Includes the following:		
	Other income:	-	79
	Finance charges:		
	Interest payable to group undertakings	2,137	632
	Operating expenses:		
	Fees & commissions	83	24
	Management charge	16	6
		99	30

The emoluments of Messrs D. Elder, N Pearce and E Flint are paid by a fellow subsidiary company, Lombard North Central PLC, which makes no recharge to the company. These individuals are directors of a number of fellow subsidiaries and it is not possible to make an accurate apportionment of their emoluments in respect of each of the companies. Accordingly, the above details include no emoluments in respect of these directors.

Other directors and employees are employed and remunerated by Royal Bank Leasing Limited. Costs incurred in respect of their services to the Company are included in the management charge as shown below:

	£	£
Directors' emoluments	827	2,789
Auditors' remuneration - for audit services	nil	3,332
Staff costs	9,530	17,506

Auditors' remuneration is paid by Lombard North Central PLC which makes no recharge to the company.

6	TAXATION	Year ended 30 September 2001 £'000	11 months ended 30 September 2000 £'000
	Group relief:		
	- current year payable	(2,318)	(615)
	Deferred taxation:		
	- current year	2,334	643
		16	28

The tax charge for the current year has been based on an average Corporation Tax rate of 30% (2000 - 30%).

ROYAL BANK STRUCTURED ASSET FINANCE LIMITED

NOTES ON THE FINANCIAL STATEMENTS

7	DEBTORS	2001 £'000	2000 £'000
	Amounts falling due within one year:		
	Amounts due from group undertakings	2,047	737
	Other debtors	<u>521</u>	<u>604</u>
		<u>2,568</u>	<u>1,341</u>
8	CREDITORS	2001 £'000	2000 £'000
	Amounts falling due within one year:		
	Payments received on account	268	260
	Amounts due to group undertakings	2,706	2,445
	Other creditors	<u>27</u>	<u>7</u>
		<u>3,001</u>	<u>2,712</u>
	Amounts falling due after more than one year:		
	Amounts due to group undertakings:		
	Between one and two years	2,553	3,264
	Between two and five years	6,111	6,733
	After more than five years	<u>23,598</u>	<u>24,407</u>
		<u>32,262</u>	<u>34,404</u>

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

The rates of interest applicable to those amounts due after more than five years will be by reference to inter bank rates for periods of three, six and twelve months.

9 PROVISIONS FOR LIABILITIES AND CHARGES

Movements during the year:	Deferred taxation £'000
At 1 October 2000	643
Charge to profit and loss account	<u>2,334</u>
At 30 September 2001	<u>2,977</u>

ROYAL BANK STRUCTURED ASSET FINANCE LIMITED

NOTES ON THE FINANCIAL STATEMENTS

9 PROVISIONS FOR LIABILITIES AND CHARGES - continued

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

	2001 £'000	2000 £'000
Capital allowances on assets financed	<u>2,977</u>	<u>643</u>

10 SHARE CAPITAL

Ordinary shares of £1 each

Authorised	<u>1,000</u>	<u>1,000</u>
Allotted, called up and fully paid	<u>2</u>	<u>2</u>

11 PROFIT AND LOSS ACCOUNT

£'000

At 1 October 2000	65
Retained profit for the year	<u>6</u>
At 30 September 2001	<u>71</u>

12 RECONCILIATION OF SHAREHOLDERS' FUNDS

2001  
£'000

2000  
£'000

Profit for the financial year	38	65
Dividend	<u>(32)</u>	<u>-</u>
Net addition to shareholders' funds	6	65
Opening shareholders' funds	<u>65</u>	<u>-</u>
Closing shareholders' funds	<u>71</u>	<u>65</u>