

**Company Registration No: 00565652**

**LOMBARD FACILITIES LIMITED**

**DIRECTORS' REPORT AND FINANCIAL STATEMENTS**

**30 September 2010**



**Group Secretariat  
The Royal Bank of Scotland Group plc  
P.O. Box 1000, Gogarburn  
Edinburgh  
EH12 1HQ**

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**LOMBARD FACILITIES LIMITED**

Company Registration No 00565652

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**LOMBARD FACILITIES LIMITED**

Company Registration No 00565652

**OFFICERS AND PROFESSIONAL ADVISERS**

**DIRECTORS:**

**A D Baldock  
A D Barnard  
N T J Clibbens**

**SECRETARY:**

**L H Cameron**

**REGISTERED OFFICE:**

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

**AUDITORS:**

**Deloitte LLP  
London**

**Registered in England and Wales.**

**DIRECTORS' REPORT**

The directors present their report and the audited financial statements for the year ended 30 September 2010

**ACTIVITIES AND BUSINESS REVIEW**

This directors' report has been prepared in accordance with the special provisions available to companies entitled to the small companies exemption

**Activity**

Historically the principal activity of the Company was the provision of credit finance by way of leasing, but it continues to hold investments in leasing partnerships from which investment revenues arise

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

**Review of the year**

The loss for the year was £3,834 (2009 profit of £1,131) and this was met from reserves No dividend was paid during the year (2009 £nil)

*Going concern*

The Company's business activities and review are outlined above and the Company's financial position, cash flows and liquidity position are set out in the financial statements

The directors, having a reasonable expectation that the Company has adequate resources to continue in operational existence for the foreseeable future, have prepared the financial statements on a going concern basis

**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 2009 to date the following changes have taken place

<b>Directors</b>	<b>Appointed</b>	<b>Resigned</b>
N Kapur		1 February 2010
A D Barnard	1 February 2010	
R M Priestman		16 August 2010

**DIRECTORS' REPORT (Continued)**

**DIRECTORS' RESPONSIBILITIES**

The directors are responsible for preparing the annual report and the financial statements in accordance with applicable law and regulations

Company law requires the directors to prepare a directors' report and financial statements for each financial year and the directors have elected to prepare the financial statements in accordance with International Financial Reporting Standards (IFRSs) as adopted by the European Union. Under company law the directors must not approve the financial statements unless they are satisfied that they give a true and fair view of the state of affairs at the end of the year and the profit or loss for the financial year as concern members of the Company. In preparing these financial statements, under International Accounting Standard 1, the directors are required to

- select suitable accounting policies and apply them consistently,
- present information, including accounting policies, in a manner that provides relevant, reliable, comparable and understandable information,
- provide additional disclosures when compliance with the specific requirements in IFRSs are insufficient to enable users to understand the impact of particular transactions, other events and conditions on the entity's financial position and financial performance, and
- make an assessment of the Company's ability to continue as a going concern

The directors are responsible for keeping adequate accounting records that are sufficient to show and explain the Company's transactions and 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 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

**USE OF FINANCIAL INSTRUMENTS**

The Company's financial risk management policies and exposure in relation to the respective risks are detailed in note 15 of the financial statements

**DISCLOSURE OF INFORMATION TO AUDITORS**

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

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

This confirmation is given and shall be interpreted in accordance with the provisions of section 418 of the Companies Act 2006

**LOMBARD FACILITIES LIMITED**

Company Registration No 00565652

**DIRECTORS' REPORT (Continued)**

**AUDITORS**

Deloitte 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 handwritten signature in cursive script, appearing to read 'A D Barnard'.

A D Barnard  
Director

Date 21 FEB 2011

## **INDEPENDENT AUDITORS' REPORT TO THE MEMBERS OF LOMBARD FACILITIES LIMITED**

We have audited the financial statements of Lombard Facilities Limited ('the Company') for the year ended 30 September 2010 which comprise the statement of comprehensive income, the balance sheet, the statement of changes in equity, the cash flow statement and the related notes 1 to 18. The financial reporting framework that has been applied in their preparation is applicable law and International Financial Reporting Standards (IFRSs) as adopted by the European Union.

This report is made solely to the Company's members, as a body, in accordance with Chapter 3 of Part 16 of the Companies Act 2006. 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**

As explained more fully in the Directors' Responsibilities Statement, the directors are responsible for the preparation of the financial statements and for being satisfied that they give a true and fair view. Our responsibility is to audit the financial statements in accordance with applicable law and International Standards on Auditing (UK and Ireland). Those standards require us to comply with the Auditing Practices Board's (APB's) Ethical Standards for Auditors.

### **Scope of the audit of the financial statements**

An audit involves obtaining evidence about the amounts and disclosures in the financial statements sufficient to give reasonable assurance that the financial statements are free from material misstatement, whether caused by fraud or error. This includes an assessment of whether the accounting policies are appropriate to the Company's circumstances and have been consistently applied and adequately disclosed, the reasonableness of significant accounting estimates made by the directors, and the overall presentation of the financial statements.

### **Opinion on financial statements**

In our opinion the financial statements

- give a true and fair view of the state of the Company's affairs as at 30 September 2010 and of its loss for the year then ended,
- have been properly prepared in accordance with IFRSs as adopted by the European Union, and
- have been prepared in accordance with the requirements of the Companies Act 2006.

### **Opinion on other matter prescribed by the Companies Act 2006**

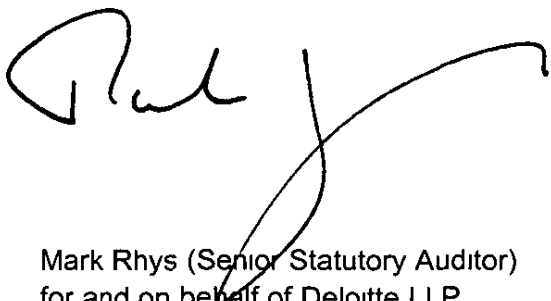
In our opinion the information given in the Directors' Report for the financial year for which the financial statements are prepared is consistent with the financial statements.

**INDEPENDENT AUDITORS' REPORT TO THE MEMBERS OF LOMBARD FACILITIES LIMITED**  
**(Continued)**

**Matters on which we are required to report by exception**

We have nothing to report in respect of the following matters where the Companies Act 2006 requires us to report to you if, in our opinion

- adequate accounting records have not been kept, or returns adequate for our audit have not been received from branches not visited by us, or
- the financial statements are not in agreement with the accounting records and returns, or
- certain disclosures of directors' remuneration specified by law are not made, or
- we have not received all the information and explanations we require for our audit, or
- the directors were not entitled to take advantage of the small companies exemption in preparing the directors' report



Mark Rhys (Senior Statutory Auditor)  
for and on behalf of Deloitte LLP  
Chartered Accountants and Statutory Auditors  
London, United Kingdom

Date 28<sup>th</sup> Feb 2011

**STATEMENT OF COMPREHENSIVE INCOME**  
for the year ended 30 September 2010

	<b>Note</b>	<b>2010 £</b>	<b>2009 £</b>
<b>Continuing operations</b>			
<b>Operating profit</b>		-	-
Investment revenues	5	1,205	1,145
Finance income	6	452	509
<b>Profit before tax</b>		<b>1,657</b>	<b>1,654</b>
Tax	7	(5,491)	(523)
<b>(Loss)/profit for the year</b>	8	<b>(3,834)</b>	<b>1,131</b>
Other comprehensive income for the year		-	-
<b>Total comprehensive (loss)/income for the year attributable to the equity holders of the Company</b>	14	<b>(3,834)</b>	<b>1,131</b>

The notes on pages 11 to 21 form a part of these financial statements

**LOMBARD FACILITIES LIMITED**

Company Registration No 00565652

**BALANCE SHEET**  
**at 30 September 2010**

	<b>Note</b>	<b>2010</b> <b>£</b>	<b>2009</b> <b>£</b>
<b>Non-current assets</b>			
Investment in leasing partnerships	9	<b>3,452</b>	2,247
Deferred tax assets	10	<b>19,765</b>	25,636
		<b>23,217</b>	<b>27,883</b>
<b>Current assets</b>			
Loans and receivables	11	<b>109,759</b>	42,493
<b>Total assets</b>		<b>132,976</b>	<b>70,376</b>
<b>Current liabilities</b>			
Amounts owed to group undertakings	12	<b>99,226</b>	32,792
<b>Total liabilities</b>		<b>99,226</b>	<b>32,792</b>
<b>Net assets</b>		<b>33,750</b>	<b>37,584</b>
<b>Equity</b>			
Share capital	13	<b>5,000</b>	5,000
Reserves	14	<b>28,750</b>	32,584
<b>Total equity attributable to the equity holders of the Company</b>		<b>33,750</b>	<b>37,584</b>

The financial statements were approved by the board of directors and authorised for issue on **21 FEB 2011**  
and were signed on its behalf by



A D Barnard  
Director

The notes on pages 11 to 21 form a part of these financial statements

**LOMBARD FACILITIES LIMITED**

Company Registration No 00565652

**STATEMENT OF CHANGES IN EQUITY  
for the year ended 30 September 2010**

	<b>Share capital £</b>	<b>Retained earnings £</b>	<b>Total equity £</b>
At 1 October 2008	5,000	31,453	36,453
Total comprehensive income for the year	-	1,131	1,131
At 30 September 2009	<u>5,000</u>	<u>32,584</u>	<u>37,584</u>
At 1 October 2009	5,000	32,584	37,584
Total comprehensive loss for the year	-	(3,834)	(3,834)
At 30 September 2010	<u>5,000</u>	<u>28,750</u>	<u>33,750</u>

The notes on pages 11 to 21 form a part of these financial statements

**CASH FLOW STATEMENT**

**for the year ended 30 September 2010**

	<b>Note</b>	<b>2010 £</b>	<b>2009 £</b>
<b>Operating activities</b>			
Profit before tax		<b>1,657</b>	1,654
<i>Adjustments for</i>			
Investment revenues	5	<b>(1,205)</b>	(1,145)
Finance income	6	<b>(452)</b>	(509)
<b>Operating profit before changes in working capital</b>		<b>-</b>	-
Increase in amounts owed by group undertakings		<b>(452)</b>	(509)
<b>Net cash used in the operations</b>		<b>(452)</b>	(509)
Interest received		<b>452</b>	509
<b>Net cash from operating activities</b>		<b>-</b>	-
<b>Net cash from investing activities</b>		<b>-</b>	-
<b>Net cash from financing activities</b>		<b>-</b>	-
<b>Net increase in cash and cash equivalents</b>		<b>-</b>	-
Cash and cash equivalents at 1 October		<b>-</b>	-
<b>Cash and cash equivalents at 30 September</b>		<b>-</b>	-

The notes on pages 11 to 21 form a part of these financial statements

**NOTES TO THE FINANCIAL STATEMENTS**  
for the year ended 30 September 2010

**1 General information**

Lombard Facilities Limited is a company incorporated in Great Britain and registered in England and Wales. The address of the registered office is on page 1. The nature of the Company's principal activities is set out in the Directors' Report. The financial statements are presented in accordance with the Companies Act 2006.

**2 Adoption of new and revised Standards**

In the current year the Company has adopted the revisions to IAS 1 *Presentation of Financial Statements* which introduced a single performance statement, the 'Statement of Comprehensive Income'. The adoption of this has not led to any changes in the Company's accounting policies, nor has it led to any items being restated or reclassified.

In addition the following Standards issued by the International Accounting Standards Board and Interpretations issued by the International Financial Reporting Interpretations Committee have become effective during the current year:

IFRS 1 (revised 2008)	<i>First-time Adoption of International Financial Reporting Standards</i>
IFRS 2 (revised 2008/2009)	<i>Share-based Payment</i>
IFRS 3 (revised 2008)	<i>Business Combinations</i>
IFRS 7 (revised 2009)	<i>Financial Instruments: Disclosures</i>
IFRS 8	<i>Operating Segments</i>
IAS 1 (revised 2007/2008)	<i>Presentation of Financial Statements</i>
IAS 23 (revised 2007)	<i>Borrowing Costs</i>
IAS 27 (amended 2008)	<i>Consolidated and Separate Financial Statements</i>
IAS 27 (revised 2008)	<i>Consolidated and Separate Financial Statements</i>
IAS 28 (amended 2008)	<i>Investments in Associates</i>
IAS 31 (amended 2008)	<i>Interests in Joint Ventures</i>
IAS 32 (amended 2008)	<i>Financial Instruments: Presentation</i>
IAS 39 (amended 2008)	<i>Financial Instruments: Recognition and Measurement</i>
IFRIC 15	<i>Agreements for the Construction of Real Estate</i>
IFRIC 16	<i>Hedges of a Net Investment in a Foreign Operation</i>
IFRIC 17	<i>Distributions of Non-cash Assets to Owners</i>
IFRIC 18	<i>Transfers of Assets from Customers</i>
Annual Improvements to IFRSs (May 2008)	

The adoption of these has not led to any changes in the Company's accounting policies and has had no material impact on the financial statements.

**NOTES TO THE FINANCIAL STATEMENTS (Continued)**  
**for the year ended 30 September 2010**

**2 Adoption of new and revised Standards (continued)**

At the date of authorisation of these financial statements, the following Standards and Interpretations which have not been applied in these financial statements were in issue but not yet effective

IFRS 1 ( <i>revised 2009/2010</i> )	<i>First-time Adoption of International Financial Reporting Standards</i>
IFRS 2 ( <i>revised 2009</i> )	<i>Share-based Payment</i>
IFRS 9	<i>Financial Instruments - Classification and Measurement</i>
IAS 24 ( <i>revised 2009</i> )	<i>Related Party Disclosures - Revised definition of related parties</i>
IAS 32 ( <i>amended 2009</i> )	<i>Financial Instruments Presentation</i>
IFRIC 19	<i>Extinguishing Financial Liabilities with Equity Instruments</i>
Annual Improvements to IFRSs (April 2009)	
Annual Improvements to IFRSs (May 2010)	

The directors anticipate that the adoption of these Standards and Interpretations in future periods will have no material impact on the financial statements of the Company

**3 Accounting policies**

**a. Accounting convention**

The financial statements, which should be read in conjunction with the Directors' Report, are prepared on a going concern basis and in accordance with International Financial Reporting Standards issued by the International Accounting Standards Board (IASB) and interpretations issued by the International Financial Reporting Interpretations Committee of the IASB (together IFRS) as adopted by the European Union

The financial statements have been prepared upon the basis of historical cost except as noted in the following accounting policies and are presented in accordance with applicable United Kingdom law

**b. Investment in leasing partnerships**

Investments in leasing partnerships are stated at the company's share of net asset value less provision for any permanent impairment in value

**c. Taxation**

Provision is made for taxation at current enacted rates on taxable profits, arising in income or in equity

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

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

**NOTES TO THE FINANCIAL STATEMENTS (Continued)**  
for the year ended 30 September 2010

**3 Accounting policies (continued)**

**d. Loans and receivables**

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

**e. Amounts owed to group undertakings**

Amounts owed to group undertakings are initially measured at fair value and are subsequently measured at amortised cost using the effective interest rate method.

Finance costs incurred on amounts owed to group undertakings are recognised in profit or loss on an effective interest rate basis.

**f. Investment revenues**

Income from leasing partnerships is recognised on an accruals basis.

**4 Employees**

The Company had no employees in the current year (2009 – none)

Employee costs are incurred by the immediate parent company, Lombard North Central PLC

**5 Investment revenues**

	2010 £	2009 £
Income from investment in partnerships (note 9)	<u>1,205</u>	<u>1,145</u>

**NOTES TO THE FINANCIAL STATEMENTS (Continued)**  
for the year ended 30 September 2010

**6 Finance income**

	2010 £	2009 £
On loans and receivables		
From group undertakings	<u>452</u>	<u>509</u>

**7 Tax charge on profit before tax**

A) Analysis of charge for the year

	2010 £	2009 £
Current taxation		
Income tax credit for the year	(4,676)	(6,035)
Under provision in respect of prior periods	4,296	-
Current tax credit for the year	<u>(380)</u>	<u>(6,035)</u>
Deferred taxation		
Charge for the year	5,871	6,558
Tax charge for the year	<u>5,491</u>	<u>523</u>

B) Factors affecting the tax charge for the year

The actual tax charge differs from the expected tax charge computed by applying the standard rate of UK corporation tax of 28% (2009 28%) as follows

	2010 £	2009 £
Expected tax charge	464	463
Future tax rate change	731	-
Adjustments in respect of prior periods	4,296	60
Actual tax charge	<u>5,491</u>	<u>523</u>

**8 Auditors' Remuneration**

Fees payable to the Company's auditors for the audit of the Company's annual financial statements are £5,000 (2009 £5,000). There was no charge in either the current or prior year's financial statements for auditors' remuneration as the fees were charged in the financial statements of the immediate parent undertaking, Lombard North Central PLC.

**NOTES TO THE FINANCIAL STATEMENTS (Continued)**  
for the year ended 30 September 2010

**9 Investments in leasing partnerships**

The Company is a partner in certain partnerships and its share of the partnerships' profits is based on management accounts made up to 30 September 2010

	2010 £	2009 £
At 1 October	2,247	1,102
Attributable profit for the year (note 5)	<u>1,205</u>	<u>1,145</u>
At 30 September	<u><u>3,452</u></u>	<u><u>2,247</u></u>

The Company's share of the net assets of the partnerships is as follows

	2010 £	2009 £
Other assets	<u><u>3,452</u></u>	<u><u>2,247</u></u>

The Company is a partner with 25% share in North Sea Marine Leasing Company, which has taken advantage of the exemption given in regulation 7 of the Partnership and Unlimited Companies (Accounts) Regulation 1993 concerning the preparation and delivery of its own accounts

**10 Deferred taxation**

Provision for deferred taxation has been made as follows

	Accelerated capital allowances £
At 1 October 2008	32,194
Charge to statement of comprehensive income	(6,558)
At 30 September 2009	<u><u>25,636</u></u>
At 1 October 2009	25,636
Charge to statement of comprehensive income	(5,871)
At 30 September 2010	<u><u>19,765</u></u>

**NOTES TO THE FINANCIAL STATEMENTS (Continued)**  
for the year ended 30 September 2010

**11 Loans and receivables**

	2010 £	2009 £
<b>Current</b>		
Amounts owed by group undertakings	<u>109,759</u>	<u>42,493</u>

The average effective interest rate over amounts owed by group undertakings approximates 0.5% (2009 1.5%)

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

**12 Amounts owed to group undertakings**

	2010 £	2009 £
<b>Current liabilities</b>		
Amounts repayable on demand	<u>99,226</u>	<u>32,792</u>

The fair value of amounts owed to group undertakings is considered not to be materially different to the carrying amounts in the balance sheet

The directors of the immediate parent company have waived the right to charge interest on this intercompany balance

**13 Share capital**

	2010 £	2009 £
<b>Authorised:</b>		
5,000 (2009 5,000) ordinary shares of £1 each	5,000	5,000
3,000,000 (2009 3,000,000) 5% redeemable preference shares of £1 each	3,000,000	3,000,000
	<u>3,005,000</u>	<u>3,005,000</u>
<b>Allotted, called up and fully paid:</b>		
5,000 (2009 5,000) ordinary shares of £1 each	<u>5,000</u>	<u>5,000</u>

The holders of ordinary shares are entitled to receive dividends as declared from time to time and are entitled to one vote per share at meetings of the Company

The holders of 5% non-cumulative redeemable preference shares are entitled to receive periodic non-cumulative cash dividends at the specified fixed rate out of distributable profits of the Company and are entitled to one vote per share at meetings of the Company

The 5% non-cumulative redeemable preference shares are redeemable at the option of the Company, in whole or in part from time to time at the rates specified plus dividends otherwise payable for the then current dividend period accrued to the date of redemption

**NOTES TO THE FINANCIAL STATEMENTS (Continued)**  
for the year ended 30 September 2010

**14 Reserves**

	<b>Retained earnings £</b>
At 1 October 2008	31,453
Total comprehensive income for the year	1,131
At 30 September 2009	<u>32,584</u>
At 1 October 2009	32,584
Total comprehensive loss for the year	(3,834)
<b>At 30 September 2010</b>	<b><u>28,750</u></b>

**15 Financial instruments and risk management**

**Capital risk management**

The Company considers its capital to consist of equity attributable to the equity holders of the Company, comprising issued share capital and retained earnings as disclosed in notes 13 and 14. The Company is a member of the Royal Bank of Scotland group of companies which has regulatory disciplines over the use of its capital. The Company operates controls and policies put in place by the group to ensure that the Company can continue as a going concern and to ensure that the group complies with these regulatory disciplines.

**Accounting policies**

Details of the accounting policies and methods adopted, including the criteria for recognition, the basis of measurement and the basis on which income and expenses are recognised, in respect of each class of financial asset and financial liability are disclosed in note 3.

**Categories of financial instruments**

The carrying value of each category of financial instruments, as defined in IAS 39, is disclosed in the following table:

	<b>2010 £</b>	<b>2009 £</b>
Financial assets		
Loans and receivables	<b>109,759</b>	42,493
Non financial assets	<u><b>23,217</b></u>	<u>27,883</u>
	<u><b>132,976</b></u>	<u>70,376</u>
Financial liabilities		
Amortised cost	<u><b>99,226</b></u>	<u>32,792</u>

**NOTES TO THE FINANCIAL STATEMENTS (Continued)**  
**for the year ended 30 September 2010**

**15 Financial instruments and risk management (continued)**

**Risk management**

The Company uses a comprehensive framework for managing risks established by the Lombard group of companies and the Royal Bank of Scotland group of companies

The risks associated with the Company's businesses are as follows

**Interest rate risk and sensitivity analysis**

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

The sensitivity analysis below has been determined based on the exposure to interest rates at the balance sheet date. The analysis is prepared on the assumption that the balances receivable and/or payable at the balance sheet date were receivable and/or payable for the whole year

If interest rates had been 0.5% higher and all other variables were held constant, the Company's profit before tax for the year would have increased by £500 (2009 profit before tax for the year would have increased by £200). This is mainly due to the Company's exposure to interest rates on its variable rate customer balances. There would be no other impact on equity.

**Currency risk**

The Company has no currency risk as all transactions and balances are denominated in Sterling

**Credit risk**

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

The Company has no significant credit risk as all loans and receivables are with group undertakings. No amounts owed by group undertakings are past due.

**Liquidity risk**

Liquidity risk arises where assets and liabilities have different contractual maturities. The Company manages liquidity risk through applying the established framework put in place within the group.

The maturity analysis of financial liabilities is disclosed in note 12.

The Company has no significant liquidity risk as it has access to financing facilities and support provided by fellow group companies.

**NOTES TO THE FINANCIAL STATEMENTS (Continued)**  
**for the year ended 30 September 2010**

**15 Financial instruments and risk management (continued)**

**Operational risk**

Operational risk is the risk of unexpected losses attributable to human error, systems failures, fraud or inadequate internal financial controls and procedures. The Company manages this risk, in line with the RBS group framework, through systems and procedures to monitor transactions and positions, the documentation of transactions and periodic review by internal audit. The Company also maintains contingency facilities to support operations in the event of disasters.

**16 Contingent liabilities**

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.

**17 Post balance sheet events**

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

**18 Related parties**

On 1 December 2008, the UK Government through HM Treasury became the ultimate controlling party of The Royal Bank of Scotland Group plc. The UK Government's shareholding is managed by UK Financial Investments Limited, a company wholly-owned by the UK Government. As a result, the UK Government and UK Government controlled bodies became related parties of the Company.

The Company's ultimate holding company is The Royal Bank of Scotland Group plc, a company incorporated in Great Britain and registered in Scotland. Its immediate parent company is Lombard North Central PLC which is incorporated in Great Britain and registered in England and Wales.

As at 30 September 2010, The Royal Bank of Scotland Group plc heads the largest group in which the Company is consolidated and The Royal Bank of Scotland plc heads the smallest group in which the Company is consolidated. Copies of the consolidated accounts of both companies may be from The Secretary, The Royal Bank of Scotland Group plc, Gogarburn, Edinburgh, EH12 1HQ.

**NOTES TO THE FINANCIAL STATEMENTS (Continued)**  
for the year ended 30 September 2010

**18 Related parties (continued)**

**Related party transactions with group undertakings**

The table below details balances and transactions with group undertakings

	At 1 October 2009 £	Net payments /(receipts) £	Net interest received £	At 30 September 2010 £
Other members of the group				
Immediate parent	42,493	66,814	452	109,759
Other RBS Group undertakings	(32,792)	(66,434)	-	(99,226)
<b>Total</b>	<b>9,701</b>	<b>380</b>	<b>452</b>	<b>10,533</b>

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

**Other related party transactions**

There were no transactions with the partnership investments other than those disclosed in note 9.

No emoluments were paid to any director by the Company during the year (2009 - £nil).

None of the directors had any material interest in any contract of significance in relation to the business of the Company (2009 - none).