

Company Registration No: 01628589

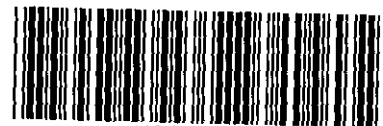
LOMBARD CORPORATE FINANCE (4) LIMITED

DIRECTORS' REPORT AND FINANCIAL STATEMENTS

31 March 2006

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

FRIDAY



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COMPANIES HOUSE**

LOMBARD CORPORATE FINANCE (4) LIMITED

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LOMBARD CORPORATE FINANCE (4) LIMITED

OFFICERS AND PROFESSIONAL ADVISERS

DIRECTORS:

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

SECRETARY:

C J Whittaker

REGISTERED OFFICE:

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

AUDITORS:

**Deloitte & Touche LLP
Bristol**

Registered in England and Wales.

DIRECTORS' REPORT

The directors present their report and financial statements for the year ended 31 March 2006.

ACTIVITIES AND BUSINESS REVIEW

This directors' report has been prepared in accordance with the special provisions relating to small companies under section 246(4a) of the Companies Act 1985.

The Company no longer has any leasing facilities but the directors may look for new opportunities in the future.

The profit for the year was £4,000 (2005: £17,000). The directors do not recommend that a dividend be paid (2005: £nil).

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

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 April 2005 to date the following changes have taken place:

	Appointed	Resigned
Secretary		
C J Whittaker	16 November 2005	
M L Thomas		18 November 2005

DIRECTORS' RESPONSIBILITIES

The directors are required by the Companies Act 1985 to prepare accounts for each financial year and have elected to prepare them in accordance with International Financial Reporting Standards. They are responsible for preparing accounts that present fairly the financial position, financial performance, and cash flows of the Company. In preparing these accounts, 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 accounts; 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 Annual report and accounts complies 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.

DISCLOSURE OF INFORMATION TO AUDITORS

Each of the directors of the Company holding office at the date of approval of this report confirm that :

- (1) so far as each of the directors are aware, there is no relevant audit information of which the Company's Auditors are unaware, and
- (2) so far as each of the directors are aware they have taken all the steps that they ought to have taken to make themselves 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 S.234ZA of the Companies Act 1985.

DIRECTORS' INDEMNITIES

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

DIRECTORS' INTERESTS

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

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

	As at 1 April 2005	As at 31 March 2006
T V Castledine	294	1,601
S J Caterer	12,197	13,125
A C Farnell	16,043	14,137
P A Tubb	1,721	1,877

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

	As at 1 April 2005	Granted During the period		Exercised during the period		As at 31 March 2006
		Options	Price (p)	Options	Price (p)	
T V Castledine	5,444	-	-	-	-	5,444
S J Caterer	1,751	-	-	263	741	1,751
				150	1563	
P A Tubb	9,498	-	-	-	-	9,498

No director had an interest in any of the preference shares of The Royal Bank of Scotland Group plc during the year to 31 March 2006.

Other than as disclosed, none of the directors in office at 31 March 2006 held any interest in the share or loan capital of the Company or any other group company.

LOMBARD CORPORATE FINANCE (4) LIMITED

RISK MANAGEMENT POLICY

The Company's principal financial assets are bank deposits, trade and other receivables.

The Company's credit risk is primarily attributable to its trade receivables. The amounts presented in the balance sheet are net of allowances for doubtful receivables. An allowance for impairment is made where there is an identified loss event which, based on previous experience, is evidence of a reduction in the recoverability of the cash flows.

The credit risk on liquid funds is limited because the counterparties are banks with high credit-ratings assigned by international credit-rating agencies.

POLICY AND PRACTICE ON PAYMENT OF CREDITORS

The company follows the policy and practice on payment of creditors determined by The Royal Bank of Scotland Group plc ('RBSG'), as outlined below.

In the year ending 31 March 2007, RBSG will adhere to the following payment policy in respect of all suppliers. RBSG is committed to maintaining a sound commercial relationship with its suppliers. Consequently, it is RBSG's policy to negotiate and agree terms and conditions with its suppliers, which includes the giving of an undertaking to pay suppliers within 30 days of receipt of a correctly prepared invoice submitted in accordance with the terms of the contract or such other payment period as may be agreed.

The proportion which the amount owed to trade creditors at 31 March 2006 bears to the amounts invoiced by suppliers during the period then ended equated to nil days proportion of 365 days (2005: nil days).

ELECTIVE RESOLUTIONS

The Company has elected to dispense with the requirement to hold annual general meetings, lay accounts before a general meeting and re-appointment of auditors annually.

AUDITORS

Deloitte & Touche LLP have expressed their willingness to continue in office as auditors.

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



S J Caterer
Director

Date: 23 January 2007

INDEPENDENT AUDITORS' REPORT TO THE MEMBERS OF LOMBARD CORPORATE FINANCE (4) LIMITED

We have audited the financial statements of Lombard Corporate Finance (4) Limited ("the company") for the year ended 31 March 2006 which comprise the income statement, the balance sheet, the cash flow statement and the related Notes 1 to 14. 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 United Kingdom 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, in accordance with the relevant financial reporting framework, and are properly prepared in accordance with the Companies Act 1985. We report to whether in our opinion the information given in the directors' report is consistent with the financial statements. 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 the other information contained in the annual report and consider the implications for our report if we become aware of any apparent misstatements or material inconsistencies with the financial statements.

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 those IFRSs as adopted by the European Union, of the state of the company's affairs as at 31 March 2006 and of its profit for the year then ended; and
- 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

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

25 January 2007

LOMBARD CORPORATE FINANCE (4) LIMITED**INCOME STATEMENT**
for the year ended 31 March 2006

	Note	2006 £'000	2005 £'000
CONTINUING OPERATIONS			
Interest receivable	5	<u>6</u>	<u>24</u>
PROFIT BEFORE TAXATION		6	24
Taxation charge on profit on ordinary activities	6	<u>(2)</u>	<u>(7)</u>
PROFIT FOR THE FINANCIAL YEAR	11	<u><u>4</u></u>	<u><u>17</u></u>

The notes on pages 9 to 12 form part of these financial statements.

LOMBARD CORPORATE FINANCE (4) LIMITED

BALANCE SHEET

as at 31 March 2006

	Note	2006 £'000	2005 £'000
CURRENT ASSETS			
Trade and other receivables	7	-	2
Cash and cash equivalents	8	<u>497</u>	<u>496</u>
TOTAL ASSETS		<u>497</u>	<u>498</u>
CURRENT LIABILITIES			
Trade and other payables	9	<u>(177)</u>	<u>(182)</u>
TOTAL LIABILITIES		<u>(177)</u>	<u>(182)</u>
NET ASSETS		<u>320</u>	<u>316</u>
EQUITY			
Share capital	10	-	-
Retained earnings	11	<u>320</u>	<u>316</u>
TOTAL EQUITY		<u>320</u>	<u>316</u>

The financial statements on pages 6 to 12 were approved by the Board of Directors and authorised for issue on 23 January 2007. They were signed on its behalf by :-



S J Caterer
Director

The notes on pages 9 to 12 form part of these financial statements.

LOMBARD CORPORATE FINANCE (4) LIMITED

CASH FLOW STATEMENT

for the year ended 31 March 2006

	Note	2006 £'000	2005 £'000
NET CASH FROM OPERATING ACTIVITIES	12	<u>1</u>	<u>10</u>
NET INCREASE IN CASH AND CASH EQUIVALENTS		1	10
CASH AND CASH EQUIVALENTS AT BEGINNING OF YEAR		<u>496</u>	<u>486</u>
CASH AND CASH EQUIVALENTS AT END OF YEAR		<u><u>497</u></u>	<u><u>496</u></u>

LOMBARD CORPORATE FINANCE (4) LIMITED

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 (IFRSs) as adopted for use in the EU for the first time. The disclosures required by IFRS 1 concerning the transition from UK GAAP to IFRSs are given in Note 14.

The financial statements have been prepared on the historical cost basis. The principal accounting policies are set out below.

b 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.

c TRADE RECEIVABLES

Trade receivables are measured at initial recognition 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.

d 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.

e TRADE PAYABLES

Trade payables are initially measured at fair value, and are subsequently measured at amortised cost using the effective interest rate method.

f BORROWING COSTS

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

g CASH FLOW STATEMENT

The cash flow statement has been presented using the indirect method of cash flows from operating activities.

2 IMMEDIATE AND ULTIMATE PARENT COMPANY

The Company's immediate parent company is Lombard North Central Plc.

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, PO Box 1000, Edinburgh, EH12 1HQ.

The smallest subgroup into which the company is consolidated has as its parent company The Royal Bank of Scotland plc, a company incorporated in Great Britain and registered in Scotland. Copies of the consolidated financial statements for this subgroup can be obtained from The Royal Bank of Scotland Group plc, Gogarburn, PO Box 1000, Edinburgh, EH12 1HQ.

LOMBARD CORPORATE FINANCE (4) LIMITED

NOTES TO THE FINANCIAL STATEMENTS

3 PROFIT BEFORE TAXATION

There is no charge in this year's financial statements for auditors' remuneration as the fee is to be charged in the financial statements of the immediate parent undertaking (2005 - £nil).

4 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 (including directors) was nil (2005: nil).

5 INTEREST RECEIVABLE	2006 £'000	2005 £'000
Interest receivable from group undertakings	<u>6</u>	<u>24</u>

6 TAXATION	2006 £'000	2005 £'000
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A) ANALYSIS OF CHARGE FOR THE YEAR

Current tax charge:

- Group relief payable on profits for the year	2	7
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Taxation charge on profit on ordinary activities	<u>2</u>	<u>7</u>
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B) FACTORS AFFECTING THE TAX CHARGE FOR THE YEAR

Profit before tax	<u>6</u>	<u>24</u>
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Tax on profit at the standard rate of 30% (2005: 30%)	2	7
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Tax charge	<u>2</u>	<u>7</u>
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7 TRADE AND OTHER RECEIVABLES	2006 £'000	2005 £'000
Amounts due from group undertakings	<u>-</u>	<u>2</u>

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

8 CASH AND CASH EQUIVALENTS	2006 £'000	2005 £'000
Bank account with group undertakings	<u>497</u>	<u>496</u>

The directors consider that the carrying amount of cash and cash equivalents approximates to their fair value.

NOTES TO THE FINANCIAL STATEMENTS

9 TRADE AND OTHER PAYABLES	2006 £'000	2005 £'000
Amounts falling due within one year:		
Amounts due to group undertakings	<u>177</u>	<u>182</u>

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

10 SHARE CAPITAL	2006	2005
	Ordinary shares of £1 each	
Authorised	<u>100</u>	<u>100</u>
Allotted, called up and fully paid	<u>100</u>	<u>100</u>

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

11 RETAINED EARNINGS	£'000
Balance at 1 April 2004	299
Profit for the financial year	<u>17</u>
Balance at 1 April 2005	316
Profit for the financial year	<u>4</u>
Balance at 31 March 2006	<u>320</u>

12 NOTES TO THE CASH FLOW STATEMENT	2006 £'000	2005 £'000
Profit before tax	6	24
Adjustments for:		
Interest received	(6)	(24)
Decrease in payables	<u>(5)</u>	<u>(5)</u>
Cash used in operations	(5)	(5)
Income taxes paid	(2)	(7)
Interest received	<u>8</u>	<u>22</u>
Net cash from operating activities	<u>1</u>	<u>10</u>

NOTES TO THE FINANCIAL STATEMENTS

13 RELATED PARTY TRANSACTIONS

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

	2006 £'000	2005 £'000
The Royal Bank of Scotland plc		
Transactions during the period		
- Interest on loan paid to related party	<u>6</u>	<u>24</u>
Bank account held with related party	497	496
Outstanding balance owed to the related party	<u>497</u>	<u>498</u>
Royal Bank Leasing Limited		
Group relief owed to related party	<u>(177)</u>	<u>(182)</u>

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. Both The Royal Bank of Scotland plc and Royal Bank Leasing Limited are fellow subsidiaries of the ultimate holding company The Royal Bank of Scotland Group plc.

14 EXPLANATION OF TRANSITION TO IFRS

This is the first year that the Company has presented its financial statements under IFRS. The last financial statements under UK GAAP were for the year ended 31 March 2005 and the date of transition to IFRS was therefore 1 April 2005. The company in addition to complying with its legal obligation to comply with IFRS as adopted for use in the European Union, now also complies with the IFRS as issued by the International Accounting Standards Board. There was no difference between UKGAAP and IFRS balances on transition to IFRS.

In the prior year under UKGAAP cash was included within intercompany debtors.