

Company Registration No: 02380601

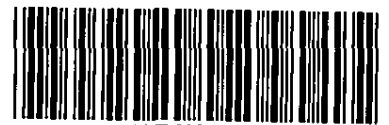
LOMBARD PROPERTY FACILITIES LIMITED

DIRECTORS' REPORT AND FINANCIAL STATEMENTS

31 March 2008

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

TUESDAY



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COMPANIES HOUSE

LOMBARD PROPERTY FACILITIES LIMITED

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LOMBARD PROPERTY FACILITIES LIMITED

DIRECTORS:

**S J Caterer
P Sullivan
R Warren
I Shephard**

SECRETARY:

C J Whittaker

REGISTERED OFFICE:

**1 Princes Street
London
EC2R 8PB**

AUDITORS:

**Deloitte & Touche LLP
Bristol**

Registered in England and Wales.

LOMBARD PROPERTY FACILITIES LIMITED

DIRECTORS' REPORT

The directors present their report and the audited financial statements for the year ended 31 March 2008

ACTIVITIES AND BUSINESS REVIEW

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

Activity

The principal activity of the Company is the provision of fixed asset finance usually involving individually structured facilities

The retained loss for the period was £22,000 (2007 retained profit £548,000) and this was transferred to reserves. The directors do not recommend that a dividend be paid (2007. £nil)

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

The Company seeks to minimise its exposure to external financial risks other than credit risk, further information is disclosed in Note 2

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 2007 to date the following changes have taken place

	Appointed	Resigned
Directors		
T V Castledine		19 July 2007
A S Devine	19 July 2007	31 July 2008
P Tubb		15 August 2008
A Farnell		31 July 2008
P Sullivan	31 July 2008	
R Warren	31 July 2008	
I Shephard	19 August 2008	

DIRECTORS' RESPONSIBILITIES

The directors are required by the Companies Acts 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,

LOMBARD PROPERTY FACILITIES LIMITED

DIRECTORS' RESPONSIBILITIES – Continued

- 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 Acts 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



S J Caterer
Director
Date 25 September 2008

INDEPENDENT AUDITORS' REPORT TO THE MEMBERS OF LOMBARD PROPERTY FACILITIES LIMITED

We have audited the financial statements of Lombard Property Facilities Limited ("the company") for the year ended 31 March 2008 which comprise the income statement, the balance sheet, the cash flow statement, the statement of recognised income and expense and the related Notes 1 to 20. 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

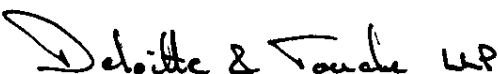
We conducted our audit in accordance with International Standards on Auditing (UK and Ireland) issued by the Auditing Practices Board. An audit includes examination, on a test basis, of evidence relevant to the amounts and disclosures in the financial statements. It also includes an assessment of the 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 31 March 2008 and of its loss 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

25th September 2008

LOMBARD PROPERTY FACILITIES LIMITED**INCOME STATEMENT**
for the year ended 31 March 2008

	Note	2008 £'000	2007 £'000
Revenue	4	2,479	1,671
Administrative expenses	5	<u>(24)</u>	<u>(51)</u>
OPERATING PROFIT	5	2,455	1,620
Finance costs	7	<u>(3,218)</u>	<u>(2,952)</u>
LOSS BEFORE TAXATION		(763)	(1,332)
Tax credit	8	<u>741</u>	<u>1,880</u>
(LOSS)/PROFIT FOR THE FINANCIAL YEAR	17	<u><u>(22)</u></u>	<u><u>548</u></u>

The notes on pages 9 to 17 form part of these financial statements

LOMBARD PROPERTY FACILITIES LIMITED

STATEMENT OF RECOGNISED INCOME AND EXPENSE
for the year ended 31 March 2008

	2008 £'000	2007 £'000
(Loss)/profit for the year	<u>(22)</u>	<u>548</u>
Total recognised income and expense for the year	<u><u>(22)</u></u>	<u><u>548</u></u>

LOMBARD PROPERTY FACILITIES LIMITED

BALANCE SHEET

as at 31 March 2008

	Note	2008 £'000	2007 £'000
NON-CURRENT ASSETS			
Finance lease receivables	10	58,454	58,652
Deferred taxation	16	<u>257</u>	<u>531</u>
		<u>58,711</u>	<u>59,183</u>
CURRENT ASSETS			
Finance lease receivables	10	2,627	2,395
Trade and other receivables	11	113	49
Cash and cash equivalents	12	<u>2,557</u>	<u>150</u>
		<u>5,297</u>	<u>2,594</u>
TOTAL ASSETS		<u><u>64,008</u></u>	<u><u>61,777</u></u>
CURRENT LIABILITIES			
Trade and other payables	13	(1,799)	(1,769)
Bank overdraft and loans	14	<u>-</u>	<u>-</u>
		<u>(1,799)</u>	<u>(1,769)</u>
NON CURRENT LIABILITIES			
Bank loans	14	<u>(56,742)</u>	<u>(54,519)</u>
		<u>(56,742)</u>	<u>(54,519)</u>
TOTAL LIABILITIES		<u><u>(58,541)</u></u>	<u><u>(56,288)</u></u>
NET ASSETS		<u><u>5,467</u></u>	<u><u>5,489</u></u>
EQUITY			
Share capital	16	-	-
Retained earnings	17	<u>5,467</u>	<u>5,489</u>
TOTAL EQUITY		<u><u>5,467</u></u>	<u><u>5,489</u></u>

The financial statements on pages 5 to 17 were approved by the Board of Directors and authorised for issue on 25 September 2008. They were signed on its behalf by -



S J Caterer
Director

The notes on pages 9 to 17 form part of these financial statements

LOMBARD PROPERTY FACILITIES LIMITED**CASH FLOW STATEMENT**
for the year ended 31 March 2008

	Note	2008 £'000	2006 £'000
NET CASH FROM OPERATING ACTIVITIES	18	<u>184</u>	<u>9,859</u>
FINANCING ACTIVITIES			
New bank loans raised		2,223	-
Repayments of borrowings		<u>-</u>	<u>(9,827)</u>
NET CASH FROM/(USED IN) FINANCING ACTIVITIES		<u>2,223</u>	<u>(9,827)</u>
NET INCREASE IN CASH AND CASH EQUIVALENTS		2,407	32
CASH AND CASH EQUIVALENTS AT BEGINNING OF YEAR		<u>150</u>	<u>118</u>
CASH AND CASH EQUIVALENTS AT END OF YEAR		<u>2,557</u>	<u>150</u>

LOMBARD PROPERTY FACILITIES 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 (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.

IFRS 7 'Financial Instruments: Disclosures' which became effective in this period introduces new disclosures relating to financial instruments but does not have any impact on the classification or valuation of the Company's financial instruments.

The directors do not believe the adoption of any Standards or Interpretations that have been issued but are not yet effective will have any material impact on the financial statements of the Company.

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 LEASES AND HIRE PURCHASE CONTRACTS

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.

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.

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.

e FINANCIAL INSTRUMENTS

The Company's financial asset categories are finance lease receivables and loan and receivables. Loan and receivables comprise 'trade and other receivables' and 'cash and cash equivalents' in the balance sheet.

The Company's financial liabilities are all categorised as financial liabilities measured at amortised cost. This comprises 'bank overdraft and loans' and 'trade payables' in the balance sheet.

The Company does not account for any financial asset or liabilities at fair value through profit or loss.

LOMBARD PROPERTY FACILITIES LIMITED

NOTES TO THE FINANCIAL STATEMENTS

1 SIGNIFICANT ACCOUNTING POLICIES - continued

f AMOUNTS RECEIVABLE UNDER FINANCE LEASES AND HIRE PURCHASE CONTRACTS

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.

g TRADE AND OTHER RECEIVABLES

Trade and other receivables are measured at initial recognition fair value, and subsequently measured at amortised cost using the effective interest rate method. Trade and other receivables do not carry any interest and are stated at their nominal value.

h 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.

i BORROWINGS

Interest-bearing loans and bank overdrafts are initially recorded at fair value and are subsequently measured at amortised cost using the effective interest rate method.

j TRADE AND OTHER PAYABLES

Trade and other payables are initially measured at fair value, and are subsequently measured at amortised cost using the effective interest rate method. Trade and other payables are not interest bearing and are stated at their nominal value.

k OPERATING PROFIT

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

2 FINANCIAL RISK MANAGEMENT

a Interest rate risk

Interest rate risk is the risk that the fair value or future cash flows of a financial instrument will fluctuate because of changes in market interest rates.

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.

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.

LOMBARD PROPERTY FACILITIES LIMITED

NOTES TO THE FINANCIAL STATEMENTS

2 FINANCIAL RISK MANAGEMENT - continued

c Credit risk

Credit risk is the risk arising from the possibility that the Company will incur losses from the failure of counterparties 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.

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 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 which is incorporated in Great Britain and registered in Scotland. Financial statements for The Royal Bank of Scotland Group plc can be obtained from The Royal Bank of Scotland Group plc, Gogarburn, 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 financial statements for this subgroup can be obtained from The Royal Bank of Scotland Group plc, Gogarburn, Edinburgh, EH12 1HQ.

4 REVENUE

	2008 £'000	2007 £'000
Finance leases		
Rentals receivable	2,202	11,538
Amortisation	232	(9,911)
	<u>2,434</u>	<u>1,627</u>
Hire purchase		
Gross rentals receivable	109	86
Capital element of rentals	(64)	(42)
	<u>45</u>	<u>44</u>
	<u>2,479</u>	<u>1,671</u>

The Company did not enter into any new leasing transactions during the year (2007: £nil).

LOMBARD PROPERTY FACILITIES LIMITED**NOTES TO THE FINANCIAL STATEMENTS****5 OPERATING PROFIT**

Operating profit has been arrived at after charging

	2008 £'000	2007 £'000
Fees & commissions	-	7
Management charge	<u>24</u>	<u>44</u>
	<u>24</u>	<u>51</u>

Costs incurred in respect of audit services to the Company are included in the management charge as shown below

	£	£
Auditors' remuneration - for audit services	<u>3,257</u>	<u>3,162</u>

6 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 (2007 nil)

7 FINANCE COSTS

	2008 £'000	2007 £'000
Interest payable to group undertakings	<u>3,218</u>	<u>2,952</u>

LOMBARD PROPERTY FACILITIES LIMITED

NOTES TO THE FINANCIAL STATEMENTS

8 TAXATION

2008
£'000

2007
£'000

A) ANALYSIS OF TAX CREDIT FOR THE YEAR

Current tax credit

- Group relief receivable on loss for the year	(1,021)	(1,270)
- Adjustment in respect of prior periods	6	(14)
	<u>(1,015)</u>	<u>(1,284)</u>

Deferred tax - origination and reversal of timing differences

- Current year	239	(596)
- Impact of rate change from 30% to 28%	35	-
- Adjustment in respect of prior periods	-	-
	<u>-</u>	<u>-</u>

Tax credit

<u>(741)</u>	<u>(1,880)</u>
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B) FACTORS AFFECTING THE TAX CREDIT FOR THE YEAR

Loss before tax	<u>(763)</u>	<u>(1,332)</u>
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Tax on Loss at the standard rate of 30% (2007 30%)

Permanent difference - assets not qualifying for capital allowances	(229)	(400)
Impact of rate change from 30% to 28%	(502)	(1,466)
Adjustment to tax charge in respect of previous periods	(16)	-
	6	(14)
	<u>6</u>	<u>(14)</u>

Tax credit

<u>(741)</u>	<u>(1,880)</u>
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9 FINANCIAL INSTRUMENTS

a) Carrying value and fair value of financial instrument by category

	Carrying value 2008 £'000	Fair value 2008 £'000	Carrying value 2007 £'000	Fair value 2007 £'000
Finance lease receivables	61,081	61,077	61,047	61,035
Loans and receivables				
Trade and other receivables	113	113	49	49
Cash and cash equivalents	92	92	150	-
Financial assets	<u>61,286</u>	<u>61,282</u>	<u>61,246</u>	<u>61,084</u>
Financial liabilities measured at amortised cost				
Trade and other payables	1,799	1,799	1,769	1,769
Bank overdraft and loans	56,742	56,738	54,519	54,507
Financial liabilities	<u>58,541</u>	<u>58,537</u>	<u>56,288</u>	<u>56,288</u>

LOMBARD PROPERTY FACILITIES LIMITED

NOTES TO THE FINANCIAL STATEMENTS

9 FINANCIAL INSTRUMENTS - continued

b) Financial instrument - carrying amount by market risk exposure	2008 £'000	2007 £'000
Interest rate risk		
Financial assets		
- variable rate	19,302	19,287
- fixed rate	41,871	41,910
- non-interest bearing	113	49
	<u>61,286</u>	<u>61,246</u>
Financial liabilities		
- variable rate	17,946	15,626
- fixed rate	38,796	38,893
- non-interest bearing	1,799	1,769
	<u>58,541</u>	<u>56,288</u>

If market interest rates had been higher or lower the profit or loss and equity of the Company would not have been materially affected

c) Financial asset - credit quality	2008 £'000	2007 £'000
Summary and concentration of credit risk		
- maximum credit exposure and neither past due nor impaired		
4 lessees relating to lease receivables in the property trust sector	61,081	61,047
Group undertakings	205	49
	<u>61,286</u>	<u>61,096</u>
Ageing of rental invoices on past due as at the balance sheet date		
< 1 month	29	-
1-2 months	18	-
7-8 months	7	-
	<u>54</u>	<u>-</u>

Based on counterparty payment history the Company considers all the above financial assets including past due to be of good credit quality

In respect of the leases the company has issued to it letters of credit for a credit exposure of £55,207,000 (2007 £54,440,000)

d) Liquidity risk

Contractual cashflows payable to maturity on financial liabilities on an undiscounted basis

	Less than 1 year £'000	In the 2nd year £'000	3 to 5 years £'000	Over 5 years £'000
2008				
Trade payables	1,799	-	-	-
Bank overdraft and loans	<u>3,933</u>	<u>4,113</u>	<u>36,010</u>	<u>35,139</u>
	<u>5,732</u>	<u>4,113</u>	<u>36,010</u>	<u>35,139</u>
2007				
Trade payables	1,769	-	-	-
Bank overdraft and loans	<u>3,947</u>	<u>4,132</u>	<u>37,913</u>	<u>37,228</u>
	<u>5,716</u>	<u>4,132</u>	<u>37,913</u>	<u>37,228</u>

LOMBARD PROPERTY FACILITIES LIMITED

NOTES TO THE FINANCIAL STATEMENTS

10 FINANCE LEASE AND HIRE PURCHASE RECEIVABLES

	Gross investment in lease		Present value of minimum lease payments	
	2008	2007	2008	2007
	£'000	£'000	£'000	£'000
Amounts receivable under finance leases				
Within one year	2,685	2,448	2,627	2,395
In the second to fifth years inclusive	37,617	38,614	33,093	32,905
After five years	35,361	36,297	25,361	25,747
	75,663	77,359	61,081	61,047
Less unearned finance income	(14,582)	(16,312)	N/A	N/A
Present value of minimum lease payments receivable	61,081	61,047	61,081	61,047
Analysed as				
Non-current finance lease receivables (recoverable after 12 months)			58,454	58,652
Current finance lease receivables (recoverable within 12 months)			2,627	2,395
			61,081	61,047

The Company enters into leasing arrangements for property. The average term of the leases entered into is 23 years.

Unguaranteed residual values of assets leased under finance leases at the balance sheet date are estimated at £nil (2007: £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% (2007: 4.7%) p.a.

11 TRADE AND OTHER RECEIVABLES

	2008 £'000	2007 £'000
Trade debtors	54	-
Other debtors	59	49
	113	49

12 CASH AND CASH EQUIVALENTS

	2008 £'000	2007 £'000
Short term deposits with group undertakings	2,465	-
Bank account with group undertakings	92	150
	2,557	150

LOMBARD PROPERTY FACILITIES LIMITED

NOTES TO THE FINANCIAL STATEMENTS

13 TRADE AND OTHER PAYABLES	2008 £'000	2007 £'000
Amounts due to group undertakings	1,737	1,651
Other creditors	62	118
	<u>1,799</u>	<u>1,769</u>

14 BANK OVERDRAFT AND LOANS	2008 £'000	2007 £'000
Loan amount due to group undertakings	<u>56,742</u>	<u>54,519</u>
The borrowings are repayable as follows		
On demand or within one year	-	-
In the second year	22	-
In the third to fifth year inclusive	27,825	27,272
After five years	<u>28,895</u>	<u>27,247</u>
	56,742	54,519
Less Amounts due for settlement within 12 months (shown under current liabilities)	<u>-</u>	<u>-</u>
Amounts due for settlement after 12 months	<u>56,742</u>	<u>54,519</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 effective interest rate on the loan is variable at 5.8% (2007 5.5%) p a

15 DEFERRED TAX

Movements during the year	Deferred taxation £'000
At 1 April 2006	65
Credit to income statement	<u>(596)</u>
At 1 April 2007	(531)
Charge to income statement	<u>274</u>
At 31 March 2008	<u>(257)</u>

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

	2008 £'000	2007 £'000
Accelerated capital allowances on assets financed	<u>(257)</u>	<u>(531)</u>

16 SHARE CAPITAL

	2008 Number of shares	2007 Number of shares	2008 £	2007 £
Ordinary Shares of £1				
Authorised	<u>100</u>	<u>100</u>	<u>100</u>	<u>100</u>
Issued and fully paid	<u>100</u>	<u>100</u>	<u>100</u>	<u>100</u>

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

LOMBARD PROPERTY FACILITIES LIMITED

NOTES TO THE FINANCIAL STATEMENTS

17 RETAINED EARNINGS

	£'000
Balance at 1 April 2006	4,941
Profit for the financial year	<u>548</u>
Balance at 1 April 2007	5,489
Profit for the financial year	<u>(22)</u>
Balance at 31 March 2008	<u>5,467</u>

18 NOTES TO THE CASH FLOW STATEMENT

	2008 £'000	2007 £'000
Loss before tax	(763)	(1,332)
Adjustments for		
Interest expense	3,218	2,952
(Increase)/decrease in receivables	(99)	9,963
(Increase)/decrease in payables	<u>(59)</u>	<u>1</u>
Cash generated by operations	2,297	11,584
Income taxes received	1,049	1,211
Interest paid	<u>(3,162)</u>	<u>(2,936)</u>
Net cash from operating activities	<u>184</u>	<u>9,859</u>

19 RELATED PARTY TRANSACTIONS

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

	2008 £'000	2007 £'000
Royal Bank Leasing Limited		
Transactions during the period		
- Management charge paid to related party	24	44
- Interest on loan paid to related party	3,218	2,952
- Group relief received	1,049	1,211
- Additional/(repayment of) borrowing from/(to) related party	<u>2,223</u>	<u>(9,827)</u>
Group relief owed to related party	(935)	(902)
Outstanding balance owed to the related party	<u>(56,013)</u>	<u>(56,169)</u>
The Royal Bank of Scotland plc		
Bank account held with related party	<u>92</u>	<u>150</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.