CIT VENDOR FINANCE (UK) LIMITED

DIRECTORS' REPORT AND FINANCIAL STATEMENTS

For the year ended 31 December 2008

Registered Number 3088213

DIRECTORS' REPORT AND FINANCIAL STATEMENTS FOR THE YEAR ENDED 31 DECEMBER 2008

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CIT Vendor Finance (UK) Ltd

FINANCIAL STATEMENTS

REPORT OF THE DIRECTORS

The Directors present their annual report and the audited financial statements of CIT Vendor Finance (UK) Ltd ("the Company") for the year ended 31 December 2008

Principal activities and business review

The company and its subsidiaries provide a range of leasing and financing services including operating and finance leases and hire-purchase contracts to small/medium sized enterprises in the medical, construction and print sectors, to NHS trusts, banks, financial institutions, large corporations and local authorities Leasing programmes are marketed in conjunction with vendors, manufacturers and dealers specialising in the medical and construction industries The active partnerships are with the following vendors BTG, AVAYA, KODAK, C&I, Linde, Rural

On 31st of December 2008, the Directors acquired from the fully owned subsidiary CIT Commercial (UK) Ltd, the asset finance business of comprising of assets and receivables related to finance lease and hire purchase contracts, for a consideration of £0 3m

In April 2008, CIT Group Inc sold its 25% interest in the Global Microsoft vendor finance program to Microsoft Corporation but continued to service the existing portfolio Accordingly the Company derecognised the related assets, transferred the existing portfolio off-book and continued to service it on behalf of Microsoft Corporation

Results and dividends

For the year ended 31 December 2008 the company made a loss of £25 4 million (2007 £79 5 million)
The current year net loss of £25 4m is due to a combination of the following main factors
- credit losses for £16m,
- impairment of investment in subsidiaries for £11 7m
- increase of European shared service centre fee from £4 7m to £11 7

No interim dividends were paid by the Company during the year and the Directors do not recommend the payment of a final dividend in respect of the year (2007 nil)
The loss for the year has been transferred to reserves

Future developments

The company will continue to take advantage of opportunities for the further development of the business and has initiated the review of the operating expenses to enhance profitability, which has resulted in a downsizing of the workforce and expenditures approvals, the creation of cost saving projects, and the shift of the strategic focus to net margins, as opposed to volumes

Going concern risk
The financial statements have been prepared on a going concern basis

The current year results are mainly driven by credit losses and impairment of investment in subsidiaries The net loss for the year has been absorbed by the equity funds, and no re-capitalisation needs have emerged The income statement gross profit shows the business model is still profitable, as the turnover covers the cost of funds and the depreciation of fixed assets related to non finance leases

The ongoing liquidity of the Company is dependent on its rental payments streams as well as its ability to access European intra group funding and funding from CIT Group Inc (the Parent")

In concluding that the going concern basis was appropriate for the Company the directors have taken various matters into account Refer Note 1 to the financial statements on page 11

Financial risk management

The company's activities expose it to a variety of financial risks

Credit Risk
The company performs ongoing credit evaluations of its customers and evaluates past-due payment status in its determination of the need for specific customer allowances on its accounts receivable

Foreign Exchange Risk
The Company has exposure to foreign exchange risk since there are a number of leases and intercompany related balances which are valued in currencies other than British Sterling The movement of currency rates year on year (predominately Euro and US dollars) may cause a foreign exchange gain or loss
The Company monitors the level of foreign exchange risk on an ongoing basis

Residual Value
The company has finance lease contracts which have residual values on completion of contract term These residual values are monitored and reviewed on an ongoing basis by End of lease team management, who report on residual realisation on a European basis

Liquidity Risk
The company has exposure to liquidity risk which is being managed by obtaining funds through inter-company loans from CIT Group Inc

Interest Rate Risk
The majority of the company's interest bearing assets and liabilities are fixed rate
The company monitors the level of interest rate risk on an ongoing basis

Events after balance sheet date
There are no events after balance sheet date to be reported

Directors and their interests

The names of those Directors who held office during the course of 2007 and to date were as follows

Cormac Costelloe
Ivor Dorkin
Colin Keaney
Melvin Missen (Resigned on 30/05/08)

Under Statutory Instrument No 802 (1985) the Company is exempt from the requirement to report directors' interests on the ground that the company is wholly owned by an overseas company

Registered Office

The registered office is at 2A High Street Bracknell, Berkshire RG12 1AA

CIT Vendor Finance (UK) Ltd

FINANCIAL STATEMENTS

REPORT OF THE DIRECTORS (continued)

Auditors

The auditors, PricewaterhouseCoopers, have indicated their willingness to continue in office and a resolution concerning their reappointment will be proposed at the Annual General Meeting

Auditors and disclosure of information to auditors

(a) In so far as the directors are aware, there is no relevant audit information of which the company's auditors are unaware, and

(b) The directors has taken all the steps that they ought to have taken as directors in order to make themselves aware of any relevant audit information and to establish that the company's auditors are aware of that information

By order of the Board

C Keaney
Director

CIT Vendor Finance (UK) Ltd

FINANCIAL STATEMENTS

STATEMENT OF DIRECTORS' RESPONSIBILITIES

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

Company law requires the directors to prepare financial statements for each financial year Under that law the directors have elected to prepare the financial statements in accordance with United Kingdom Generally Accepted Accounting Practice (United Kingdom Accounting Standards and applicable law) The financial statements are required by law to 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 UK Accounting Standards have been followed, subject to any material departures disclosed and explained in the financial statements
- prepare the financial statements on the going concern basis unless it is inappropriate to presume that the company will continue in business, in which case there should be supporting assumptions or qualifications as necessary

The directors confirm that they have complied with the above requirements in preparing the financial statements

The directors are responsible for keeping proper accounting records that disclose with reasonable accuracy at any time the financial position of the company and 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

By order of the Board

C Keaney
Director

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INDEPENDENT AUDITORS' REPORT TO THE MEMBERS OF CIT VENDOR FINANCE (UK) LIMITED

We have audited the financial statements of CIT Vendor Finance (UK) Limited for the year ended 31 December 2008 which comprise the Profit and Loss Account, the Balance Sheet and the related notes These financial statements have been prepared under the accounting policies set out therein

Respective responsibilities of directors and auditors
The directors' responsibilities for preparing the financial statements in accordance with applicable law and United Kingdom Accounting Standards (United Kingdom Generally Accepted Accounting Practice) 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) This report, including the opinion, has been prepared for and only for the company's members as a body in accordance with Section 235 of the Companies Act 1985 and for no other purpose We do not, in giving this opinion, accept or assume responsibility for any other purpose or to any other person to whom this report is shown or into whose hands it may come save where expressly agreed by our prior consent in writing

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 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

PRICEWATERHOUSECOOPERS

INDEPENDENT AUDITORS' REPORT TO THE MEMBERS OF CIT VENDOR FINANCE (UK) LIMITED - continued

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 judgments 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, in accordance with United Kingdom Generally Accepted Accounting Practice, of the state of the company's affairs as at 31 December 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

PricewaterhouseCoopers
PricewaterhouseCoopers
Chartered Accountants and Registered Auditors
Dublin

31 May 2010

CIT Vendor Finance (UK) Ltd

FINANCIAL STATEMENTS

PROFIT AND LOSS ACCOUNT
For the year ended 31 December 2008

	Note	2008 £000's	2007 £000's
Turnover	2	**73,830**	77,948
Cost of sales	5	**(42,482)**	(46,660)
Gross Profit		**31,348**	31,288
Administrative costs	3	**(17,497)**	(15,678)
Depreciation	9	**(25,903)**	(24,557)
Exceptional items	4	**-**	1,172
Operating loss		**(12,052)**	(7,775)
Write down on investment	10(b)	**(11,721)**	(36,488)
Write down of intangible assets	11	**-**	(16,869)
Interest receivable and similar income		**61**	74
Exchange (loss)/gain		**(3,476)**	83
Loss on ordinary activities before taxation		**(27,188)**	(60,975)
Tax credit / (charge) on loss on ordinary activities	8	**1,806**	(18,531)
Loss on ordinary activities after taxation		**(25,382)**	(79,506)

The company has no recognised gains or losses other than the loss for the financial year, which is reported in the profit and loss account

There is no material difference between the profit on ordinary activities before taxation and the loss for the financial year stated above and their historical cost equivalents

All losses related to continuing operations

The notes on pages 11 to 22 form part of these financial statements

CIT Vendor Finance (UK) Ltd

FINANCIAL STATEMENTS

BALANCE SHEET
As at 31 December 2008

	Note	2008 £ 000's	2008 £ 000's	2007 £ 000's	2007 £ 000's
Fixed assets					
Tangible fixed assets	9	**67,057**		82,600	
Investments in subsidiaries	10(a)	**17,578**		29,416	
Intangible fixed asset	11	-		-	
			84,635		112,016
Current assets					
Cash at bank		**11,142**		12,900	
Debtors due within one year	12	**196,545**		183,724	
Debtors Due after one year	12	**482,528**		619,946	
Deferred Tax	14	-		-	
		690,215		816,570	
Creditors Amounts falling due within one year	15(a)	**(308,023)**		(830,736)	
Net current assets/(liabilities)			**382,192**		(14,166)
Total assets less current liabilities			**466,827**		97,850
Creditors amounts falling due after more than one year	15(b)		**(396,583)**		-
Provisions for liabilities and charges	16		**(2,736)**		(4,960)
			67,508		92,890
Capital and reserves					
Called up share capital	17		**148,032**		148,032
Share premium reserve	19		**50,000**		50,000
Profit and loss account	19		**(130,524)**		(105,142)
	18		**67,508**		92,890

The notes on pages 11 to 22 form part of these financial statements
Approved by the Directors on 31 May 2010 and signed on their behalf by

Colin Keaney
Director

NOTES TO THE FINANCIAL STATEMENTS

1 Principal accounting policies

The accounting policies which have been applied consistently throughout the current year and the preceding year are set out below

a) Accounting convention and basis of preparation

The accounts have been prepared under the historical cost convention and in accordance with applicable Accounting Standards, in force in the United Kingdom (collectively "UK GAAP") at 31 December 2008 and the Statement of Recommended Accounting Practice "Accounting issues in the asset finance and leasing industry"

The Company is a wholly owned subsidiary of CIT Group Inc ("the Parent") which is incorporated in the United States of America The Company and its subsidiaries are included in the audited consolidated financial statements of CIT Group Inc for the year ended 31 December 2008 which were drawn up in a manner equivalent to financial statements drawn up in accordance with the EU Seventh Directive Consequently, the Company is exempt from preparing and delivering to Companies House group financial statements, and these financial statements present information about it as an individual company and not about its group

Going concern

As set out in Note 24, the Parent had been significantly impacted by the ongoing market credit and liquidity crisis On 10 December 2009, the Parent emerged from bankruptcy and became a new reporting entity for financial reporting purposes The Parent's restructuring plan is ongoing and until it is completed it is uncertain what impact it will have on the Company

The Company is exposed to risks associated with the Parent's circumstances through its reliance on the Parent for Masternote funding and its intercompany receivable due from CIT Group Finance Ireland, an Irish company The Company also manages its liquidity risk via its rental payment streams and through its ability to access the Vendor Finance European operations ("VFE") intragroup funding

Masternotes due to the Parent have scheduled repayment dates The directors are satisfied that the Parent cannot request early redemption of the Masternotes, nor has the Parent done so to date

Cash flow projections have been prepared at a VFE level (the European operations of which the Company is part) as the Company's management manages cash at this level and also at the Company level The VFE forecast shows a surplus cash position, and a surplus is also forecast for the Company A key factor in the VFE forecast is the timing of the repayment of the US$805 million investment funding provided by the Parent to the VFE operations The repayment date of this funding has been spread over the next number of years, with US$108m due in October 2010 and the remainder due up to October 2013

The directors have also assessed the tax, legal and regulatory restrictions on making the VFE cash surplus available to the Company and other entities within the VFE operations The directors are satisfied that there are no material restrictions that would prevent sufficient cash to ensure the Company s liquidity being transferred from other VFE entities to the Company if required and appropriate intra-group funding covenants are being put in place

Taking into account the points noted above, and the confirmation of continuing support for the Company received from its Parent, the directors have concluded that the going concern basis of preparation is appropriate

b) Turnover

Turnover which is derived entirely from activities in the United Kingdom comprises of finance income recognised in the period in respect of finance leases, hire purchase contracts and rental receivable on operating lease contracts It also includes income in respect of early terminations of such types of contracts, gain / losses made on sale of equipment and renewal income

c) Finance and operating leases

Operating leases
Where the Company leases out equipment for less than its expected useful life or does not transfer substantially all the risks and rewards of ownership, the lease is accounted for as an operating lease Rental income is taken to the profit and loss account, and the cost of equipment is recorded as a fixed asset and depreciated in accordance with the policy stated in (h) below

Finance leases
Where the Company leases out equipment and there is a transfer of substantially all of the risks and rewards of ownership to the lessee, the lease is accounted for as a finance lease, and the net investment is included in current assets Income from finance leases is credited to the profit and loss account on a basis that produces a constant periodic rate of return on the outstanding net investment

Amounts due from lessees on Finance Leases are stated at the total of the minimum lease payments plus residual value less rentals received to date and less finance income allocated to future periods

Obligations under lease agreements
Assets leased under finance leases are capitalised and depreciated as described in note 1(h) Finance charges are allocated to accounting periods using the sum of the digits method so as to produce a constant periodic rate of interest on the remaining balance of the obligation for each accounting period

d) Residual values

Residual value exposure occurs due to the uncertain nature of the value of an asset at the end of an agreement Throughout the life of an asset its residual value will fluctuate because of the uncertainty of the future market and technological changes or product enhancements as well as general economic conditions Residual values are set at the commencement of the lease based upon management's expectations of future values During the course of the lease, residual values are reviewed on an annual basis so as to identify any impairment provision required This monitoring takes account of the Company's past history for residual values, current values and projections of the likely future market for each group of assets

Any permanent impairment in the residual value of an asset is identified within such reviews and charged immediately to the profit and loss account

e) Initiation costs

The Company s policy with respect to initiation costs is to write all such costs to the profit and loss account immediately

f) Interest income and expense

All income and expense is recognised on an accruals basis so as to match costs incurred with revenues earned irrespective of when payments are made or received

g) Bad debt provisions

Advances are stated in the balance sheet after deduction of specific provisions for bad and doubtful debts Specific provisions are made as a result of a detailed appraisal of risk assets

h) Tangible fixed assets and depreciation

Depreciation is provided by the Company to write tangible fixed assets down to their estimated residual value as follows

Leasehold premises	Straight line over period of lease
Fixtures computers and equipment	Straight line over 4 years
Assets held for use in operating leases	Actuarial over term of lease contract

i) Taxation

UK Corporation tax is provided on taxable profits/(losses) at the current tax rate

Deferred tax is provided on timing differences that have originated but not reversed at the balance sheet date where transactions or events that result in an obligation to pay more tax in the future or a right to pay less tax in the future have occurred at the balance sheet date

Timing differences are temporary differences between profits as computed for tax purposes and profits as stated in the financial statements which arise because certain items of income and expenditure in the financial statements are dealt with in different years for tax purposes

Deferred tax is measured at the tax rates that are expected to apply in the years in which the timing differences are expected to reverse based on tax rates and laws that have been enacted or substantively enacted by the balance sheet date Deferred tax is not discounted

j) Pension costs

The Company participates in a defined contribution pension schemes for employees in the UK, and the scheme is accounted for as such

k) Foreign currencies

Monetary assets and liabilities denominated in foreign currencies are translated into sterling at the exchange rates ruling at the balance sheet date Transactions in foreign currency are translated into sterling at the exchange rate ruling at the date of the transaction or at average monthly rates where these are a close approximation of these rates Any foreign exchange differences arising in the period are taken to the profit and loss account

l) Cash flow statement

As the Company is a wholly owned subsidiary of the CIT Group, Inc , and the cash flows of the Company are included in the consolidated group cash flow statement of the CIT Group, Inc , the Company has taken advantage of the exemption in FRS I "Cash flow Statements" (revised 1996)

m) Investments and related acquisition expenses

The carrying values of the investment in subsidiary undertakings are reviewed for impairment on an annual basis To the extent the carrying value is considered to be less than the recoverable amount an impairment charge is reflected in the profit and loss account

Acquisition expenses are treated as part of the cost of acquisition and include incremental costs such as professional fees paid to merchant banks, accountants, legal advisers, values and other consultants Such expenses exclude any other costs, or allocation of costs, that would still have been incurred had the acquisition not been entered into

CIT Vendor Finance (UK) Ltd

NOTES TO THE FINANCIAL STATEMENTS (continued)

2. Turnover

Turnover includes the following

	2008 £ 000's	2007 £ 000's
Finance lease income	**41,165**	40,612
Operating lease income	**31,509**	29,556
Loans/hire purchase income	**6,923**	7,913
Gain and loss on disposals	**6,722**	4,436
Other fees	**3,492**	2,814
Change in bad debt provision	**(11,841)**	(4,135)
Credit losses (charged net of recoveries)	**(4,140)**	(3,248)
	73,830	77,948

3 Administrative costs

Administrative costs in the period include	2008 £ 000's	2007 £ 000's
European shared service centre fee (operations costs)	**11,654**	4,715
Corporate recharges of central cost (professional costs)	**1,884**	1,799
Professional fees (legal fees, audit fees, consulting fees)	**134**	1,009
Staff costs (Note 7)	**3,792**	5,971
Other (including mkt, occupancy, maintenance, utilities)	**33**	2,184
	17,497	15,678

Directors' remuneration is fully borne by other entities in the group

Group leasing administration service fees arise as a result of a service agreement with CIT Group Finance (Ireland) ("CGFI") CGFI, as the European Shared Services Centre, provides administration services to the company but does not own the underlying assets

The Company bears all of its own direct administrative expenses The Company has no direct employees, but shares these functions with its immediate parent company, for which a recharge is incurred

The increase in administrative expenses incurred in the current year is driven mainly by an increase in the operations costs, as a result of the review of transfer pricing charges from CIT Group Finance (Ireland)

4 Exceptional items

	2008 £ 000's	2007 £ 000's
Write-offs of intercompany balances	**-**	1,172
	-	1,172

NOTES TO THE FINANCIAL STATEMENTS (continued)

5. Cost of Sales

Cost of sales includes interest payable

	2008 £ 000's	2007 £ 000's
To group undertakings (for interest on intercompany loans)	**42,802**	45,227
On bank loans and overdrafts	**166**	419
Finance charges under finance leases	**1**	2
Microsoft operating expenses and origination fees	**(487)**	1,012
	42,482	46,660

6. Profit on ordinary activities before taxation

Profit on ordinary activities before taxation is stated after charging	2008 £ 000's	2007 £ 000's
Auditors remuneration	**67**	150
Staff costs (see note 7)	**3,792**	5,971
Depreciation		
- Operating Leases	**25,884**	24,527
- Other tangible fixed assets	**19**	30

7 Staff numbers and costs

The average number of people employed by the Company (including directors) during the period was nil (2007 nil), the Company transferred its employees to the payroll books of fellow subsidiary CIT Group UK Ltd, the latter being the company designated to manage payroll records and group tax arrangements for all the UK subsidiaries of CIT Group Inc

The aggregate payroll costs as allocated by CIT Group UK Ltd on the basis of cost centres / product codes related to CIT Vendor Finance (UK) Ltd were as follows

	2008 £ 000's	2007 £ 000's
Wages & salaries	**2,257**	3,654
Social security	**281**	479
Other pension costs	**183**	242
Other benefits and sales incentives	**1,071**	1,596
	3,792	5,971

The total pension cost, paid on behalf of the Company by fellow subsidiary CIT Group UK Ltd was £183,277 (2007 £242,537)

During 2008, the Company has participated in the CIT Pension Plan, a funded plan which provides defined contribution benefits The assets of the scheme are held separately from those of the company in an independently administered fund The pension cost charge represents contributions payable by the company to the fund The company made all required contributions to the fund during the period

CIT Vendor Finance (UK) Ltd

NOTES TO THE FINANCIAL STATEMENTS (continued)

8 Taxation

a Analysis of the tax charge in the year	**2008**	2007
	£ 000's	£ 000's
Current tax		
UK corporation tax on (loss) / profit of the periods		-
Adjustment in respect of previous periods	(1,806)	204
Total current tax	(1,806)	204
Deferred tax		
Origination and reversal of timing differences		-
Adjustments in respect of previous periods	-	17,109
Adjustments to change in rate	-	1,218
Total deferred tax	-	18,327
Tax on profit / (loss) on ordinary activities	(1,806)	18,531

b Factors affecting tax charge for the period	**2008**	2007
	£ 000's	£ 000's
Profit on ordinary activities before tax	(27,188)	(60,975)
Profit on ordinary activities multiplied by the standard rate of corporation tax in the UK of 28% (2007 30%)	(7,613)	(17,073)
Effects of		
Capital allowances and other sundry timing differences	(37,133)	(47,771)
Capital element of finance lease income	46,699	41,711
Other short term timing differences	3,315	2,582
Expenses not deductible for tax purposes	5,583	10,272
Losses carried forward	(10,040)	10,279
Losses claimed as group relief	(811)	
Adjustment to tax charge in relation to previous periods	(1,806)	204
Current tax charge for period (note 9a)	(1,806)	204

NOTES TO THE FINANCIAL STATEMENTS (continued)

9 Tangible fixed assets

	Leasehold property £ 000's	Office equipment £ 000's	Eqmt for Op leases £ 000's	Total £ 000's
Cost				
At 1 January 2008	66	1,971	142,236	144,273
Additions	-	-	15,189	15,189
Disposals	-	-	(25,116)	(25,116)
At 31 December 2008	66	1,971	132,309	134,346
Depreciation				
At 1 January 2008	46	1,917	59,710	61,673
Charge for the period	5	14	25,884	25,903
Disposals	-	-	(20,287)	(20,287)
At 31 December 2008	51	1,931	65,307	67,289
Net Book Value				
At 31 December 2008	15	40	67,002	67,057
At 1 January 2008	20	54	82,526	82,600

The residual values included within the cost of equipment used for operating leases mature as set out in the following table

	2008 £'000	2007 £'000
Less than 1 year	**10,163**	10,146
1 - 2 years	**7,379**	5,752
2 - 3 years	**5,145**	7,264
3 - 5 years	**4,768**	7,124
Over 5 years	**1,071**	1,405
Total	**28,526**	31,691

10(a) Investments in subsidiaries

The Company's investments in the share capital of subsidiary undertakings comprised

	2008 £'000	2007 £'000
At 1 January	**29,416**	21,764
Additions	**-**	44,140
Provisions for diminution in value	**(11,721)**	(36,488)
Adjustment to investment value	**(117)**	-
At 31 December	**17,578**	29,416

The addition in 2007 related to the acquisition of the entirety of the share capital of CIT Equipment Finance UK (Net assets acquired £10 5m, premium paid on acquisition £33 6m)

The provision for diminution in value of £11 7m (2007 £36 5m) includes an impairment of £6 8m (2007 £1 6m) to the investment in CIT Commercial UK Ltd, and an impairment of £4 9m (2007 £34 8m) in relation to CIT Equipment Finance UK

Details of the principal subsidiary undertakings held at 31 December 2008 are as follows

NOTES TO THE FINANCIAL STATEMENTS (continued)

Name	Country of Incorporation	Nature of business	% holding in ordinary share capital
CIT Asset Finance Limited	England	Lease finance	100%
CIT Commercial (UK) Ltd	England	Lease finance	100%
CIT Equipment Finance (UK) Ltd	England	Lease finance	100%

10(b) Gain (loss) on disposal / Write down on investment

	2008 £'000	2007 £'000
Gain on disposals of investment	-	-
Impairment on investment	(11,721)	(36,488)
	(11,721)	(36,488)

11 Intangible assets

	2008 £'000	2007 £'000
At 1 January	-	469
Additions*	-	16,401
Provisions for diminution in value	-	(16,869)
At 1 January	-	-

*The addition in 2007 related to the acquisition of a portfolio of operating and finance lease contracts from Barclays Mercantile Business Finance

12. Debtors

	2008 £'000	2007 £'000
Amounts falling due within one year.		
Trade debtors	49,812	48,892
Finance lease receivables	45,386	43,083
Hire purchase lease receivables	8,429	7,370
Amounts due from Third Party Vendor	70,737	-
Specific bad debts provision	(24,248)	(12,407)
Other creditors/provisions	-	(6)
Amounts owed by parent undertakings – others	45,474	96,696
Other debtors	460	59
Prepayments and accrued income	495	37
	196,545	183,724

	2008 £'000	2007 £'000
Amounts falling due after more than one year:		
Net investment in finance leases	424,369	489,072
Net investment in hire purchase leases	58,159	130,874
	482,528	619,946
Net investment in Hire Purchase/ Finance Leases		
Total minimum lease payments receivable	629,055	773,262
Less Finance charges allocated to future periods	(92,712)	(102,863)
	536,343	670,399

During the course of the year, there was a change in a program agreement with a third party vendor, as a result of which £121 5m of the related receivables were derecognized from the balance sheet of the Company

CIT Vendor Finance (UK) Ltd

NOTES TO THE FINANCIAL STATEMENTS (continued)

13. Provision for bad and doubtful debt

Provision against specific debts	2008 £'000	2007 £ 000
1 January	**12,407**	5,669
Increase during year charged to profit and loss	**11,841**	4,135
Provision assumed on acquisition	**-**	2,603
31 December	**24,248**	12,407

14 Deferred tax asset/(liability)

The deferred tax assets are as follows	2008 £ 000's	2007 £ 000's
- capital allowances	-	-
- short-term timing differences	-	-

Deferred taxation assets / (liabilities) recognised in the accounts and the assets / (liabilities) not recognised are as follows

	2008 Provided £'000's	2008 Unprovided £'000's	2007 Provided £'000's	2007 Unprovided £'000's
At 1 January	-	23,855	18,327	-
(Released) / arising relating to the current year	-	2,841	-	6,804
(Released) / arising during the prior year	-	(606)	(17,109)	17,051
Adjustment due to change in rate			(1,218)	
	-	26,090	-	23,855

The amount of the unprovided deferred tax asset at the balance sheet date in respect of all timing differences is £26 1m (2007 nil) using a rate of 28%

In 2007, the Directors, based on the recent adverse changes of global economic conditions and the consequent downgrade of the level of future profits expectations, had decided to write off the DTA carryforward balance

15(a). Creditors. amounts falling due within one year

	2008 £ 000's	2007 £ 000's
Trade creditors	**(74,374)**	(27,384)
Amounts owed to non parent undertaking - other	**(22,442)**	(20,922)
Amounts owed to parent undertaking	**(172,833)**	(729,056)
Amounts owed to Third Party Vendor	**-**	(11,232)
Corporation tax payable	**20**	(1,795)
Other creditors including taxation and social security	**(33,414)**	(32,037)
Accruals and deferred income	**(4,980)**	(8,310)
	(308,023)	(830,736)

CIT Vendor Finance (UK) Ltd

NOTES TO THE FINANCIAL STATEMENTS (continued)

15(b) Creditors amounts falling after one year

	2008 £ 000's	2007 £ 000's
Amounts owed to parent undertaking	(396,583)	-
	(396,583)	-

16 Provisions for liabilities and charges

	2008 £ 000's	2007 £ 000's
At beginning of year	(4,960)	(4,126)
Amounts transferred to intercompany liabilities	217	-
Charge to the profit and loss for the year	2,007	(834)
At end of year	(2,736)	(4,960)

Included above is a provision for the amount of £1 4m (2007 £2 1m) in respect of the future rent payable on the lease of the property that was vacated in 2004, after CIT Group Inc acquisition of the Company from Citigroup

17. Called up share capital

	2008	2007
Authorised		
Ordinary Shares of £1 each	350,000,000	350,000,000
Allotted, called up and fully paid		
Ordinary Shares of £1 each	148,032,330	148,032,330

18 Reconciliation of movements in equity shareholders' funds

	2008 £ 000's	2007 £ 000's
Loss for the financial year	(25,382)	(79,506)
New share capital subscribed	-	117,754
Net deduction to shareholders' fund	(25,382)	38,248
Opening shareholders' funds	92,890	54,642
Closing Shareholders' funds	67,508	92,890

19. Reserves

	Share premium reserve £ 000's	Profit and loss account £ 000's	Total £ 000's
At 1 January 2008	50,000	(105,142)	(55,142)
Loss for year	-	(25,382)	(25,382)
At 31 December 2008	**50,000**	**(130,524)**	**(80,524)**

20 Contingent liabilities and commitments

20(a) – Contingent liabilities

The Company has received a legal claim from a third party, the maximum exposure is £1 7m Initial correspondence has been exchanged between the Company and the third party during 2009 No further communication has been received, nor action taken, up to the date of approval of these financial statements The directors are satisfied that no provision is required in the financial statements

20(b) – Commitments

	Land and buildings 2008 £ 000's	Total 2007 £ 000's
At the year-end, the annual rental commitments under non-cancellable operating leases were as follows		
Expiring		
- within one year		
- between one and five years	594	594
- in five years or more		
Total as at December 2008	594	594
Total as at December 2007	594	594

21 Related party transactions

The company has availed of the exemption under FRS 8 Related party disclosures , not to disclose details of all transactions with group companies Details of the availability of the group financial statements are given in note 17

22. Ultimate holding company and parent undertaking of larger group of which the company is a member

The parent undertaking of the smallest group of undertakings for which financial statements are drawn up, and of which the company is a member, and the immediate controlling party, is CIT Group

Holdings (UK) Limited, a company incorporated in England and Wales Copies of its financial statements are available from Circa 2A High St, Bracknell, Berkshire RG12 1AA

The parent undertaking of the largest group of undertakings for which group financial statements are drawn up, and of which the company is a member, is the CIT Group Inc , a company incorporated in the United States of America Copies of its financial statements are available from 1211 Avenue of the Americas, New York, NY 10036, United States of America

23 Subsequent events

On November 1, 2009, CIT Group Inc ("Predecessor CIT") and CIT Group Funding Company of Delaware LLC ("Delaware Funding" and together with Predecessor CIT, the "Debtors") filed voluntary petitions for relief under Chapter 11 of the U S Bankruptcy Code (the "Bankruptcy Code") in the United States Bankruptcy Court for the Southern District of New York (the "Court") As a result of the Debtors' emergence from bankruptcy and implementation of the Modified Second Amended Prepackaged Reorganization Plan of Debtors (the "Plan") on December 10, 2009 (the "Emergence Date"), CIT Group Inc ('Successor CIT") became a new reporting entity for financial reporting purposes, with a new basis in its identifiable assets and liabilities assumed, a new capital structure and no retained earnings or accumulated losses

24 Comparative figures

Where necessary comparative figures have been adjusted to conform with changes in presentation in current year The significant change to the presentation of the 2008 financial statements for the Company when compared to the 2007 financial statements is the reclassification of certain items within both the profit and loss and the balance sheet

The following areas were affected

- In the Profit and loss account, credit losses have been reclassified from administrative expenses in prior year to turnover in current year, resulting in an increase of both comparative items by £8 3m
- In the Balance sheet, a rationalisation of other debtors and creditors accounts has led to a reclassification from creditors within one year in prior year to trade debtors in current year, resulting in a increase of both comparative items by £25 8m

25 Approval of financial statements

The financial statements were approved by the directors on 31 May 2010