

**Lombard IT Vendor Finance Limited**

Directors' report and financial  
statements

31 December 2004

Registered Number 3660593



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## Directors' report

The directors present their annual report and the audited financial statements for the year ended 31 December 2004.

### Change of control

On 1 December 2004 the control of the company changed from The Royal Bank of Scotland Group plc and GATX Corporation to The Royal Bank of Scotland Group plc. The company is now wholly controlled by The Royal Bank of Scotland Group plc.

### Principal activities and business review

The company manages certain information technology finance arrangements, including billing and collection activities, for certain funders with whom the company placed business.

### Financial results and proposed dividend

The results for the year are set out in the profit and loss account on page 5.

The directors approved an interim dividend of £8,678 on 1 December 2004 but do not recommend the payment of a final dividend (2003: *£nil*).

### Directors and directors' interests

The directors who held office during the year and those appointed post year end were as follows:

P A Lynam	(Chairman)	(appointed 1 November 2004)
P Marrow	(Chairman)	(appointed 1 March 2004, resigned 31 October 2004)
C P Sullivan	(Chairman)	(resigned 29 February 2004)
R D Brodie		(resigned 29 February 2004)
N T J Clibbens		
E A Flint		(appointed 5 May 2004, resigned 1 December 2004)
C F Glenn		(resigned 1 December 2004)
T K McGreal		(resigned 1 December 2004)
I C McVicar		
N Pearce		(appointed 1 March 2004, resigned 5 May 2004)
B A Shipman		(resigned 1 December 2004)

No director who held office at the end of the financial year had any disclosable interests in the shares of the company.

According to the register of directors' interests, no rights to subscribe for shares in or debentures of the company were granted to any of the directors or their immediate families, or exercised by them, during the financial year.

## Directors' report (continued)

### Directors and directors' interests (continued)

According to the register kept by the company, the interests of the directors at the start and end of the year in the shares of The Royal Bank of Scotland Group plc group undertakings were as follows:

	Ordinary shares of £0.25 each in The Royal Bank of Scotland Group plc As at 1 January 2004 (or at appointment)	Ordinary shares of £0.25 each in The Royal Bank of Scotland Group plc As at 31 December 2004
	No.	No.
P A Lynam	2,415	2,431
N T J Clibbens	4,519	5,192

According to the register kept by the company, the rights of the directors to subscribe for ordinary shares of £0.25 each in The Royal Bank of Scotland Group plc granted to or exercised by the directors during the financial year (or after appointment) are shown below:

	Granted	Exercised
	No.	No.
N T J Clibbens	3,581	8,637

### Political and charitable contributions

The company made no charitable or political contributions during the year (2003: £nil).

By order of the board



N T J Clibbens  
Director

22nd August 2005

3 Princess Way  
Redhill  
Surrey  
RH1 1NP

## **Statement of directors' responsibilities**

Company law requires the directors to prepare financial statements for each financial year which give a true and fair view of the state of affairs of the company and of the profit or loss for that period. In preparing those financial statements, the directors are required to:

- select suitable accounting policies and then apply them consistently;
- make judgements and estimates that are reasonable and prudent;
- state whether applicable accounting standards have been followed, subject to any material departures disclosed and explained in the financial statements; and
- prepare the financial statements on the going concern basis unless it is inappropriate to 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 financial statements comply with the Companies Act 1985. They have general responsibility for taking such steps as are reasonably open to them to safeguard the assets of the company and to prevent and detect fraud and other irregularities.



## KPMG Audit Plc

Aquis Court  
31 Fishpool Street  
St Albans  
Herts  
AL3 4RF

### **Report of the independent auditors to the members of Lombard IT Vendor Finance Limited**

We have audited the financial statements on pages 5 to 10.

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 auditor's 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 are responsible for preparing the directors' report and, as described on page 3, the financial statements in accordance with applicable United Kingdom law and accounting standards. Our responsibilities, as independent auditors, are established in the United Kingdom by statute, the Auditing Practices Board and by our profession's ethical guidance.

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 if, in our opinion, the directors' report is not consistent with the financial statements, if the company has not kept proper accounting records, if we have not received all the information and explanations we require for our audit, or if information specified by law regarding directors' remuneration and transactions with the company is not disclosed.

#### **Basis of opinion**

We conducted our audit in accordance with Auditing Standards 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 company's circumstances, consistently applied and adequately disclosed.

We planned and performed our audit so as to obtain all the information and explanations which we considered necessary in order to provide us with sufficient evidence to give reasonable assurance that the financial statements are free from material misstatement, whether caused by fraud or other irregularity or error. In forming our opinion we also evaluated the overall adequacy of the presentation of information in the financial statements.

#### **Opinion**

In our opinion the financial statements give a true and fair view of the state of the company's affairs as at 31 December 2004 and of its result for the year then ended and have been properly prepared in accordance with the Companies Act 1985.

*KPMG Audit Plc*

*6 September 2005*

**KPMG Audit Plc**  
*Chartered Accountants*  
*Registered Auditor*

**Profit and loss account**  
*for the year ended 31 December 2004*

	<i>Note</i>	<b>2004</b> <b>£000</b>	<b>2003</b> <b>£000</b>
Turnover		-	-
Other operating charges		-	-
		<hr/>	<hr/>
<b>Operating profit</b>		-	-
Interest receivable and similar income		-	-
		<hr/>	<hr/>
<b>Profit on ordinary activities before taxation</b>	<i>2</i>	-	-
Tax on profit on ordinary activities	<i>5</i>	-	-
		<hr/>	<hr/>
<b>Profit for the financial year</b>		-	-
Dividend paid	<i>6</i>	(9)	-
		<hr/>	<hr/>
<b>Retained loss for the year</b>	<i>10</i>	(9)	-
<b>Retained profit brought forward</b>		9	9
		<hr/>	<hr/>
<b>Retained profit carried forward</b>		-	9
		<hr/>	<hr/>

There are no recognised gains or losses in the current or preceding year other than those included within the profit and loss account and therefore no Statement of Total Recognised Gains and Losses has been presented.

The results for the current and preceding years are wholly derived from continuing operations.

**Balance sheet**  
 at 31 December 2004

	<i>Note</i>	<b>2004</b> <b>£000</b>	<b>2003</b> <b>£000</b>
<b>Current assets</b>			
Debtors	7	352	936
Cash at bank and in hand		137	479
		<hr/>	<hr/>
		489	1,415
<b>Creditors: amounts falling due within one year</b>	8	(464)	(1,381)
		<hr/>	<hr/>
<b>Net assets</b>		25	34
		<hr/>	<hr/>
<b>Capital and reserves</b>			
Called up share capital	9	25	25
Profit and loss account	10	-	9
		<hr/>	<hr/>
<b>Equity shareholders' funds</b>	11	25	34
		<hr/>	<hr/>

These financial statements were approved by the board of directors on 12th August 2005 and were signed on its behalf by:



**N T J Clibbens**  
 Director



**I C McVicar**  
 Director



## **Notes**

*(forming part of the financial statements)*

### **1 Accounting policies**

The following accounting policies have been applied consistently in dealing with items which are considered material in relation to the company's financial statements.

#### ***Basis of preparation***

The financial statements have been prepared in accordance with applicable accounting standards and under the historical cost accounting rules and in accordance with the FLA SORP.

Under FRS 1, the company is exempt from the requirement to prepare a cash flow statement on the grounds that a parent undertaking includes the company in its own published consolidated financial statements.

#### ***Taxation***

The charge for taxation is based on the result for the year and takes into account taxation deferred because of timing differences between the treatment of certain items for taxation and accounting purposes. Deferred tax is recognised without discounting in respect of all timing differences between the treatment of certain items for taxation and accounting purposes which have arisen but not reversed by the balance sheet date, except as otherwise required by FRS 19.

### **2 Profit on ordinary activities before taxation**

The auditors' remuneration has been borne by a fellow group undertaking.

### **3 Remuneration of directors**

None of the directors received any remuneration for their services to this company.

### **4 Staff numbers and costs**

No staff were employed by the company in the current or preceding year.

## Notes (continued)

### 5 Taxation

	2004 £000	2003 £000
Analysis of charge in year		
<i>UK corporation tax</i>		
Current tax on profit for the year	-	-
	<hr/>	<hr/>
Tax on profit on ordinary activities	-	-
	<hr/>	<hr/>

#### *Factors affecting the tax charge for the current year*

The current tax charge for the period is the same as (2003: *same as*) the standard rate of corporation tax in the UK (30%, 2003: 30%). Therefore no tax reconciliation has been presented.

Deferred tax is recognised in respect of all timing differences that have originated but not reversed by the balance sheet date provided that, in the case of deferred tax assets, they are regarded as recoverable. There are no such timing differences at 31 December 2004 or 31 December 2003.

### 6 Dividend

	2004 £000	2003 £000
Equity shares: Interim dividend paid	9	-
	<hr/>	<hr/>

### 7 Debtors

	2004 £000	2003 £000
Trade debtors	352	933
Amounts owed by group undertakings	-	3
	<hr/>	<hr/>
	352	936
	<hr/>	<hr/>

**Notes** *(continued)*

**8 Creditors: amounts falling due within one year**

	2004 £000	2003 £000
Amounts owed to group undertakings	364	1,223
Other creditors	40	98
Accruals and deferred income	60	60
	<u>464</u>	<u>1,381</u>

**9 Called up share capital**

	2004 £000	2003 £000
<i>Authorised</i>		
Equity: 50,000 ordinary shares of £1 each	50	50
	<u>50</u>	<u>50</u>
<i>Allotted, called up and fully paid</i>		
Equity: 25,002 ordinary shares of £1 each	25	25
	<u>25</u>	<u>25</u>

**10 Reserves**

	Profit and loss account £000
At beginning of year	9
Retained loss for the year	(9)
	<u>-</u>
At end of year	<u>-</u>

**11 Reconciliation of movements in shareholders' funds**

	2004 £000	2003 £000
<b>Result for the financial year</b>	-	-
Dividends	(9)	-
	<u>(9)</u>	<u>-</u>
Net reduction in shareholders' funds	(9)	-
Opening shareholders' funds	34	34
	<u>34</u>	<u>34</u>
Closing shareholders' funds	25	34
	<u>25</u>	<u>34</u>

## Notes (continued)

### 12 Commitments

There were no capital commitments or annual commitments under non-cancellable operating leases at the end of the year (2003: £nil).

### 13 Related party transactions

The Royal Bank of Scotland Group plc is the company's ultimate controlling party.

#### Commercial arrangements

Finance agreements introduced to Lombard North Central PLC during the year gave rise to the following disclosable amounts.

	2004 £000	2003 £000
Amounts owed by Lombard North Central PLC	-	3
Amounts owed to Lombard North Central PLC	-	(306)
	<u>          </u>	<u>          </u>

#### Administrative arrangements

Lombard Technology Services Limited provided funding to the Company during the year and at 31 December 2004 the Company owed £364,000 (2003: £888,000).

#### Banking and funding arrangements

The Royal Bank of Scotland Group Plc group undertakings provide loans and banking services which give rise to the following disclosable amounts.

	2004 £000	2003 £000
Cash at bank	137	479
	<u>          </u>	<u>          </u>

### 14 Ultimate parent company and parent undertaking of largest and smallest group in which the company is a member

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 and smallest group into which the company is consolidated is The Royal Bank of Scotland 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, 42 St Andrew Square, Edinburgh, EH2 2YE.