

Lombard IT Vendor Finance Limited

Directors' report and financial statements

Year ended 31 December 2000

Registered Number 3660593



Directors' report

The directors present their report and the audited financial statements for the year ended 31 December 2000.

Principal activities and business review

The company provides and plans to continue providing the customers of vendors of information technology with finance agreements and associated services.

Financial results

The results for the year are set out in the profit and loss account on page 6.

The directors do not recommend the payment of a dividend (1999: *£nil*).

Directors and directors' interests

The directors who held office during the year were as follows:

C P Sullivan	(Chairman)
E R Mihm	(appointed 9 February 2000)
S A Spicer	
C R Morgan	
M J O'Donnell	(resigned 23 April 2001)
P E Lord	
R D Brodie	(appointed 9 February 2000)
J Johnson	(appointed 24 April 2001)

No director had any interest in the shares of the company.

On 29 November 1999 The Royal Bank of Scotland Group plc ('RBSG'), the company's ultimate holding company, announced an offer ('the Offer') to acquire the entire issued ordinary share capital of National Westminster Bank Plc ('NatWest'), the terms of which were increased on 31 January 2000. On 14 February 2000 RBSG announced that the Offer had become unconditional as to acceptances and on 6 March 2000 the Offer was declared unconditional in all respects at which time RBSG acquired control of NatWest.

Directors' report *(continued)*

Directors and directors' interests *(continued)*

According to the register kept by the company, the interests of the directors at the year end in the shares of National Westminster Bank Plc or 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 2000	Ordinary shares of £0.25 each in The Royal Bank of Scotland Group plc As at 31 December 2000
Beneficially owned	No.	No.
C P Sullivan	-	8,279
P E Lord	-	4,996
R D Brodie	-	1,631

As at 31 December 2000 C P Sullivan also held 9,856 Additional Value Shares ('AVS') and 27,023 Floating Rate Unsecured Loan notes 2005 in RBSG.

As at 31 December 2000 P E Lord also held 3,726 Additional Value Shares ('AVS') and 664 Floating Rate Unsecured Loan notes 2005 in RBSG.

As at 31 December 2000 R D Brodie also held 1,333 Additional Value Shares ('AVS').

	Ordinary shares of £1 each in National Westminster Bank Plc As at 1 January 2000	Ordinary shares of £1 each in National Westminster Bank Plc As at 31 December 2000
Beneficially owned	No.	No.
C P Sullivan	6,524	-
P E Lord	4,453	-
R D Brodie	1,746	-

Directors' report *(continued)*

Directors and directors' interests *(continued)*

According to the register of directors' interests, rights to subscribe for ordinary shares of £0.25 each in The Royal Bank of Scotland Group plc and £1 each in National Westminster Bank Plc granted to or exercised by the directors during the financial year are as shown below:

	Granted No.	Exercised No.
Ordinary shares of £0.25 each in The Royal Bank of Scotland Group plc		
C P Sullivan	15,766	10,850
P E Lord	492	873
R D Brodie	8,769	-
Ordinary shares of £1 each in National Westminster Bank Plc		
C P Sullivan	-	5,000
P E Lord	-	-
R D Brodie	-	-

Political and charitable contributions

The company made no charitable or political contributions during the year (1999: nil).

Auditor

The company has passed an elective resolution to dispense with the annual appointment of auditors; accordingly KPMG Audit Plc remain in office.

By order of the board



Derek J Lewis
Secretary

26 April 2001

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;
- 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 auditor to the members of Lombard IT Vendor Finance Limited

We have audited the financial statements on pages 6 to 14.

Respective responsibilities of directors and auditors

The directors are responsible for preparing the directors' report and, as described on page 4, the financial statements in accordance with applicable United Kingdom law and accounting standards. Our responsibilities, as independent auditor, 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. 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 2000 and of its profit for the year then ended and have been properly prepared in accordance with the Companies Act 1985.

KPMG Audit Plc

KPMG Audit Plc

*Chartered Accountants
Registered Auditor*

24 May 2001

Balance sheet
at 31 December 2000

	<i>Note</i>	2000 £000	1999 £000
Current assets			
Debtors	8	1,202	1,140
Cash at bank and in hand		163	42
		<hr/>	<hr/>
		1,365	1,182
Creditors: amounts falling due within one year	9	(1,317)	(1,150)
		<hr/>	<hr/>
Net assets		48	32
		<hr/>	<hr/>
Capital and reserves			
Called up share capital	10	25	25
Profit and loss account	11	23	7
		<hr/>	<hr/>
Equity shareholders' funds	12	48	32
		<hr/>	<hr/>

These financial statements were approved by the board of directors on 26 April 2001 and were signed on its behalf by:



Christopher P Sullivan
Director



Edwin R. Mihm
Director

Cash flow statement

for the year ended 31 December 2000

	Note	2000 £000	1999 £000
Reconciliation of operating profit to net cash flow from operating activities			
Operating profit		32	13
Increase in debtors		(59)	(1,140)
Increase in creditors		244	1,073
Net cash flow from operating activities		217	(54)

Cash flow statement

Cash inflow/(outflow) from operating activities		217	(54)
Returns on investments and servicing of finance	14	(9)	(3)
Taxation		(13)	
Financing	14	-	25
Increase/(decrease) in cash in the period		195	(32)

Reconciliation of net cash flow to movement in net debt

	15		
Increase/(decrease) in cash and net debt in the year		195	(32)

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.

In the current year the Directors have chosen to adopt Financial Reporting Standard No. 19 'Deferred Tax' and recognise the company's deferred tax assets. The effects of this are shown in note 17.

Taxation

The charge for taxation is based on the profit for the year and takes into account taxation deferred because of timing differences between the treatment of certain items for taxation and accounting purposes.

Turnover

Turnover represents the aggregate of revenue (excluding VAT) from finance agreements introduced to finance houses plus amounts (excluding VAT) derived from the provision of services to customers, all of which arises in the United Kingdom and is from continuing activities.

2 Analysis of turnover

	2000 £000	1999 £000
Aggregate fees receivable during the period were as follows:		
Group undertakings	464	115
Other	11	20
	<hr/> 475	<hr/> 135

All turnover and profits before taxation are derived from the provision of finance agreements and associated services to customers of vendors of information technology. All turnover and profits before taxation were generated from transactions in the United Kingdom.

Notes (continued)

3 Profit on ordinary activities before taxation

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

Lombard Network Services Limited provided administrative support for the Company's business during the period for a charge of £432,000 (1999: £74,000).

4 Remuneration of directors

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

	Number of directors	
	2000	1999
Retirement benefits are accruing to the following number of directors under defined benefit schemes	1	1
The number of directors who exercised share options was	2	2
The number of directors in respect of whose services shares were received or receivable under long term incentive schemes was	3	2

5 Staff numbers and costs

No staff were employed by the company.

6 Interest payable and similar charges

	2000	1999
	£000	£000
On bank loans and overdrafts - to group undertaking	9	3

7 Taxation

	2000	1999
	£000	£000
UK corporation tax		
Current tax on income for the period	7	3

Notes (continued)

8 Debtors

	2000 £000	1999 £000
Trade debtors	87	1
Amounts owed by group undertakings	1,112	1,139
Corporation tax	3	-
	<hr/> 1,202	<hr/> 1,140

9 Creditors: amounts falling due within one year

	2000 £000	1999 £000
Bank overdraft – group undertaking	-	74
Trade creditors	-	7
Amounts owed to group undertakings	1,188	953
Taxation and social security	-	57
Other creditors	70	-
Accruals and deferred income	59	59
	<hr/> 1,317	<hr/> 1,150

10 Called up share capital

	2000 £000	1999 £000
<i>Authorised</i>		
Equity: ordinary shares of £1 each	50	50
<i>Allotted, called up and fully paid</i>		
Equity: ordinary shares of £1 each	25	25

11 Profit and loss reserve

	£000
At beginning of year	7
Profit for the financial year	16
	<hr/> 23
At end of year	

Notes (continued)

12 Reconciliation of movements in shareholders' funds

	2000 £000	1999 £000
Profit for the financial year	16	7
New share capital subscribed	-	25
Net addition to shareholders' funds	16	32
Opening shareholders' funds	32	-
Closing shareholders' funds	48	32

13 Commitments

There were no capital commitments or annual commitments under non-cancellable operating leases at the end of the year.

14 Analysis of cash flows

	2000 £000	1999 £000
Returns on investment and servicing of finance		
Interest paid	(9)	(3)
Financing		
Issue of ordinary share capital	-	25

15 Analysis of net debt

	As at 1 January 2000 £000	Cash flow £000	As at 31 December 2000 £000
Cash at bank and in hand	42	121	163
Debt due within one year	(74)	74	-
Total	(32)	195	163

Notes (continued)

16 Related party transactions

Lombard IT Vendor Finance Limited is wholly owned by Lombard GATX Holdings Limited.

Lombard GATX Holdings Limited is the company's controlling party and The Royal Bank of Scotland Group plc is the company's ultimate controlling party.

Commercial arrangements

Finance Agreements have been introduced to Lombard North Central PLC and Lombard Network Services Limited during the period which give rise to the following disclosable amounts.

	2000 £000	1999 £000
Fees receivable from Lombard North Central PLC	33	110
Fees receivable from Lombard Network Services Limited	431	5
Amounts owed by Lombard North Central PLC	1,112	1,139
Amounts owed to Lombard North Central PLC	246	-
Amounts owed to Lombard Network Services Limited	942	953

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.

	2000 £000	1999 £000
Cash at Bank	163	42
Loans and overdrafts at balance sheet date	-	74
Interest and similar charges - payable during the period	9	3

Administrative arrangements

Lombard Network Services Limited provided administrative support for the Company's business during the period for a charge of £432,000 (1999: £87,000).

17 Deferred tax

The directors have opted for the early implementation of Financial Reporting Standard no. 19 'Deferred Tax' ('FRS 19') in these financial statements. As a result 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 2000 and 31 December 1999.

Notes *(continued)*

18 Parent undertaking

The immediate holding company is Lombard GATX Holdings Limited (which is registered in England and Wales), the ultimate parent undertaking being The Royal Bank of Scotland Group plc (which is registered in Scotland).

Copies of the financial statements of Lombard North Central PLC, the smallest group in which the results of the company are consolidated, can be obtained from:

The Secretary, Lombard North Central PLC, 3 Princess Way, Redhill, Surrey, RH1 1NP.

Copies of the financial statements of The Royal Bank of Scotland Group plc, the largest group in which the results of the company are consolidated, can be obtained from:

The Secretary, The Royal Bank of Scotland Group plc, 36 St Andrew Square, Edinburgh, EH2 2YB.