

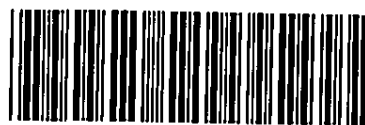
Company Registration No: 03660593

LOMBARD IT VENDOR FINANCE LIMITED

DIRECTORS' REPORT AND FINANCIAL STATEMENTS

31 December 2007

MONDAY



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30/06/2008

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COMPANIES HOUSE

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

LOMBARD IT VENDOR FINANCE LIMITED

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LOMBARD IT VENDOR FINANCE LIMITED

OFFICERS AND PROFESSIONAL ADVISERS

DIRECTORS:

**N T J Clibbens
P A Lynam
I C McVicar**

SECRETARY:

G Wraith-Carter

REGISTERED OFFICE:

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

AUDITORS.

**Deloitte & Touche LLP
St. Albans**

Registered in England and Wales.

LOMBARD IT VENDOR FINANCE LIMITED

DIRECTORS' REPORT

The directors present their report and the audited financial statements for the year ended 31 December 2007

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

Historically the principal activity of the Company was the management of certain information technology finance arrangements, including billing and collection activities, for certain funders with whom the Company placed business. These existing arrangements have now been completed but future business is under consideration.

Review of the year

The result for the year was £Nil (2006 result of £Nil). No dividend was paid during the year (2006 £Nil).

The Company did not trade during the year under review nor the prior year and is not expected to in the foreseeable future.

DIRECTORS AND SECRETARY

The present directors and secretary, who have served throughout the year, are listed on page 1.

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,
- 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.

LOMBARD IT VENDOR FINANCE LIMITED

DIRECTORS' REPORT (Continued)

USE OF FINANCIAL INSTRUMENTS

The Company's financial risk management policies and exposure in relation to the respective risks are detailed in note 9 of the financial statements

DISCLOSURE OF INFORMATION TO AUDITORS

Each of the directors at the date of approval of this report confirms that

- (1) so far as he is aware, there is no relevant audit information of which the Company's Auditors are unaware, and
- (2) the director has taken all the steps that he ought to have taken to make himself 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

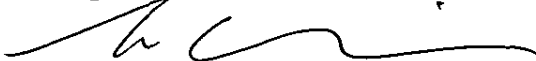
DIRECTORS' INDEMNITIES

In terms of Section 236 of the Companies Act 2006, Mr P A Lynam and Mr I C McVicar have been granted Qualifying Third Party Indemnity Provisions by The Royal Bank of Scotland Group plc

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



N T J Clibbens
Director

26 June 2008

LOMBARD IT VENDOR FINANCE LIMITED

INDEPENDENT AUDITORS' REPORT TO THE MEMBERS OF LOMBARD IT VENDOR FINANCE LIMITED

We have audited the financial statements of Lombard IT Vendor Finance Limited ('the Company') for the year ended 31 December 2007 which comprise the statement of changes in equity, the balance sheet, the cash flow statement and the related notes 1 to 13. 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 the 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

As described in the directors' report, the Company's directors are responsible for the preparation of the financial statements in accordance with applicable United Kingdom law and International Financial Reporting Standards ("IFRS") as adopted for use in the European Union. Our responsibility is to audit the financial statements in accordance with relevant United Kingdom legal and regulatory requirements and International Standards on Auditing (UK and Ireland).

We report to you our opinion as to whether the financial statements give a true and fair view and whether the financial statements have been 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 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 transactions is not disclosed.

We read the Directors' Report for the above year and consider whether it is consistent with the audited financial statements. We consider the implications for our report if we become aware of any apparent misstatements or material inconsistencies with the financial statements. Our responsibilities do not extend to any information outside the Directors' Report.

LOMBARD IT VENDOR FINANCE LIMITED

INDEPENDENT AUDITORS' REPORT TO THE MEMBERS OF LOMBARD IT VENDOR FINANCE 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 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 of the state of the Company's affairs as at 31 December 2007 and of its result for the year then ended in accordance with International Financial Reporting Standards as adopted by the European Union,
- the financial statements have been properly prepared in accordance with the Companies Act 1985, and
- the information given in the Director's Report is consistent with the financial statements.

Deloitte & Touche LLP

**Deloitte & Touche LLP
Chartered Accountants and Registered Auditors
St. Albans
United Kingdom**

27 June 2008

LOMBARD IT VENDOR FINANCE LIMITED

**STATEMENT OF CHANGES IN EQUITY
for the year ended 31 December 2007**

	Share Capital <u>£'000</u>
At 1 January 2006 and 31 December 2006	<u>25</u>
At 1 January 2007 and 31 December 2007	<u>25</u>

The notes on pages 9 to 13 form a part of these financial statements

LOMBARD IT VENDOR FINANCE LIMITED

BALANCE SHEET As at 31 December 2007

	Note	2007 <u>£'000</u>	2006 <u>£'000</u>
Current assets			
Loans and receivables	7	25	25
Total assets		<u>25</u>	<u>25</u>
Equity			
Share capital	8	25	25
Total equity		<u>25</u>	<u>25</u>

The financial statements were approved by the board of directors and authorised for issue on 26 June 2008 and were signed on its behalf by



N T J Clibbens
Director

The notes on pages 9 to 13 form a part of these financial statements

LOMBARD IT VENDOR FINANCE LIMITED

CASH FLOW STATEMENT

For the year ended 31 December 2007

	2007 <u>£'000</u>	2006 <u>£'000</u>
Operating activities		
Operating profit before tax and changes in working capital and provisions	-	-
Decrease in trade and other receivables	-	183
Decrease in trade and other payables	-	(424)
Net cash from operations	<u>-</u>	<u>(241)</u>
Net decrease in cash and cash equivalents	-	(241)
Cash and cash equivalents at 1 January	<u>-</u>	<u>241</u>
Cash and cash equivalents at 31 December	<u>-</u>	<u>-</u>

The notes on pages 9 to 13 form a part of these financial statements

LOMBARD IT VENDOR FINANCE LIMITED

NOTES TO THE FINANCIAL STATEMENTS for the year ended 31 December 2007

1. General Information

Lombard IT Vendor Finance Limited is a company incorporated in Great Britain under the Companies Act 1985. The address of the registered office is on page 1. The nature of the Company's principal activities is set out in the Directors' Report.

2 Adoption of new and revised Standards

In the current year the Company has adopted IFRS 7 *Financial Instruments Disclosures* which is effective for annual reporting periods beginning on or after 1 January 2007 and the related amendment to IAS 1 *Presentation of Financial Statements*. The impact of the adoption of IFRS 7 and the changes to IAS 1 has been to expand the disclosures provided in these financial statements regarding the Company's financial instruments and the management of capital.

Four interpretations issued by the International Financial Reporting Interpretations Committee are effective for the current year. These are IFRIC 7 *Applying the Restatement Approach under IAS 29, Financial Reporting in Hyperinflationary Economies*, IFRIC 8 *Scope of IFRS 2*, IFRIC 9 *Reassessment of Embedded Derivatives*, and IFRIC 10 *Interim Financial Reporting and Impairment*. The adoption of these has not led to any changes in the Company's accounting policies.

At the date of authorisation of these financial statements, the following Standards and Interpretations which have not been applied in these financial statements were in issue but not yet effective: IFRS 8 *Operating Segments*, IFRIC 11 *IFRS2 - Group and Treasury Share Transactions*, IFRIC 12 *Service Concession Arrangements*, IFRIC 13 *Customer loyalty Programmes* and IFRIC 14 *IAS 19 The Limit on a Defined Benefit Asset, Minimum Funding Requirements and their Interaction*. The directors anticipate that the adoption of these standards and Interpretations in future periods will have no material impact on the financial statements of the Company.

3. Accounting policies

a. Accounting Convention

The financial statements have been prepared in accordance with International Financial Reporting Standards adopted by the International Accounting Standards Board (IASB), and interpretations issued by the International Financial Reporting Interpretations Committee of the IASB (together IFRS) as adopted by the European Union.

The financial statements have been prepared upon the basis of historical cost and are presented in accordance with applicable United Kingdom law.

b. Amounts owed by group undertakings

Amounts owed to group undertakings are initially measured at fair value and are subsequently measured at amortised cost using the effective interest rate method.

LOMBARD IT VENDOR FINANCE LIMITED

NOTES TO THE FINANCIAL STATEMENTS (Continued) for the year ended 31 December 2007

4. Income Statement

The Company has not traded during the current or prior year, has received no income and any incidental expenses have been borne by a fellow group undertaking. Consequently it has made neither a profit nor a loss in the current or prior year. An income statement is therefore not presented.

5. Employees

The Company had no employees in the current year (2006: none).

No emoluments were paid to any director by the Company during the year (2006: £nil).

6. Auditors' remuneration

Fees payable to the Company's auditors for the audit of the Company's annual financial statements are £5,000 (2006: £5,000). There was no charge in either the current or prior year's financial statements for auditors' remuneration as the fees were charged in the financial statements of a related undertaking, Lombard Technology Services Limited.

7. Loans and receivables

	2007 <u>£'000</u>	2006 <u>£'000</u>
Current		
Amounts owed from group undertakings	<u>25</u>	<u>25</u>

The amounts owed from group undertakings are repayable on demand and the directors of the Company have waived the right to charge interest on these amounts.

The fair value of the debt is considered not to be materially different from the carrying value in the balance sheet.

8. Share capital

	2007 <u>£'000</u>	2006 <u>£'000</u>
Authorised:		
50,000 (2006: 50,000) ordinary shares of £1 each	<u>50</u>	<u>50</u>
Allotted, called up and fully paid:		
25,002 (2006: 25,002) ordinary shares of £1 each	<u>25</u>	<u>25</u>

NOTES TO THE FINANCIAL STATEMENTS (Continued)
for the year ended 31 December 2007

9. Financial instruments and risk management

Capital risk management

The Company considers its capital to consist of equity attributable to the equity holders of the Company, comprising issued share capital and retained earnings as disclosed in note 8. The Company is a member of the Royal Bank of Scotland group of companies which has regulatory disciplines over the use of its capital. The Company operates controls and policies put in place by the group to ensure that the Company can continue as a going concern and to ensure that the group complies with these regulatory disciplines.

Accounting Policies

Details of the accounting policies and methods adopted, including the criteria for recognition, the basis of measurement and the basis on which income and expenses are recognised, in respect of each class of financial asset and financial liability are disclosed in note 3.

Categories of financial instruments

The only financial asset in the Company is the balance owed by group undertakings which is categorised as being a loan and receivable, as defined in IAS 39.

The Company has no financial liabilities as defined by IAS 39.

Risk Management

The Company uses a comprehensive framework for managing risks established by the Lombard group of companies and the Royal Bank of Scotland group of companies.

The risks associated with the Company's businesses are as follows:

Interest rate risk and sensitivity analysis

Structural interest rate risk arises where assets and liabilities have different repricing maturities.

The Company has no significant interest rate risk as all amounts owed from group undertakings are due primarily on demand and interest has been waived.

Currency risk

The Company has no significant market risk as all balances are denominated in sterling.

NOTES TO THE FINANCIAL STATEMENTS (Continued)
for the year ended 31 December 2007

9. Financial instruments and risk management (continued)

Credit risk

Credit risk is the risk that companies, financial institutions, individuals and other counterparties will be unable to meet their obligations to the Company. Credit risk arises principally from the Company's lending activities.

The Company has no significant credit risk as all loans and receivables are with group undertakings. No amounts owed by group undertakings are past due.

Liquidity Risk

Liquidity risk arises where assets and liabilities have different contractual maturities. The Company manages liquidity risk through applying the established framework put in place within the group.

The company has no significant liquidity risk as it has access to financing facilities and support provided by fellow group companies.

Operational risk

Operational risk is the risk of unexpected losses attributable to human error, systems failures, fraud or inadequate internal financial controls and procedures. The Company manages this risk, in line with the RBS Group framework, through systems and procedures to monitor transactions and positions, the documentation of transactions and periodic review by internal audit. The Company also maintains contingency facilities to support operations in the event of disasters.

10 Contingent liabilities

The Royal Bank of Scotland group has agreed to compensate UK members for any adjustments in respect of UK Transfer Pricing that may arise under paragraph 1A of Schedule 28 AA, Income and Corporation Taxes Act 1988.

11. Post balance sheet events

There have been no significant events between the year end and the approval of these accounts which would require a change to the disclosures in the accounts.

LOMBARD IT VENDOR FINANCE LIMITED

NOTES TO THE FINANCIAL STATEMENTS (Continued) for the year ended 31 December 2007

12. Related parties

The Company's immediate parent and ultimate controlling party are described in note 13

Amounts due from / (to) group undertakings and cash and cash equivalents:

The table below details balances and transactions with group undertakings

	Opening balance £'000	Net receipts/ (payments) £'000	Closing balance £'000
Non banking members of the group			
Lombard Technology Services Limited	25	-	25

The amounts outstanding are unsecured and will be settled in cash. No guarantees have been given or received.

No emoluments were paid to any director by the Company during the year (2006 £nil).
None of the directors had any material interest in any contract of significance in relation to the business of the Company (2006 £nil), (see note 5).
Other than the directors, there are no other personnel that are considered to be key management personnel for the purposes of related party disclosure.

13. 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. Copies of the 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 consolidated financial statements for this subgroup can be obtained from The Royal Bank of Scotland Group plc, Gogarburn, Edinburgh, EH12 1HQ.