

Lombard IT Vendor Finance Limited

Directors' report and financial
statements

31 December 2002

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 2002.

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 7.

The directors do not recommend the payment of a dividend (2001: £nil).

Directors and directors' interests

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

C P Sullivan	(Chairman)
R D Brodie	(appointed 26 July 2002)
E A Flint	
C F Glenn	(appointed 17 February 2003)
T K McGreal	(appointed 24 April 2002)
I C McVicar	(appointed 17 February 2003)
B A Shipman	(appointed 26 July 2002)
R J Verzello	(appointed 26 July 2002, resigned 31 December 2002)
J Johnson	(resigned 24 April 2002)
E R Mihm	(resigned 26 July 2002)
C R Morgan	(resigned 22 July 2002)
S A Spicer	(resigned 17 February 2003)
J D Stuart	(resigned 22 July 2002)

No director had any interest 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 of directors' interests, the interests at the start and end of the year of the directors holding office at the 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 2002 (or at appointment)	Ordinary shares of £0.25 each in The Royal Bank of Scotland Group plc As at 31 December 2002
Beneficially owned	No.	No.
C P Sullivan	1,118	2,149
R D Brodie	2,524	2,544
	Additional value shares of £0.25 each in The Royal Bank of Scotland Group plc As at 1 January 2002 (or at appointment)	Additional value shares of £0.25 each in The Royal Bank of Scotland Group plc As at 31 December 2002
Beneficially owned	No.	No.
C P Sullivan	9,856	9,852
R D Brodie	1,620	1,620
	Floating rate unsecured loan notes 2005 As at 1 January 2002 (or at appointment)	Floating rate unsecured loan notes 2005 As at 31 December 2002
	No.	No.
C P Sullivan	27,023	27,023
R D Brodie	1,188	1,188

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 were granted to or exercised during the financial year by the directors holding office at the end of the 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	10,200	599
E A Flint	6,700	-

Directors' report *(continued)*

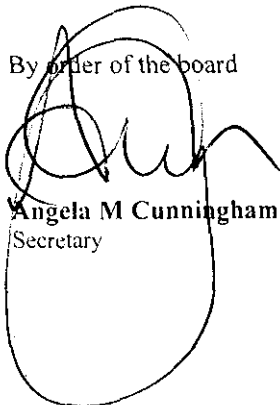
Political and charitable contributions

The company made no charitable or political contributions during the year (2001: nil).

Auditors

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

By order of the board



Angela M Cunningham
Secretary

2 May 2003

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 independent auditors to the members of Lombard IT Vendor Finance Limited

We have audited the financial statements on pages 7 to 13.

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 5, 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 2002 and of its profit for the year then ended and have been properly prepared in accordance with the Companies Act 1985.

KPMG Audit Plc

8 May 2003

KPMG Audit Plc
Chartered Accountants
Registered Auditor

Profit and loss account
for the year ended 31 December 2002

	<i>Note</i>	2002 £000	2001 £000
Turnover	1-2	8	225
Other operating charges		(6)	(245)
		<hr/>	<hr/>
Operating profit/(loss)		2	(20)
Interest receivable and similar income	6	1	-
Interest payable and similar charges	7	-	(3)
		<hr/>	<hr/>
Profit/(loss) on ordinary activities before taxation	3	3	(23)
Tax on profit/(loss) on ordinary activities	8	(1)	7
		<hr/>	<hr/>
Profit/(loss) for the financial year	12	2	(16)
		<hr/>	<hr/>

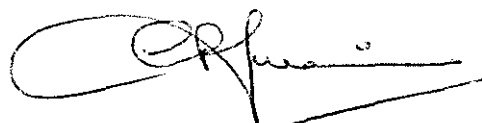
There are no recognised gains or losses in the current or preceding year other than those included within the profit and loss account and therefore no Statement of Total Recognised Gains and Losses has been presented.

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

Balance sheet
at 31 December 2002

	<i>Note</i>	2002 £000	2001 £000
Current assets			
Debtors	9	393	469
Cash at bank and in hand		680	823
		<u>1,073</u>	<u>1,292</u>
Creditors: amounts falling due within one year	10	(1,039)	(1,260)
		<u>34</u>	<u>32</u>
Net assets			
Capital and reserves			
Called up share capital	11	25	25
Profit and loss account	12	9	7
		<u>34</u>	<u>32</u>
Equity shareholders' funds	13	34	32

These financial statements were approved by the board of directors on 2 May 2003 and were signed on its behalf by:



Christopher P Sullivan
Director



Thomas K McGreal
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. The company has adopted FRS 18 "Accounting Policies" in these 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.

As the company is a wholly owned subsidiary of Lombard GATX Holdings Limited, the company has taken advantage of the exemption contained in FRS 8 and has therefore not disclosed transactions and balances with entities which form part of this group. The consolidated financial statements of Lombard GATX Holdings Limited, within which the company is included can be obtained from the address given in note 16.

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 that have originated but not reversed by the balance sheet date, except as otherwise required by FRS 19 (provided that, in the case of deferred tax assets, they are regarded as recoverable).

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.

2 Analysis of turnover

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/(loss) on ordinary activities before taxation

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

4 Remuneration of directors

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

	Number of directors	
	2002	2001
Retirement benefits are accruing to the following number of directors under defined benefit schemes	<u>1</u>	<u>1</u>
The number of directors who exercised share options was	<u>1</u>	<u>2</u>
The number of directors in respect of whose services shares were received or receivable under long term incentive schemes was	<u>2</u>	<u>3</u>

5 Staff numbers and costs

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

6 Interest receivable and similar income

	2002	2001
	£000	£000
Bank interest	<u>1</u>	<u>-</u>

7 Interest payable and similar charges

	2002	2001
	£000	£000
Amounts payable to group undertaking	<u>-</u>	<u>3</u>

Notes (continued)

8 Taxation

Analysis of charge in year

	2002 £000	2001 £000
<i>UK corporation tax</i>		
Current tax on profit for the year	1	(7)
	<hr/>	<hr/>
Tax on profit on ordinary activities	1	(7)
	<hr/>	<hr/>

Factors affecting the tax charge for the current year

The current tax charge for the period is the same as (2001: same as) the standard rate of corporation tax in the UK (30%, 2001: 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 2002 or 31 December 2001.

9 Debtors

	2002 £000	2001 £000
Trade debtors	390	294
Amounts owed by group undertakings	3	161
Corporation tax	-	14
	<hr/>	<hr/>
	393	469
	<hr/>	<hr/>

10 Creditors: amounts falling due within one year

	2002 £000	2001 £000
Amounts owed to group undertakings	944	1,132
Corporation tax	1	-
Other creditors	35	69
Accruals and deferred income	59	59
	<hr/>	<hr/>
	1,039	1,260
	<hr/>	<hr/>

Notes (continued)

11 Called up share capital

	2002 £000	2001 £000
<i>Authorised</i>		
Equity: ordinary shares of £1 each	50	50
	<hr/>	<hr/>
<i>Allotted, called up and fully paid</i>		
Equity: ordinary shares of £1 each	25	25
	<hr/>	<hr/>

12 Reserves

	Profit and loss account £000
At beginning of year	7
Profit for the financial year	2
	<hr/>
At end of year	9
	<hr/>

13 Reconciliation of movements in shareholders' funds

	2002 £000	2001 £000
Profit/(loss) for the financial year	2	(16)
Opening shareholders' funds	32	48
	<hr/>	<hr/>
Closing shareholders' funds	34	32
	<hr/>	<hr/>

14 Commitments

There were no capital commitments or annual commitments under non-cancellable operating leases at the end of the year (2001: £nil).

Notes (continued)

15 Related party transactions

Lombard GATX Holdings Limited is the company's immediate controlling party. As the company is a wholly owned subsidiary of Lombard GATX Holdings Limited, the company has taken advantage of the exemption contained in FRS 8 and has therefore not disclosed transactions and balances with entities which form part of this immediate group.

Lombard GATX Holdings Limited is jointly owned by Lombard North Central PLC and GATX International Limited.

Lombard North Central PLC 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 during the year which give rise to the following disclosable amounts.

	2002 £000	2001 £000
Fees receivable from Lombard North Central PLC	8	177
Amounts owed by Lombard North Central PLC	3	664
Amounts owed to Lombard North Central PLC	(281)	(455)

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.

	2002 £000	2001 £000
Cash at bank	680	823
Interest payable and similar charges	-	3

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

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 GATX Holdings Limited, the smallest group in which the results of the company are consolidated, can be obtained from:

The Secretary, Lombard GATX Holdings Limited, 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.