

**Lombard IT Vendor Finance Limited**

Directors' report and financial  
statements

31 December 2001

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 2001.

### 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 (2000: *£nil*).

### Directors and directors' interests

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

C P Sullivan	(Chairman)
R D Brodie	(resigned 30 June 2001)
E A Flint	(appointed 1 July 2001)
J Johnson	(appointed 24 April 2001)
P E Lord	(resigned 30 June 2001)
E R Mihm	
C R Morgan	
M J O'Donnell	(resigned 23 April 2001)
S A Spicer	
J D Stuart	(appointed 1 July 2001)

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

## 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 2001  
 (or at appointment)**

<b>Beneficially owned</b>	<b>No.</b>	<b>No.</b>
C P Sullivan	8,279	1,118
J Johnson	2,513	2,553
J D Stuart	644	644

**Ordinary shares of £0.25  
 each in The Royal Bank of  
 Scotland Group plc  
 As at 31 December 2001**

**Additional value shares of £0.25  
 each in The Royal Bank  
 of Scotland Group plc  
 As at 1 January 2001**

<b>Beneficially owned</b>	<b>No.</b>	<b>No.</b>
C P Sullivan	9,856	9,856
J Johnson	2,497	2,497
J D Stuart	812	812

**Additional value shares of £0.25  
 each in The Royal Bank  
 of Scotland Group plc  
 As at 31 December 2001**

**Floating rate unsecured  
 loan notes 2005  
 As at 1 January 2001**

	<b>No.</b>	<b>No.</b>
C P Sullivan	27,023	27,023
J Johnson	10,518	10,518

**Floating rate unsecured  
 loan notes 2005  
 As at 31 December 2001**

## 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 were granted to or exercised by the directors during the financial year are as shown below:

	Granted No.	Exercised No.
<b>Ordinary shares of £0.25 each in The Royal Bank of Scotland Group plc</b>		
C P Sullivan	10,950	-
E A Flint	6,200	7,593
J Johnson	-	9,005

### Political and charitable contributions

The company made no charitable or political contributions during the year (2000: 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

  
**Angela M Cunningham**  
Secretary

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

**Independent auditor's report 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 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 2001 and of its loss for the year then ended and have been properly prepared in accordance with the Companies Act 1985.

*KPMG 2 May 2002*

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

**Profit and loss account**  
*for the year ended 31 December 2001*

	<i>Note</i>	<b>2001</b> <b>£000</b>	<b>2000</b> <b>£000</b>
<b>Turnover - continuing operations</b>	<b>2</b>	<b>225</b>	<b>475</b>
Other operating charges		<b>(245)</b>	<b>(443)</b>
		<hr/>	<hr/>
<b>Operating (loss)/profit - continuing operations</b>		<b>(20)</b>	<b>32</b>
Interest payable and similar charges	<b>6</b>	<b>(3)</b>	<b>(9)</b>
		<hr/>	<hr/>
<b>(Loss)/profit on ordinary activities before taxation</b>	<b>3</b>	<b>(23)</b>	<b>23</b>
Tax on (loss)/profit on ordinary activities	<b>7</b>	<b>7</b>	<b>(7)</b>
		<hr/>	<hr/>
<b>(Loss)/profit for the financial year</b>		<b>(16)</b>	<b>16</b>

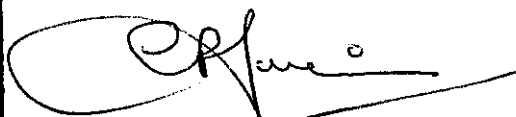
There are no recognised gains or losses in the current or preceding year other than those included within the profit and loss account.



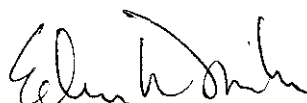
**Balance sheet**  
 at 31 December 2001

	Note	2001 £000	2000 £000
<b>Current assets</b>			
Debtors	8	469	1,202
Cash at bank and in hand		823	163
		<hr/>	<hr/>
		1,292	1,365
<b>Creditors: amounts falling due within one year</b>	9	(1,260)	(1,317)
		<hr/>	<hr/>
<b>Net assets</b>		32	48
		<hr/>	<hr/>
<b>Capital and reserves</b>			
Called up share capital	10	25	25
Profit and loss account	11	7	23
		<hr/>	<hr/>
<b>Equity shareholders' funds</b>	12	32	48
		<hr/>	<hr/>

These financial statements were approved by the board of directors on 23 APRIL 2002 and were signed on its behalf by:



**Christopher P Sullivan**  
 Director



**Edwin R Mihm**  
 Director

## Cash flow statement

for the year ended 31 December 2001

	<i>Note</i>	2001 £000	2000 £000
<b>Reconciliation of operating (loss)/profit to net cash flow from operating activities</b>			
Operating (loss)/profit		(20)	32
Decrease/(increase) in debtors		744	(59)
(Decrease)/increase in creditors		(57)	244
<b>Net cash flow from operating activities</b>		<b>667</b>	<b>217</b>

## Cash flow statement

Cash inflow from operating activities		667	217
Returns on investments and servicing of finance	14	(3)	(9)
Taxation		(4)	(13)
<b>Increase in cash in the year</b>		<b>660</b>	<b>195</b>
<b>Reconciliation of net cash flow to movement in net debt</b>			
	15		
<b>Increase in cash and net debt in the year</b>		<b>660</b>	<b>195</b>

## 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.

#### *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. In the prior year the directors opted for the early implementation of Financial Reporting Standard no. 19 'Deferred Tax' ('FRS 19'). 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. The effects of this are shown in note 17.

#### *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

	2001 £000	2000 £000
Aggregate fees receivable during the year were as follows:		
Group undertakings	221	464
Other	4	11
	<hr/>	<hr/>
	225	475

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 (Loss)/profit 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.

	<b>Number of directors</b>	
	<b>2001</b>	<b>2000</b>
Retirement benefits are accruing to the following number of directors under defined benefit schemes	<b>1</b>	<b>1</b>
The number of directors who exercised share options was	<b>2</b>	<b>2</b>
The number of directors in respect of whose services shares were received or receivable under long term incentive schemes was	<b>3</b>	<b>3</b>

**5 Staff numbers and costs**

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

**6 Interest payable and similar charges**

	<b>2001</b>	<b>2000</b>
	<b>£000</b>	<b>£000</b>
On bank loans and overdrafts - to group undertaking	<b>3</b>	<b>9</b>

**7 Taxation**

	<b>2001</b>	<b>2000</b>
	<b>£000</b>	<b>£000</b>
<i>UK corporation tax</i>		
Current tax (credit)/charge on (loss)/profit for the year	<b>7</b>	<b>(7)</b>

## Notes (continued)

### 8 Debtors

	2001 £000	2000 £000
Trade debtors	-	87
Amounts owed by group undertakings	455	1,112
Corporation tax	14	3
	<hr/> 469	<hr/> 1,202

### 9 Creditors: amounts falling due within one year

	2001 £000	2000 £000
Amounts owed to group undertakings	1,132	1,188
Other creditors	69	70
Accruals and deferred income	59	59
	<hr/> 1,260	<hr/> 1,317

### 10 Called up share capital

	2001 £000	2000 £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	23
Loss for the financial year	(16)
	<hr/>
At end of year	7

**Notes** *(continued)*

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

	<b>2001</b>	<b>2000</b>
	<b>£000</b>	<b>£000</b>
(Loss)/profit for the financial year	(16)	16
Net (reduction in)/addition to shareholders' funds	(16)	16
Opening shareholders' funds	48	32
Closing shareholders' funds	32	48

**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**

	<b>2000</b>	<b>2000</b>
	<b>£000</b>	<b>£000</b>
Returns on investment and servicing of finance		
Interest paid	(3)	(9)

**15 Analysis of net debt**

	<b>As at 1</b>	<b>Cash flow</b>	<b>As at 31</b>
	<b>January 2001</b>	<b>£000</b>	<b>December 2001</b>
	<b>£000</b>		<b>£000</b>
Cash at bank and in hand	163	660	823

## 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.

	2001 £000	2000 £000
Fees receivable from Lombard North Central PLC	177	33
Fees receivable from Lombard Network Services Limited	44	431
Amounts owed by Lombard North Central PLC	664	1,112
Amounts owed to Lombard North Central PLC	455	246
Amounts owed to Lombard Network Services Limited	468	942

#### 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.

	2001 £000	2000 £000
Cash at bank	823	163
Interest and similar charges - payable during the year	3	9

#### Administrative arrangements

Lombard Network Services Limited provided administrative support for the company's business during the year for a charge of £235,000 (2000: £432,000).

### 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 2001 or 31 December 2000.

**Notes** *(continued)*

**18 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.