Company Registration No: 04439310

LOMBARD CORPORATE FINANCE (11) LIMITED

DIRECTORS' REPORT AND FINANCIAL STATEMENTS

30 June 2006

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

LOMBARD CORPORATE FINANCE (11) LIMITED

CONTENTS

CONTENTS	Page
Officers and Professional Advisers	1
Directors' Report	2-4
Independent Auditors' Report	5
Income Statement	6
Balance Sheet	7
Cash Flow Statement	8
Notes to the Financial Statements	9-17

LOMBARD CORPORATE FINANCE (11) LIMITED

OFFICERS AND PROFESSIONAL ADVISERS

DIRECTORS:	T V Castledine S J Caterer A C Farnell P A Tubb
SECRETARY:	C J Whittaker
REGISTERED OFFICE:	The Quadrangle The Promenade Cheltenham Gloucestershire GL50 1PX
AUDITORS:	Deloitte & Touche LLP Bristol

Registered in England and Wales.

DIRECTORS' REPORT

The directors present their report and the audited financial statements for the year ended 30 June 2006.

ACTIVITIES AND BUSINESS REVIEW

The principal activity of the company, which is a wholly owned subsidiary of Royal Bank Leasing Limited, is the provision of fixed asset finance usually involving individually structured facilities.

The company is a member of The Royal Bank of Scotland Group which provides the company with direction and access to all central resources it needs and determines policies in all key areas such as finance, risk, human resources or environment. For this reason, the directors believe that performance indicators specific to the company are not necessary or appropriate for an understanding of the development, performance or position of the business. The annual reports of The Royal Bank of Scotland Group plc review these matters on a group basis. Copies can be obtained from the Company Secretary, RBS Gogarburn, Edinburgh, EH12 1HQ, the Registrar of Companies or through the Group's web site at rbs.com.

Review of the year

The directors are satisfied with the development of the company's activities during the year. The company will be guided by its immediate parent company in seeking further opportunities for growth.

The company's financial performance is presented in the Income Statement on Page 6. At the end of the year, the financial position showed total assets of £308,942,000 and a deficit of £1,820,000.

The company is funded by facilities from The Royal Bank of Scotland plc. It seeks to minimise its exposure to external financial risks other than credit risk, further information is disclosed in Note 1.

The directors do not anticipate any material change in either the type or level of activities of the company.

DIRECTORS AND SECRETARY

The names of the present directors and secretary are as listed on page 1.

From 1 July 2005 to date the following changes have taken place:

	Appointed	Resigned
Secretary		
M L Thomas		18 November 2005
C J Whittaker	18 November 2005	

DIRECTORS' RESPONSIBILITIES

United Kingdom company law requires the directors to prepare financial statements for each financial period which give a true and fair view of the state of affairs of the company as at the end of the financial period and of the profit or loss of the company for that period. In preparing the 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 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.

DISCLOSURE OF INFORMATION TO AUDITORS

Each of the directors of the Company holding office at the date of approval of this report confirm that :

(1) so far as each of the directors are aware, there is no relevant audit information of which the Company's Auditors are unaware, and
(2) so far as each of the directors are aware they have taken all the steps that they ought to have taken to make themselves 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 S.234ZA of the Companies Act 1985.

DIRECTORS' INDEMNITIES

In terms of Section 309C of the Companies Act 1985 (as amended), Mr A C Farnell had been granted Qualifying Third Party Indemnity Provisions by The Royal Bank of Scotland Group plc.

DIRECTORS' INTERESTS

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

The interests of Mr T V Castledine, Mrs S J Caterer, Mr A C Farnell and Mr P A Tubb in the share capital of The Royal Bank of Scotland Group plc group are disclosed in the financial statements of Royal Bank Leasing Limited.

RISK MANAGEMENT POLICY

Interest rate risk

The Company's policy is to avoid interest rate risk by matching the maturity of the lease and its associated loan finance and fixing the cost of borrowing at the inception of the lease when the effective interest rate in the lease is determined.

Credit risk

As the company has 5 leases, the finance lease receivables on the balance sheet represent credit exposure to that number of counterparties.

POLICY AND PRACTICE ON PAYMENT OF CREDITORS

The company follows the policy and practice on payment of creditors determined by The Royal Bank of Scotland Group plc ('RBSG'), as outlined below.

In the year ending 30 June 2007, RBSG will adhere to the following payment policy in respect of all suppliers. RBSG is committed to maintaining a sound commercial relationship with its suppliers. Consequently, it is RBSG's policy to negotiate and agree terms and conditions with its suppliers, which includes the giving of an undertaking to pay suppliers within 30 days of receipt of a correctly prepared invoice submitted in accordance with the terms of the contract or such other payment period as may be agreed.

The proportion which the amount owed to trade creditors at 30 June 2006 bears to the amounts invoiced by suppliers during the period then ended equated to nil days proportion of 365 days (2005: nil days).

ELECTIVE RESOLUTIONS

The Company has elected to dispense with the requirement to hold annual general meetings, lay accounts before a general meeting and re-appointment of auditors annually.

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

S J Caterer
Director

Date: 1 March 2007

INDEPENDENT AUDITORS' REPORT TO THE MEMBERS OF LOMBARD CORPORATE FINANCE (11) LIMITED

We have audited the financial statements of Lombard Corporate Finance (11) Limited ("the Company") for the year ended 30 June 2006 which comprise the income statement, the balance sheet, the cash flow statement and the related Notes 1 to 19. 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 an 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

The directors' responsibilities for preparing the annual report and the financial statements in accordance with applicable law and International Financial Reporting Standards (IFRSs) as adopted by the European Union are set out in the statement of directors' responsibilities. 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, in accordance with the relevant financial reporting framework, and are properly prepared in accordance with the Companies Act 1985. We report to whether in our opinion the information given in the directors' report is consistent with the financial statements. We also 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 other transactions is not disclosed.

We read the directors' report and the other information contained in the annual report and consider the implications for our report if we become aware of any apparent misstatements or material inconsistencies with the financial statements.

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, in accordance with those IFRSs as adopted by the European Union, of the state of the company's affairs as at 30 June 2006 and of its loss for the year then ended; and

- the financial statements have been properly prepared in accordance with the Companies Act 1985; and

- the information given in the directors' report is consistent with the financial statements.

Deloitte & Touche LLP

Deloitte & Touche LLP
Chartered Accountants and Registered Auditors
Bristol, United Kingdom

13 March 2007

INCOME STATEMENT
for the year ended 30 June 2006

	Note	2006 £'000	2005 £'000
CONTINUING OPERATIONS			
Revenue	3	12,129	12,014
Other operating income	4	16	8
Administrative expenses	5	(42)	(169)
OPERATING PROFIT	5	12,103	11,853
Finance costs	7	(12,475)	(13,882)
LOSS BEFORE TAXATION		(372)	(2,029)
Taxation credit on loss on ordinary activities	8	112	609
LOSS FOR THE FINANCIAL YEAR	16	(260)	(1,420)

The notes on pages 9 to 17 form part of these financial statements.

BALANCE SHEET
as at 30 June 2006

	Note	2006 £'000	2005 £'000
NON-CURRENT ASSETS			
Finance lease receivables	9	292,987	291,186
		292,987	291,186
CURRENT ASSETS			
Trade and other receivables	10	15,955	16,343
Cash and cash equivalents	11	-	1
		15,955	16,344
TOTAL ASSETS		308,942	307,530
CURRENT LIABILITIES			
Trade and other payables	12	(242)	(316)
Bank overdraft and loans	13	(18,071)	(27,713)
		(18,313)	(28,029)
NON CURRENT LIABILITIES			
Bank loans	13	(200,677)	(219,717)
Deferred tax liabilities	14	(91,772)	(61,344)
		(292,449)	(281,061)
TOTAL LIABILITIES		(310,762)	(309,090)
NET LIABILITIES		(1,820)	(1,560)
EQUITY			
Share capital	15	-	-
Retained earnings	16	(1,820)	(1,560)
TOTAL EQUITY		(1,820)	(1,560)

The financial statements on pages 6 to 17 were approved by the Board of Directors and authorised for issue on 1 March 2007. They were signed on its behalf by :-

S J Caterer
Director

The notes on pages 9 to 17 form part of these financial statements.

CASH FLOW STATEMENT
for the year ended 30 June 2006

	Note	2006 £'000	2005 £'000
NET CASH FROM OPERATING ACTIVITIES	17	28,681	39,616
FINANCING ACTIVITIES			
Repayments of borrowings		(31,340)	(37,052)
NET CASH USED IN FINANCING ACTIVITIES		(31,340)	(37,052)
NET (DECREASE)/INCREASE IN CASH AND CASH EQUIVALENTS		(2,659)	2,564
CASH AND CASH EQUIVALENTS AT BEGINNING OF YEAR		1	(2,563)
CASH AND CASH EQUIVALENTS AT END OF YEAR		(2,658)	1

LOMBARD CORPORATE FINANCE (11) LIMITED

NOTES TO THE FINANCIAL STATEMENTS

1 SIGNIFICANT ACCOUNTING POLICIES

a BASIS OF ACCOUNTING

The financial statements have been prepared in accordance with International Financial Reporting Standards (IFRSs) as adopted for use in the EU for the first time. The disclosures required by IFRS 1 concerning the transition from UK GAAP to IFRSs are given in Note 19.

The financial statements have been prepared on the historical cost basis. The principal accounting policies are set out below.

b INCOME UNDER FINANCE LEASES

Leases are classified as finance leases whenever the terms of the lease transfer substantially all the risks and rewards of ownership to the lessee.

Finance lease income, which includes the amortisation of the investment in the lease, is allocated to accounting periods so as to reflect a constant periodic rate of return on the net investment outstanding in respect of the leases.

c TAXATION

Provision is made for taxation at current enacted rates on taxable profits, arising in income or in equity, taking into account relief for overseas taxation where appropriate.

Deferred taxation is accounted for in full for all temporary differences between the carrying amount of an asset or liability for accounting purposes and its carrying amount for tax purposes, except in relation to overseas earnings where remittance is controlled by the Group, and goodwill.

Deferred tax assets are only recognised to the extent that it is probable that they will be recovered.

d AMOUNTS RECEIVABLE UNDER FINANCE LEASES

A lease is recognised when there is a contractual right to the asset's cash flows and derecognised when all contractual rights and obligations expire. Amounts due from lessees under finance leases are recorded as receivables at the amount of the net investment in the leases. The difference between the gross receivable and the present value of the receivable is recognised as unearned finance income.

Progress payments made prior to the commencement of the primary lease are included at cost together with the amount of any interest charged on such payments.

e TRADE RECEIVABLES

Trade receivables are measured at initial recognition fair value, and subsequently measured at amortised cost using the effective interest rate method. Appropriate allowances for estimated irrecoverable amounts are recognised in profit or loss when there is objective evidence that the asset is impaired. The allowance recognised is measured as the difference between the asset's carrying amount and the present value of estimated future cash flows discounted at the effective interest rate computed at initial recognition.

f CASH AND CASH EQUIVALENTS

Cash and cash equivalents comprise cash on hand and demand deposits, and other short-term highly liquid investments that are readily convertible to a known amount of cash and are subject to an insignificant risk of changes in value.

g BANK BORROWINGS

Interest-bearing bank loans and overdrafts are recorded at the proceeds received, net of direct issue costs. Finance charges, including premiums payable on settlement or redemption and direct issue costs, are accounted for on an accruals basis in the profit or loss using the effective interest rate method and are added to the carrying amount of the instrument to the extent that they are not settled in the period in which they arise.

NOTES TO THE FINANCIAL STATEMENTS

1 SIGNIFICANT ACCOUNTING POLICIES (CONTINUED)

h TRADE PAYABLES

Trade payables are initially measured at fair value, and are subsequently measured at amortised cost using the effective interest rate method.

i BORROWING COSTS

All borrowing costs are recognised as an expense in the period in which they are incurred.

j CASH FLOW STATEMENT

The cash flow statement has been presented using the indirect method of cash flows from operating activities.

k RISK MANAGEMENT POLICY

Interest rate risk

The Company's policy is to avoid interest rate risk by matching the maturity of the lease and its associated loan finance and fixing the cost of borrowing at the inception of the lease when the effective interest rate in the lease is determined.

Credit risk

As the company has 5 leases, the finance lease receivables on the balance sheet represent credit exposure to that number of counterparties.

2 IMMEDIATE AND ULTIMATE PARENT COMPANY

The Company's immediate parent company is Royal Bank Leasing Limited.

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 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, Gogarburn, PO Box 1000, 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, PO Box 1000, Edinburgh, EH12 1HQ.

3 REVENUE

	2006 £'000	2005 £'000
Finance leases:		
Rentals receivable	9,372	7,351
Amortisation	2,757	4,663
	12,129	12,014

The Company did not enter into any new leasing transactions during the year (2005 : £Nil)

4 OTHER OPERATING INCOME

	2006 £'000	2005 £'000
Fee income	16	8

LOMBARD CORPORATE FINANCE (11) LIMITED

NOTES TO THE FINANCIAL STATEMENTS

5 OPERATING PROFIT

Operating profit has been arrived at after charging:	2006 £'000	2005 £'000
Fees & commissions	-	151
Management charge	41	17
Other	1	1
	42	169

Costs incurred in respect of audit services to the Company are included in the management charge as shown below:

	£	£
Auditors' remuneration - for audit services	2,193	1,627

6 STAFF COSTS

All directors and employees are employed and remunerated by The Royal Bank of Scotland plc, which did not make a recharge to the company in the year.

The average monthly number of employees (including directors) was nil (2005: nil).

7 FINANCE COSTS

	2006 £'000	2005 £'000
Interest payable to group undertakings	12,475	13,882

8 TAXATION

	2006 £'000	2005 £'000
A) ANALYSIS OF CREDIT FOR THE YEAR		
Current tax credit:		
- Group relief receivable on profits for the year	(30,540)	(31,052)
Deferred tax - origination and reversal of timing differences:		
- Current year	30,428	30,443
Taxation credit on profit on ordinary activities	(112)	(609)
B) FACTORS AFFECTING THE TAX CREDIT FOR THE YEAR		
Loss before tax	(372)	(2,029)
Tax on loss at the standard rate of 30% (2005: 30%)	(112)	(609)
Capital allowances for period more than depreciation	(30,428)	(30,443)
Tax credit	(30,540)	(31,052)

9 FINANCE LEASE RECEIVABLES

	Gross investment in lease		Present value of minimum lease payments	
	2006	2005	2006	2005
	£'000	£'000	£'000	£'000
Amounts receivable under finance leases:				
Within one year	12,356	10,327	-	-
In the second to fifth years inclusive	61,914	56,740	8,064	940
After five years	375,084	392,614	284,923	290,246
	449,354	459,681	292,987	291,186
Less: unearned finance income	(156,367)	(168,495)	N/A	N/A
Present value of minimum lease payments receivable	292,987	291,186	292,987	291,186

Analysed as:

	2006	2005
Non-current finance lease receivables (recoverable after 12 months)	292,987	291,186
Current finance lease receivables (recoverable within 12 months)	-	-
	292,987	291,186

The Company has entered into finance leasing arrangements for 3 large film deals & 2 small deals for machinery and computer equipment. The average term of the finance leases entered into is 22 years.

Unguaranteed residual values of assets leased under finance leases at the balance sheet date are estimated at £nil. (2005: £nil)

The interest rate inherent in the leases is fixed at the contract date for all the lease term. The average effective interest rate contracted approximates 5.33 per cent (2005: 5.33 per cent) per annum.

The fair value of the Company's finance lease receivables at 30 June 2006 is estimated at £294,289,000 (2005: £294,289,000).

10 TRADE AND OTHER RECEIVABLES

	2006	2005
	£'000	£'000
Trade debtors	1,044	-
Amounts due from group undertakings	14,911	16,343
	15,955	16,343

The directors consider that the carrying amount of trade and other receivables approximates to their fair value.

11 CASH AND CASH EQUIVALENTS

	2006	2005
	£'000	£'000
Bank account with group undertakings	-	1

The directors consider that the carrying amount of cash and cash equivalents approximates to their fair value.

12 TRADE AND OTHER PAYABLES

	2006 £'000	2005 £'000
Amounts falling due within one year:		
Amounts due to group undertakings	151	209
Other creditors	91	107
	242	316

The directors consider that the carrying amount of trade and other payables approximates to their fair value.

13 BANK OVERDRAFT AND LOANS

	2006 £'000	2005 £'000
Bank overdraft due to group undertakings	2,658	-
Loan amount due to group undertakings	216,090	247,430
	218,748	247,430

The borrowings are repayable as follows:

	2006 £'000	2005 £'000
On demand or within one year	18,071	27,713
In the second year	1,276	15,413
In the third to fifth year inclusive	12,264	7,911
After five years	187,137	196,393
	218,748	247,430
Less: Amounts due for settlement within 12 months (shown under current liabilities)	(18,071)	(27,713)
Amounts due for settlement after 12 months	200,677	219,717

A right of set-off exists over the Company's bank account with The Royal Bank of Scotland plc against advances made to the Company's immediate holding company and its subsidiaries.

The effective interest rate on the bank loan is fixed at 5.33% and matures in 2024.

The directors consider that the carrying amount of bank overdraft and loans approximates to their fair value.

14 DEFERRED TAX

Movements during the year:	Deferred taxation £'000
At 1 July 2004	30,901
Charge to income statement	30,443
At 1 July 2005	61,344
Charge to income statement	30,428
At 30 June 2006	91,772

Full provision has been made for the potential amount of deferred taxation shown below:

	2006 £'000	2005 £'000
Accelerated capital allowances on assets financed	91,772	61,344

15 SHARE CAPITAL

	2006	2005
	Ordinary shares of £1 each	
Authorised	100	100
Allotted, called up and fully paid	2	2

The Company has one class of ordinary voting shares which carry no right to fixed income.

16 RETAINED EARNINGS

	£'000
Balance at 1 July 2004	(140)
Loss for the financial year	(1,420)
Balance at 1 July 2005	(1,560)
Loss for the financial year	(260)
Balance at 30 June 2006	(1,820)

17 NOTES TO THE CASH FLOW STATEMENT

	2006 £'000	2005 £'000
Loss before tax	(372)	(2,029)
Operating cash flows before movements in working capital	(372)	(2,029)
Interest expense	12,475	13,882
Increase in receivables	(2,845)	(3,752)
Decrease in payables	(8)	(252)
Cash generated by operations	9,250	7,849
Income taxes received	31,973	45,668
Interest paid	(12,542)	(13,901)
Net cash from operating activities	28,681	39,616

18 RELATED PARTY TRANSACTIONS

During the period, the company entered into the following related party transactions.

	2006 £'000	2005 £'000
Royal Bank Leasing Limited		
Transactions during the period		
- Management charge paid to related party	41	17
- Interest on loan paid to related party	12,475	13,882
- Additional borrowing from related party	(31,340)	(37,052)
Group relief owed by related party	14,910	16,344
Outstanding balance owed to the related party	(201,331)	(231,295)
The Royal Bank of Scotland plc		
Bank account held with related party	(2,658)	1

The amounts outstanding are unsecured and will be settled in cash. No guarantees have been given or received. No provisions have been made for doubtful debts in respect of the amounts owed by related parties.
Both The Royal Bank of Scotland plc and Royal Bank Leasing Limited are fellow subsidiaries of the ultimate holding company The Royal Bank of Scotland Group plc.

19 EXPLANATION OF TRANSITION TO IFRS

This is the first year that the Company has presented its financial statements under IFRS. The following disclosures are required in the year of transition. The last financial statements under UK GAAP were for the year ended 30 June 2005 and the date of transition to IFRS was therefore 1 July 2005. The company in addition to complying with its legal obligation to comply with IFRS as adopted for use in the European Union, now also complies with the IFRS as issued by the International Accounting Standards Board.

Reconciliation of equity at 1 July 2005 (date of transition to IFRS)

	UK GAAP £'000	Effect of transition to IFRS £'000	IFRS £'000
Finance lease receivables	294,289	(3,103)	291,186
Total non-current assets	294,289	(3,103)	291,186
Trade and other receivables	14,960	1,383	16,343
Cash and cash equivalents	1	-	1
Total current assets	14,961	1,383	16,344
Total assets	309,250	(1,720)	307,530
Trade and other payables	(210)	(106)	(316)
Bank overdraft and loans	(247,430)	-	(247,430)
Deferred tax liabilities	(60,923)	(421)	(61,344)
Total liabilities	(308,563)	(527)	(309,090)
Total assets less total liabilities	687	(2,247)	(1,560)
Issued share capital	-	-	-
Retained earnings	687	(2,247)	(1,560)
Total Equity	687	(2,247)	(1,560)

In the prior year under UKGAAP cash was included within intercompany debtors, and loans within intercompany creditors.

19 EXPLANATION OF TRANSITION TO IFRS - continued

Reconciliation of profit or loss for 2005

	UK GAAP £'000	Effect of transition to IFRS £'000	IFRS £'000
Revenue	15,221	(3,207)	12,014
Other operating income	-	8	8
Administrative expenses	(169)	-	(169)
Operating profit	15,052	(3,199)	11,853
Finance costs	(13,882)	-	(13,882)
Profit/(loss) before tax	1,170	(3,199)	(2,029)
Tax (expense)/credit	(351)	960	609
Profit/(loss) for the financial year	819	(2,239)	(1,420)

The change to both finance lease receivables and revenue is partly attributable to the move from the actuarial after tax to actuarial before tax method of valuing finance lease receivables and finance income as detailed by IAS 17.

The change to revenue is also due to fees previously expensed as incurred under UKGAAP, which now are spread over the life of the lease under IFRS as detailed in IAS 17. The spread fees are disclosed within revenue as amortisation. All fee expenses under IFRS are capitalised within finance lease receivables.

The change to trade and other payables and other operating income, is due to fee income, which was previously credited as incurred within other operating income under UKGAAP, and are now spread over the life of the lease under IFRS as detailed in IAS 18. The spread fee income is disclosed within other operating income and the accrued liability within trade and other payables.

The movement in trade and other receivables, deferred taxation and the tax charge is due to the taxable changes in the valuation method and expense treatment.