Company Number: SC344120

ST VINCENT INVESTMENTS (NORTH AND SCOTLAND) LIMITED

ANNUAL REPORT AND FINANCIAL STATEMENTS

For the period from 10 June 2008 (date of incorporation) to 30 September 2009

ST VINCENT INVESTMENTS (NORTH AND SCOTLAND) LIMITED

ANNUAL REPORT AND FINANCIAL STATEMENTS

30 SEPTEMBER 2009

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ST VINCENT INVESTMENTS (NORTH AND SCOTLAND) LIMITED

Officers and Professional Advisers

Directors	Simon Gaunt Kevin Page Lynne Peacock Paul A Raymond Iain D Smith
Secretary	Michael Webber
Registered Office	30 St Vincent Place Glasgow G1 2HL
Auditors	Ernst & Young LLP 1 More London Place London SE1 2AF

ST VINCENT INVESTMENTS (NORTH AND SCOTLAND) LIMITED
Report of the Directors

The Directors of St Vincent Investments (North and Scotland) Limited (the "Company") submit their Report and Financial Statements for the period 10 June 2008 to 30 September 2009.

Activities

The Company commenced activities by purchasing properties for investment purposes.

Profits and appropriations

The loss attributable to the shareholder for the period 10 June 2008 to 30 September 2009 amounted to £128,862.
No dividend was paid during the period. The Directors do not recommend the payment of a final dividend in respect of this financial period.

Principal risks and uncertainties

The key risks facing the the Company are discussed further in Note 12.

Going concern

The Directors are satisfied that the Company has adequate resources to meet its obligations for the foreseeable future and confirm that the Company is a going concern. For this reason they continue to adopt the going concern basis in preparing the financial statements.

Business review

The Company was incorporated on 10 June 2008.

The Directors do not rely on key performance indicators at the individual company level. The business is managed by monitoring the financial performance of each individual property investment within each subsidiary.

Directors and Directors' interests

In terms of the Articles of Association of the Company, no Directors are required to retire by rotation.

Directors' interests
The current Directors are shown on page 2. None of the Directors held shares in the company or in any related UK company during the period. As the Company is a wholly owned subsidiary of National Australia Bank ("NAB"), which is incorporated in Australia, any interest which the Directors may have in NAB does not need to be notified to the Company and thus is not disclosed in this report.

Appointments

D.W. Director 1 Limited	10/06/2008
Harold J Cleminson	26/09/2008
Jim Kilcullen	26/09/2008
John Mair	26/09/2008
Iain D Smith	04/02/2009
Kevin Page	04/02/2009
Lynne Peacock	04/02/2009
Paul A Raymond	04/02/2009
Simon Gaunt	18/01/2010

Resignations

D.W. Director 1 Limited	26/09/2008
Jim Kilcullen	04/02/2009
John Mair	04/02/2009
Harold J Cleminson	16/02/2010

Directors and Directors' interests (continued)

Directors' liabilities

During the period the NAB Group paid a premium for a contract insuring the Directors and officers of NAB, its subsidiaries and controlled entities against personal liabilities which may arise in the course of the performance of their duties, as well as protecting the NAB Group itself to the extent that it is obligated to indemnify Directors and officers for such liability.

Company Secretary

Appointments

D.W. Company Services Limited	10/06/2008
Michael Webber	04/02/2009

Resignations

D.W. Company Services Limited	26/09/2008

Employee involvement

The Company does not have any employees. All staff are provided by the parent company, Clydesdale Bank PLC.

Charitable and political donations

No charitable or political donations were made throughout the period.

Corporate governance

It is the Company's policy not to include all of the disclosures in respect of voluntary corporate governance Codes of Practice as it is a wholly owned subsidiary of NAB. The NAB Group's Annual Financial Report details the Corporate Governance framework applicable to the Company. These disclosures are made after consideration of authoritative pronouncements on audit committees and associated disclosures in Australia, the USA and the UK.

Elective regime

In accordance with the provisions of the Companies Act 2006, as amended, the company has elected to dispense with the laying of Financial Statements before a general meeting, the holding of annual general meetings and the obligation to appoint auditors annually.

Directors' statement as to disclosure of information to auditors

The Directors who were members of the Board at the time of approving the Directors' report are listed on page 2. Having made enquiries of fellow Directors and of the company's auditors, each of these Directors confirms that:

- to the best of each Director's knowledge and belief, there is no information relevant to the preparation of their report of which the company's auditors are unaware; and

- each Director has taken all the steps a Director might reasonably be expected to have taken to be aware of relevant audit information and to establish that the company's auditors are aware of that information.

On behalf of the Directors

Kevin Page
Director
8 March 2010

ST VINCENT INVESTMENTS (NORTH AND SCOTLAND) LIMITED

Statement of Directors' Responsibilities

The directors are responsible for preparing the Directors' Report and the Financial Statements in accordance with applicable law and regulations.

Company law requires the directors to prepare financial statements for each financial year. Under that law the directors have elected to prepare the financial statements in accordance with International Financial Reporting Standards (IFRSs) and applicable law. Under company law the directors must not approve the financial statements unless they are satisfied that they give a true and fair view of the state of affairs of the company and of the profit or loss of the company for that period. In preparing these Financial Statements the directors are required to:

- select suitable accounting policies and then apply them consistently;
- make judgments and accounting estimates that are reasonable and prudent;
- state whether applicable UK 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 adequate accounting records that are sufficient to show and explain the company's transactions and disclose with reasonable accuracy at any time the financial position of the company and enable them to ensure that the financial statements comply with the Companies Act 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.

ERNST & YOUNG

INDEPENDENT AUDITOR'S REPORT TO THE MEMBERS OF ST VINCENT INVESTMENTS (NORTH AND SCOTLAND) LIMITED

We have audited the financial statements of St Vincent Investments (North and Scotland) Limited for the period ended 30 September 2009 which comprise the Income Statement, the Balance Sheet, the Cash Flow Statement and the related notes 1 to 14. The financial reporting framework that has been applied in their preparation is applicable law and International Financial Reporting Standards (IFRSs) as adopted by the European Union.

This report is made solely to the company's members, as a body, in accordance with Chapter 3 of Part 16 of the Companies Act 2006. 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

As explained more fully in the Directors' Responsibilities Statement on page 5, the directors are responsible for the preparation of the financial statements and for being satisfied that they give a true and fair view. Our responsibility is to audit the financial statements in accordance with applicable law and International Standards on Auditing (UK and Ireland). Those standards require us to comply with the Auditing Practices Board's Ethical Standards for Auditors.

Scope of the audit of the financial statements

An audit involves obtaining evidence about the amounts and disclosures in the financial statements sufficient to give reasonable assurance that the financial statements are free from material misstatement, whether caused by fraud or error. This includes an assessment of: whether the accounting policies are appropriate to the company's circumstances and have been consistently applied and adequately disclosed; the reasonableness of significant accounting estimates made by the directors; and the overall presentation of the financial statements.

Opinion on financial statements

In our opinion the financial statements:

- give a true and fair view of the state of the company's affairs as at 30 September 2009 and of its loss for the period then ended;
- have been properly prepared in accordance with IFRSs as adopted by the European Union; and
- have been prepared in accordance with the requirements of the Companies Act 2006.

Opinion on other matter prescribed by the Companies Act 2006

In our opinion the information given in the Directors' Report for the financial period for which the financial statements are prepared is consistent with the financial statements.

Matters on which we are required to report by exception

We have nothing to report in respect of the following matters where the Companies Act 2006 requires us to report to you if, in our opinion:

- adequate accounting records have not been kept, or returns adequate for our audit have not been received from branches not visited by us; or
- the financial statements are not in agreement with the accounting records and returns; or
- certain disclosures of directors' remuneration specified by law are not made; or
- we have not received all the information and explanations we require for our audit.

Ernst & Young LLP

Peter Wallace (Senior statutory auditor)
for and on behalf of Ernst & Young LLP, Statutory Auditor
London
8 March 2010

ST VINCENT INVESTMENTS (NORTH AND SCOTLAND) LIMITED
Income Statement for the period 10 June 2008 to 30 September 2009

	Note	2009 £
Rental income		32,866
Other expenses	4	(177,111)
Loss on ordinary activities before tax		**(144,245)**
Tax credit	5	15,383
Retained loss for the financial period	9	**(128,862)**

The Company has no recognised gains or losses other than those disclosed above.

All material items dealt with in arriving at the loss on ordinary activities before tax relate to continuing activities.

ST VINCENT INVESTMENTS (NORTH AND SCOTLAND) LIMITED
Balance Sheet at 30 September 2009

	Note	2009 £
Non current assets		
Investment properties	6	17,565,637
Current assets		
Trade and other receivables	7	26,480
Total assets		17,592,117
Current liabilities		
Due to related entities	11	17,220,979
Total liabilities		17,220,979
Net current liability		(17,194,499)
Net assets		371,138
Shareholders' equity		
Share capital	8	500,000
Retained earnings	9	(128,862)
Total shareholders' equity	10	371,138

The Financial Statements were approved by the Directors on 8 March 2010 and were signed on their behalf by:

Kevin Page
Director

ST VINCENT INVESTMENTS (NORTH AND SCOTLAND) LIMITED
Cash Flow Statement for the period 10 June 2008 to 30 September 2009

	2009 £
Cash flows used in operating activities	
Loss before tax	(144,245)
Changes in operating assets and liabilities	
Net increase in:	
Trade and other receivables	(11,097)
Net increase in:	
Due to Related Entities	17,220,979
Net cash provided by operating activities	17,065,637
Cash flows from investing activities	
Purchase of investment properties	(17,565,637)
Net cash used in investing activities	(17,565,637)
Cash flows from financing activities	
Proceeds from shares issued	500,000
Net cash provided by financing activities	500,000
Net (decrease)/increase in cash and cash equivalents	-
Cash and cash equivalents at beginning of year	-
Cash and cash equivalents at end of year	-

ST VINCENT INVESTMENTS (NORTH AND SCOTLAND) LIMITED
Notes to the Financial Statements

1. Authorisation of Financial Statements and statement of compliance with IFRS

The Financial Statements of St Vincent Investments (North and Scotland) Limited for the period ended 30 September 2009 were authorised for issue by the Directors on 8 March 2010 and the balance sheets were signed on their behalf by Kevin Page.

St Vincent Investments (North and Scotland) Limited is incorporated in the UK and registered in Scotland.

The ultimate parent undertaking and ultimate controlling party is NAB, a company incorporated in the State of Victoria, Australia. This company also heads the largest group in which the results of the company are consolidated. The smallest group in which the results of the company are consolidated is that headed by Clydesdale Bank PLC, which is incorporated and registered in Scotland. St Vincent Investments Limited is the immediate parent of the Company.

Copies of the Clydesdale Bank PLC Group Financial Statements may be obtained from the Corporate Affairs Department, Clydesdale Bank PLC, 20 Waterloo Street, Glasgow, G2 6DB.

The Financial Statements of the Company have been presented in accordance with International Financial Reporting Standards as adopted by the European Union and as applied in accordance with the Companies Act 2006. The principal accounting policies adopted by the Company are set out in Note 2.

2. Accounting policies

Basis of preparation

The preparation of financial statements in conformity with IFRS requires the use of certain critical accounting estimates and assumptions that affect the reported amounts of assets, liabilities, revenues and expenses and the disclosed amount of contingent liabilities. Assumptions made at each balance sheet date are based on best estimates at that date. Although the Company has internal control systems in place to ensure that estimates can be reliably measured, actual amounts may differ from those estimates. It is not anticipated that such differences would be material.

The Financial Statements have been prepared on a going concern basis under the historical cost convention, as modified by the application of fair value measurements as required by the relevant accounting standards.

Significant accounting judgements and estimates

In the process of applying the Company's accounting policies, management has exercised judgements and estimates in determining the amounts recognised in the Financial Statements.

The most significant use of judgement and estimates are as follows:

Going concern

The Company's management has made an assessment of the Company's ability to continue as a going concern and is satisfied that the Company has the resources to continue in business for the foreseeable future.

The Company's business activities, together with the factors likely to affect its future development, performance and position are set out in the Report of the Directors on page 3. In addition note 14 to the Financial Statements includes the Company's objectives, policies and processes for managing its capital and note 12 to the Financial Statements includes the Company's financial risk management objectives; and its exposure to liquidity risk.

The Company has access to financial resources through the support of its parent Clydesdale Bank PLC. As a consequence, the Directors believe that the Company is well placed to manage its business risks successfully despite the current uncertain economic outlook.

After making enquiries, the Directors have a reasonable expectation that the Company has adequate resources to continue in operational existence for the foreseeable future. Accordingly, the Directors adopt the going concern basis in preparing the annual report and Financial Statements.

2. Accounting policies (continued)

Currency of presentation

All amounts are expressed in pounds sterling and all values are shown in pounds unless otherwise stated.

Segment reporting

A business segment is defined as a Company of assets and operations engaged in providing products or services that are subject to risks and returns that are different from those of other business segments.

A geographical segment is defined as a Company of assets and operations engaged in providing products or services within a particular economic environment that are subject to risks and returns that are different from those of segments operating in other economic environments.

Revenue recognition

Rental Income

Rental income arising on investment properties is accounted for on a straight-line basis over the lease terms on ongoing leases and is recorded in the income statement on an accruals basis.

Investment property

Investment property assets are carried at fair value, with fair value increments and decrements taken to the income statement in the period in which they arise. Investment property assets are revalued annually by Directors to reflect fair values. Directors' valuations are based on advice received from independent valuers. Such valuations are performed on an open market basis being the amounts for which the assets could be exchanged between a knowledgeable, willing buyer and a knowledgeable willing seller in an arm's length transaction at the valuation date. Newly acquired investment property assets are held at cost (i.e. equivalent to fair value due to their recent acquisition) until the time of the next annual review, a period not exceeding twelve months.

Impairment of financial assets

The Company assesses at each balance sheet date whether there is evidence that a financial asset or a portfolio of financial assets is impaired. A financial asset or portfolio of financial assets is impaired and impairment losses are incurred if, and only if, there is objective evidence of impairment as a result of one or more loss events that occurred after the initial recognition of the asset and prior to the balance sheet date ('a loss event'), and that loss event or events has had an impact on the estimated future cash flows of the financial asset or the portfolio that can be reliably estimated.

The Company first assesses whether objective evidence of impairment exists individually for financial assets that are individually significant, and individually or collectively for financial assets that are not individually significant. If the Company determines that no objective evidence of impairment exists for an individually assessed financial asset, whether significant or not, it includes the asset in a group of financial assets with similar credit risk characteristics and collectively assesses them for impairment. Assets that are individually assessed for impairment and for which an impairment loss is or continues to be recognised are not included in a collective assessment of impairment.

If, in a subsequent period, the amount of the impairment loss decreases and the decrease can be related objectively to an event occurring after the impairment was recognised, the previously recognised impairment loss is reversed by adjusting the allowance account. The amount of the reversal is recognised in the income statement.

Dividends

Dividends are recognised as a liability at the time the dividend is approved. Dividends that are approved after the balance sheet date are disclosed as a post balance sheet event.

2. Accounting policies (continued)

Income tax

Income tax expense or revenue is the tax payable (or receivable) on the current period's taxable income based on the applicable tax rate adjusted by changes in deferred tax assets and liabilities.

Deferred tax assets and liabilities are recognised on temporary differences arising between the tax bases of assets and liabilities and their carrying amounts in the consolidated Financial Statements. Deferred income tax is determined using tax rates and laws that have been enacted or substantially enacted by the balance sheet date and are expected to apply when the related deferred income tax asset is realised or the deferred income tax liability is settled. A deferred tax asset or liability is not recognised if it arises from initial recognition of an asset or liability (in a transaction other than a business combination) that at the time of the transaction affects neither accounting profit nor taxable profit or loss.

Deferred tax assets are only recognised for temporary differences, unused tax losses and unused tax credits if it is probable that future taxable amounts will arise to utilise those temporary differences and losses.

Deferred liabilities are not recognised for temporary differences arising from investments in subsidiaries and associates where the timing of the reversal of the temporary difference is controlled by the Company and it is probable that the difference will not reverse in the foreseeable future. Deferred tax assets are not recognised for temporary differences arising from investments in subsidiaries and associates where it is probable that the difference will not reverse in the foreseeable future, and it is not probable that taxable profit will be available against which the temporary difference can be utilised.

The effects of income taxes arising from asset revaluation adjustments are recognised directly in the asset revaluation reserve where relevant.

Deferred tax assets and liabilities related to fair value re-measurement of cash flow hedges, which are charged or credited directly to equity, are also credited or charged directly to equity. The tax associated with these transactions will be recognised in the income statement at the same time as the underlying transaction.

Income tax on the profit or loss for the period comprises current and deferred tax. Income tax is recognised in the income statement except to the extent that it is related to items recognised in equity, in which case the tax is also recognised in equity.

Current tax is the expected tax payable on the taxable income for the period, using tax rates enacted or substantively enacted at the balance sheet date, and any adjustment to tax payable in respect of previous periods.

2. Accounting policies (continued)

Accounting developments

During the period the International Accounting Standards Board and International Financial Reporting Interpretations Committee issued the following standards and interpretations with an effective date after the date of these Financial Statements:

International Financial Reporting Standards (IAS/IFRS)		Effective Date: Annual periods beginning on or after
Various	Improvements to IFRS (Issued 22 May 2008)	Various, earliest is 1 January 2009
Various	Improvements to IFRS (Issued 16 April 2009) (i)	Various, earliest is 1 July 2009
IFRS 1	Amendments - Cost of an Investment in a Subsidiary, Jointly Controlled Entity or Associate	1 January 2009
IFRS 1	Revised - First Time Adoption of IFRS	1 July 2009
IFRS 1	Amendment - Additional Exemptions for First-time Adopters (i)	1 January 2010
IFRS 1	Amendment - Limited Exemption from Comparative IFRS 7 Disclosures for First-time Adopters (i)	1 July 2010
IFRS 2	Amendment - Vesting Conditions and Cancellations (i)	1 January 2009
IFRS 2	Amendment - Group Cash-settled Share-based Payment Transactions (i)	1 January 2010
IFRS 3	Revised - Business Combinations	1 July 2009
IFRS 7	Amendment - Improving Disclosures about Financial Instruments (i)	1 July 2008
IFRS 8	Operating Segments	1 January 2009
IFRS 9	Financial Instruments (i)	1 January 2013
IAS 1	Revised - Presentation of Financial Statements	1 January 2009
IAS 1	Amendment - Puttable Financial Instruments and Obligations Arising on Liquidation	1 January 2009
IAS 23	Revised - Borrowing costs	1 January 2009
IAS 24	Revised - Related Party Disclosures (i)	1 January 2011
IAS 27	Amendment - Consolidated and Separate Financial Statements	1 July 2009
IAS 27	Amendments - Cost of an Investment in a Subsidiary, Jointly Controlled Entity or Associate	1 January 2009
IAS 32	Amendment - Puttable Financial Instruments and Obligations Arising on Liquidation	1 January 2009
IAS 32	Classification of Rights Issues	1 February 2010
IAS 39	Amendment - Eligible Hedged Items	1 July 2009
IAS 39	Amendment - Embedded Derivatives	30 June 2009

(i) This standard/interpretation has not yet been adopted by the European Union.

ST VINCENT INVESTMENTS (NORTH AND SCOTLAND) LIMITED
Notes to the Financial Statements (continued)

2. Accounting policies (continued)

Accounting developments (continued)

		Effective Date: Annual periods beginning on or after
International Financial Reporting Interpretations Committee (IFRIC)		
IFRIC 9	Amendment - Embedded Derivatives	30 June 2009
IFRIC 14	Amendment to IFRIC 14 Prepayment of a Minimum Funding Requirement	1 January 2011
IFRIC 15	Agreements for the Construction of Real Estate	1 January 2009
IFRIC 17	Distributions of Non-Cash Assets to Owners	1 July 2009
IFRIC 18	Transfer of Assets from Customers	1 July 2009
IFRIC 19	Extinguishing Financial Liabilities with Equity Instruments (i)	1 July 2010

(i) This standard/interpretation has not yet been adopted by the European Union.

The Company has not early adopted these standards and interpretations. The Directors do not anticipate any material impacts as a result of adoption of these standards and interpretations.

ST VINCENT INVESTMENTS (NORTH AND SCOTLAND) LIMITED
Notes to the Financial Statements (continued)

3. Segmental Reporting

For the purposes of this note a business segment is a distinguishable component of the entity that is engaged in providing groups of related products and services and that is subject to risks and returns that are different from those of other business segments. Separate financial information for each segment is reported to management for the purposes of evaluating performance.

The entity's business is organised into one operating segment being property related. Therefore the entire financial statements are in relation to the property segment.

4. Other expenses	**Period to 30 Sept 2009 £**
Travel costs	1,988
Legal fees	42,963
Rates	1,882
Consultancy fees	62,197
Repairs	65,581
Other premises costs	2,500
	177,111

The company's audit fees are borne by its parent company, Clydesdale Bank PLC. The parent company paid £10,000 of audit fees on behalf of the Company in relation to the current period.

5. Income tax credit

a) Analysis of tax credit in the period	**Period to 30 Sept 2009 £**
Current tax	
Corporation tax at 28%	
- Current period	(15,383)
Income tax credit reported in income statement	(15,383)

b) Factors affecting tax credit for the period
The tax assessed for the period reflects the standard rate of corporation tax in the UK (28%). The factors are explained below:

	Period to 30 Sept 2009 £
Loss on ordinary activities before tax	(144,245)
Loss on ordinary activities multiplied by standard rate of corporation tax in UK of 28%	(40,389)
Effects of:	
Expenses not deductible for tax purposes	25,006
Total income tax credit for period	(15,383)

6. Investment property

	Freehold land and buildings £
Cost	
At 10 June 2008	-
Additions	17,565,637
At 30 September 2009	17,565,637

Investment properties are stated at fair value, which has been determined based on valuations performed by the Directors of the Company. The fair value represents the amount at which the assets could be exchanged between a knowledgeable, willing buyer and a knowledgeable, willing seller in an arm's length transaction at the date of valuation, in accordance with International Valuation Standards.

During the period 21% of the investment properties generated rental income of £32,866 and incurred operating expenses of £14,167.

7. Trade and other receivables

	2009 £
Sundry debtors	11,097
Corporation tax recoverable	15,383
	26,480

8. Share capital

	Number	£
Authorised		
Ordinary shares of £1 each		
At 30 September 2009	500,000	500,000

	Number	£
Allotted, called up and fully paid:		
Ordinary shares of £1 each		
At 30 September 2009	500,000	500,000

9. Retained earnings

	2009
	£
At 10 June 2008	-
Loss for the period	(128,862)
At 30 September 2009	(128,862)

10. Shareholders' equity

	2009
	£
Retained loss for the period	(128,862)
Net decrease in shareholders' equity	(128,862)
Opening shareholders' equity	-
Issue of share capital	500,000
Closing shareholders' equity	371,138

11. Related party transactions

The Company receives a range of services from the ultimate parent and related parties, including loans and various administrative services.

	2009
	£
Amounts due to parent entities	
St Vincent Investments Limited	17,220,979

The amounts due to the parent company are non-interest bearing.

Transactions with Directors, key management and their close family members

There were no amounts outstanding at 30 September 2009 for transactions, arrangements and agreements between the Company and its Directors, key management and their close family members that arose during the year.

Compensation of key management personnel

All compensation received by key management personnel relates to their duties on behalf of other Clydesdale Bank PLC Group companies. Thus no disclosure is presented in these Financial Statements.

Directors' emoluments

The Directors are employed as executives of other Clydesdale Bank PLC Group companies. The aggregate remuneration of the Directors of the Company as computed in accordance with Section 412 of the Companies Act 2006 was £Nil.

12. Management of risk

Effective management of risk is a key capability for a successful financial services provider, and is fundamental to the Company's strategy as well as that of its parent, Clydesdale Bank PLC ("CB"), as well as that of its ultimate parent entity National Australia Bank Limited ("NAB").

The Company manages risk within an established 'three lines of defence' framework consistent throughout the NAB Group. Control is exercised through clearly defined delegation of authority, with clear and rapid communication and escalation channels throughout the organisation. The first line of defence comprises the business units managing the risks associated with their activities. The second line encompasses dedicated risk functions who are accountable for independent monitoring and oversight. The third line of defence relates to Internal Audit independently reviewing, monitoring, and testing business unit compliance with risk policies and procedures, and regularly assessing the overall effectiveness of the risk management framework.

These company level defences are overlaid by a broader UK group risk management framework and procedure. This framework includes a European Board Risk Committee and a UK Regional Risk Management Committee.

The European Board Risk Committee focuses on key elements of risk, including compliance risk, operational risk, material risk, credit risk and balance sheet management.

The UK risk management team independently monitors and systematically assesses the risk profile within the region against established risk appetite parameters. They also assist the 'front-line' businesses in the design and implementation of appropriate risk management policies/strategies, and work with the businesses to promote awareness of the need to manage risk. Together with the NAB Group Risk Management function, efforts continue to evolve the organisational culture and staff behaviours.

Operational risk and compliance
Operational risk is the risk of loss resulting from inadequate or failed processes, people or systems, or from external events. This includes risk relating to the management of ongoing activities, as well as to organisational changes such as project and change initiatives.

The Operational Risk Framework ("ORF") is based on a set of core principles and defines the NAB Group's standards for operational risk management and compliance. Its design recognises the importance of embedding operational risk and compliance into 'business-as-usual' activities. It has particular focus on defining and implementing the right behaviours and incorporating risk considerations into the Company's systems and processes.

The ORF is an essential element of the business strategy, which underpins all operational risk management activities. It includes:

- an established governance structure that is used to ensure consistent application, management and reporting of the operational risk management process. This element also includes the establishment and communication of the Company's operational risk appetite;
- a structured risk management process to facilitate the identification, quantification and management of risks.

The Company is committed to sound operational risk management and compliance within this framework.

Fair values
The fair value is the amount for which an asset could be exchanged, or a liability settled, between knowledgeable, willing parties in an arm's length transaction.

The carrying amounts of cash and cash equivalents, amounts due from and due to related entities, and other trade receivables and payables are considered to approximate fair value. This is due to their short term nature.

12. Management of risk (continued)

Balance sheet market risk
Balance sheet market risk for the Company includes liquidity risk and structural interest rate risk.

The primary objective for the management and oversight of balance sheet market risk is to maintain the risk profile within approved risk appetite and limits, while implementing strategies that optimise stable current and future earnings from the impact of market volatility.

Policies, inclusive of risk appetite and limits, are approved by the NAB Board, with Group authority delegated to the NAB Group Asset and Liability Management Committee (Group ALCO) and CB Asset and Liability Management Committees (CB ALCOs) for their subsequent implementation and monitoring. UK Treasury manage balance sheet risk and Non-Traded Market Risk provide a risk oversight. While their responsibilities extend to the entire UK Group, the Company's activities fall within their remit.

Structural interest rate risk
Structural interest rate risk comprises the sensitivity of the Company's current and future net interest income to movements in market interest rates. The Company has no exposure to interest rate risk as no interest is charged on the intercompany balance from St Vincent Investments Limited.

Liquidity risk
Liquidity risk is the risk that the Company is unable to meet its current and future financial obligations as they fall due at acceptable cost.

St Vincent Investments Limited provides the Company with its funding requirements. St Vincent Investments Limited is funded using an overdraft facility. The next annual review date of the overdraft facility is June 2010, and it is anticipated this will still be required for future operations.

The Directors do not believe there is a significant exposure to liquidity risk due to the related party nature of funding and liability exposures with fellow CB group companies.

Cash flows maturity profile for liabilities as they fall due
2009

Liabilities	3 months or less £	3 to 12 months £	No specific maturity £	Total £
Due to related entities	-	-	17,220,979	17,220,979

13. Events since the balance sheet date

No other information has been identified since the balance sheet date about conditions existing at the balance sheet date which is required to be disclosed in these financial statements.

14. Capital Management Overview

The Company is governed by NAB Group's capital management policy. The objectives of the NAB Group's capital management policy are to efficiently manage the capital base to optimise shareholder returns whilst maintaining capital adequacy and satisfying key stakeholders such as regulators and ratings agencies.

The Company is not subject to externally imposed capital requirements, however its capital is managed as part of the National Australia Group Europe Limited (NAGE) Group.

The NAGE Group's prime objectives in relation to the management of capital are to comply with the requirements set out by the Financial Services Authority (FSA), the NAGE Group's primary prudential supervisor, to provide a sufficient capital base to cover business risks, maintain a targeted credit rating and to support future business development.

The NAGE Group implemented Basel II requirements from 1 January 2008 in measuring operational and credit risks under the standardised approach and is progressively moving towards advanced approaches. Under Pillar I of Basel II, the NAGE Group calculates its minimum capital requirements based on 8% of RWAs. The FSA then applies a multiplier to this amount to cover risks under Pillar II of Basel II and generate a Final Individual Capital Guidance (ICG).

The ultimate responsibility for capital adequacy rests with the Board of Directors. The NAGE Group's Asset and Liabilities Committee (ALCO), which consists of an Executive Director, Chief Financial Officer and other senior executives, is responsible for the management of the capital process including approving policy, overseeing internal controls and setting internal limits over capital ratios.

The NAGE Group actively manages its capital position and reports this on a regular basis to senior management via ALCO and other governance committees. Capital requirements are included within an annual capital management plan with initiatives being executed against this plan.