Company Number: SC344120

ST VINCENT INVESTMENTS (NORTH AND SCOTLAND) LIMITED

ANNUAL REPORT AND FINANCIAL STATEMENTS

30 SEPTEMBER 2010

ST VINCENT INVESTMENTS (NORTH AND SCOTLAND) LIMITED

ANNUAL REPORT AND FINANCIAL STATEMENTS

30 SEPTEMBER 2010

Contents	Page

ST VINCENT INVESTMENTS (NORTH AND SCOTLAND) LIMITED
Officers and Professional Advisers

Directors	Simon Gaunt Kevin Page Lynne Peacock Paul A Raymond Scott Butterworth (appointed 25 February 2011)
Secretary	Lorna McMillan (appointed 5 August 2010)
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 year ended 30 September 2010.

Activities

The Company's principal activities are the purchase of properties for investment purposes.

Profits and appropriations

The profit attributable to the shareholder for the year ended 30 September 2010 amounted to £1,270,896 (2009: loss £128,862). No dividend was paid during the period (2009: £Nil). 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 Company are discussed further in note 10.

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 comparative income statement for 2009 was based on a 16 month period, whereas, the current period is based on 12 months.

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

Directors and Directors' interests

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

<u>Directors' interests</u>
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.

<u>Appointment</u>
Scott Butterworth was appointed as a Director of the Company on 25 February 2011.

<u>Resignations</u>
Harold Cleminson resigned as a Director of the Company on 16 February 2010.
Iain Smith resigned as a Director of the Company on 25 February 2011.

<u>Directors' liabilities</u>

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.

Directors and Directors' interests (continued)

Company Secretary

Appointment
Lorna McMillan was appointed as Company Secretary on 5 August 2010.

Resignation
Michael Webber resigned as Company Secretary on 5 August 2010.

Employee involvement

The Company does not have any employees. All staff are provided by the intermediate 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

Scott Butterworth
Director
24 May 2011

Statement of Directors' Responsibilities

The Directors are responsible for preparing the Report of the Directors 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 in accordance with IAS 8: Accounting Policies, Changes in Accounting *Estimates and Errors and then apply them consistently;*

- present information, including accounting policies, in a manner that provides relevant, reliable, comparable and understandable information;

- provide additional disclosures when compliance with the specific requirements in IFRSs is insufficient to enable users to understand the impact of particular transactions, other events and conditions on the financial position and financial performance; and

- state that the Company has complied with IFRSs, subject to any material departures disclosed and explained in the Financial Statements.

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 & SCOTLAND) LIMITED

We have audited the financial statements of St Vincent Investments (North & Scotland) Limited for the year ended 30 September 2010 which comprise the Income Statement, the Balance Sheet, the Statement of Changes in Equity, the Statement of Cash Flows and the related notes 1 to 12. 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 set out 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 2010 and of its profit for the year 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 year 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.

Javier Faiz (Senior statutory auditor)
for and on behalf of Ernst & Young LLP, Statutory Auditor
London
27 May 2011

ST VINCENT INVESTMENTS (NORTH AND SCOTLAND) LIMITED
Income Statement for the year ended 30 September 2010

	Note	**2010** £	16 month period to 30 September 2009 £
Rental income		**323,011**	32,866
Gain on revaluation of investment properties		**1,292,556**	-
Profit on disposal of investment property		**37,297**	-
Total Income		**1,652,864**	32,866
Other expenses	3	**(404,174)**	(177,111)
Profit/(loss) on ordinary activities before tax		**1,248,690**	(144,245)
Tax credit	4	**22,206**	15,383
Retained profit/(loss) for the financial year/period		**1,270,896**	(128,862)

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

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

ST VINCENT INVESTMENTS (NORTH AND SCOTLAND) LIMITED
Balance Sheet at 30 September 2010

	Note	2010 £	2009 £
Non current assets			
Investment properties	5	**21,860,963**	17,565,637
Current assets			
Trade and other receivables	6	**478,210**	26,480
Total assets		**22,339,173**	17,592,117
Current liabilities			
Trade and other payables	7	**269,617**	-
Due to related entities	9	**20,427,522**	17,220,979
Total liabilities		**20,697,139**	17,220,979
Net assets		**1,642,034**	371,138
Equity			
Share capital	8	**500,000**	500,000
Retained earnings/(deficit)		**1,142,034**	(128,862)
Total shareholders' equity		**1,642,034**	371,138

The Financial Statements were approved by the Directors on 24 May 2011 and were signed on their behalf by:

Scott Butterworth
Director

ST VINCENT INVESTMENTS (NORTH AND SCOTLAND) LIMITED
Statement of Changes in Equity for the year ended 30 September 2010

	Share Capital £	Retained (deficit)/ earnings £	Total £
Balance at 10 June 2008	-	-	-
Issue of shares	500,000	-	500,000
Loss for the period ended 30 September 2009	-	(128,862)	(128,862)
Balance at 30 September 2009	500,000	(128,862)	371,138
Profit for the year ended 30 September 2010	-	1,270,896	1,270,896
Balance at 30 September 2010	**500,000**	**1,142,034**	**1,642,034**

ST VINCENT INVESTMENTS (NORTH AND SCOTLAND) LIMITED

Statement of Cash Flows for the year ended 30 September 2010

	2010 £	16 month period to 30 September 2009 £
Cash flows used in operating activities		
Profit/(loss) before tax	**1,248,690**	(144,245)
Adjustments for non-cash movements:		
Profit on sale on investment property	**(37,297)**	-
Gain on revaluation of investment property	**(1,292,556)**	-
Cash flows used in operating activities before changes in operating assets and liabilities	**(81,163)**	-
Changes in operating assets and liabilities		
Net increase in:		
Trade and other receivables	**(140,896)**	(11,097)
Net increase in:		
Trade and other payables	**269,617**	-
Due to related entities	**3,206,543**	17,220,979
Net cash provided by operating activities	**3,254,101**	17,065,637
Tax paid	**(288,629)**	-
Net cash provided by operating activities	**2,965,472**	17,065,637
Cash flows from investing activities		
Purchase of investment property	**(4,042,972)**	(17,565,637)
Proceeds from sale of investment property	**1,077,500**	-
Net cash used in investing activities	**(2,965,472)**	(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	-	-

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 2010 were authorised for issue by the Directors on 24 May 2011 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.

Statement of compliance

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 Business Review. In addition note 11 to the Financial Statements includes the Company's objectives, policies and processes for managing its capital and note 10 to the Financial Statements includes the Company's financial risk management objectives; and its exposure to liquidity risk.

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, they continue to adopt the going concern basis in preparing the annual report and accounts.

2. Accounting policies (continued)

Currency of presentation

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

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 is property (land or building - or part of a building - or both) held (by the owner or by the lessee under a finance lease) to earn rentals or for capital appreciation or both, rather than for:

a) use in the production or supply of goods or services or for administrative purposes; or
b) sale in the ordinary course of business.

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 the 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.

2. Accounting policies (continued)

Liabilities

Financial liabilities

Financial liabilities comprise items such as other borrowings.

Financial liabilities may be held at fair value through profit or loss or at amortised cost. Items held at fair value through profit or loss comprise both items held for trading and items specifically designated as fair value through profit or loss at initial recognition.

Financial liabilities held at fair value through profit or loss are initially recognised at fair value with transaction costs being recognised immediately in the income statement. Subsequently they are measured at fair value and any gains and losses are recognised in the income statement as they arise.

Liabilities may be designated as fair value through profit or loss if they meet the following criteria:

- If a host contract contains one or more embedded derivatives the Company may designate the entire contract as being held at fair value; or

- Designating instruments will eliminate or significantly reduce measurement or recognition inconsistencies (eliminate an accounting mismatch) that would otherwise arise from measuring assets or liabilities on a different basis; or

- Assets and liabilities are both arranged and their performance evaluated on a fair value basis in accordance with documented risk management and investment strategies.

A financial liability is classified as held-for-trading if it is incurred principally for the purpose of selling in the near term or forms part of a portfolio of financial instruments that are managed together and for which there is evidence of short-term profit taking, or it is a derivative (not in a qualifying hedge relationship).

All other financial liabilities are measured at amortised cost using the effective interest method. A financial liability is derecognised from the balance sheet when the Company has discharged its obligation, the contract is cancelled or expires.

Income tax

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

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

Offsetting Financial Instruments

A financial asset and a financial liability shall be offset and the net amount presented in the balance sheet when, and only when, the Company currently has a legally enforceable right to set off the recognised amounts and it intends either to settle on a net basis, or to realise the asset and settle the liability simultaneously.

2. Accounting policies (continued)

Accounting developments

The Company has adopted the following standards, interpretations and amendments which have been endorsed by the European Union. None of the following standards, interpretations and amendments had a material impact on the Company's Financial Statements.

(i) Applied in the current reporting period

- Improvements to IFRSs 2008, issued 22 May 2008, makes numerous non-urgent but necessary changes to accounting standards arising from the IASB's annual improvement project.

- Improvements to IFRSs 2009, issued 16 April 2009, makes numerous non-urgent but necessary changes to accounting standards arising from the IASB's annual improvement project.

- Amendment to IFRS 1 and IAS 27 Cost of an Investment in a Controlled Subsidiary, Jointly-Controlled Entity or Associate, issued 22 May 2008, has been adopted but does not apply to the Company.

- Revision to IFRS 1 First-time Adoption of International Financial Reporting Standards, issued 27 November 2009, has been adopted but does not apply to the Company.

- Amendment to IFRS 2 Share-based Payments - Vesting Conditions and Cancellations, issued 17 January 2008, clarifies that vesting conditions comprise service conditions and performance conditions only and other features of a share-based payment transaction are not vesting conditions. It also clarifies that all cancellations should receive the same accounting treatment.

- Revised IFRS 3 Business Combinations, issued 10 January 2008, and effective for financial reporting period beginning on or after 1 July 2009.

- Amendment to IFRS 7 Financial Instruments: Disclosures, issued 5 March 2009, requires additional disclosures regarding fair value measurement and liquidity risk. Fair value measurements are to be disclosed by source of inputs using a three level hierarchy for each class of financial instrument. In addition, a reconciliation between the beginning and ending balance for Level 3 fair value measurements is now required, as well as significant transfers between Level 1 and Level 2 fair value measurements. The amendments also clarify the requirement for liquidity risk disclosures. The liquidity risk disclosures are not significantly impacted by the amendments.

- IFRS 8 Operating Segments, issued 30 November 2006, requires disclosure of information about operating segments. This Standard was adopted however it does not apply to the Company.

- Revised IAS 1 Presentation of Financial Statements, issued 6 September 2007, separates owner and non-owner changes in equity.The statement of changes in equity includes only details of transactions with owners, with non-owner changes in equity presented as a single line. In addition, the standard introduces the statement of comprehensive income: it presents all items of recognised income and expense, either in one single statement, or in two linked statements. The Company has elected to present one statement.

- The presentation of the Financial Statements reflects the disclosure required by IAS 1. Where necessary, comparative information has been reclassified or expanded from the previously reported Financial Statements to take into account any presentational changes.

- Revised IAS 23 Borrowing Costs, issued 29 March 2007, permits capitalisation of borrowing costs that are directly attibutable to the acquisition, construction or production of a qualifying asset.

- Amendment to IAS 27, issued 10 January 2008, is applicable for the acquisition of non-controlling interests for financial periods beginning on or after 1 July 2009.

2. Accounting policies (continued)

Accounting developments (continued)

- Amendment to IAS 32 and IAS 1 Puttable Financial Instruments and Obligations Arising on Liquidation, issued 14 February 2008, introduces an exception to the definition of a financial liability to classify as equity instruments certain puttable financial instruments that impose an obligation to deliver a pro-rata share of net assets to holders only upon liquidation.

- Amendment to IAS 39 Eligible Hedged Items, issued 31 July 2008, clarifies how the principles that determine whether a hedged risk or portion of cash flows is eligible for designation as a hedged item should be applied in particular situations.

- Amendment to IFRIC 9 and IAS 39 Embedded Derivatives, issued 12 March 2009, clarifies the accounting treatment of embedded derivatives for entities that make use of the financial instruments reclassification amendment issued 13 October 2008.

- IFRIC 15 Agreements for the Construction of Real Estate, issued 3 July 2008, provides guidance on recognising revenue from an agreement for the construction of real estate.

- IFRIC 17 Distributions of Non-Cash Assets to Owners, issued 27 November 2008, clarifies that a non-cash dividend payable to owners should be recognised when the dividend is appropriately authorised and is no longer at the discretion of the entity. The Company should measure the dividend payable at the fair value of the net assets to be distributed. An entity should recognise the difference between the dividend paid and the carrying amount of the net assets distributed in the income statement.

- IFRIC 18 Transfer of Assets from Customers, issued 29 January 2009, clarifies the accounting for agreements in which an entity receives from a customer an item of property, plant and equipment that the entity must then use either to connect the customer to a network or to provide the customer with ongoing access to a supply of goods or services.

(ii) Early adopted and applied in the current reporting period

The Company has not early adopted any standard, interpretation or amendment.

(iii) To be applied in a future reporting period

The following standards, interpretations and amendments were available for adoption in the European Union, but not mandatory, for the current reporting period. Those amendments which are applicable to the Company and which are not likely to have an impact on the Company's Financial Statements and have not yet been applied by the Company are as follows:

- Improvements to IFRSs 2009, issued 16 April 2009, makes numerous non-urgent but necessary changes to accounting standards arising from the IASB's annual improvement project. Certain amendments are effective for financial periods beginning on or after 1 January 2010.

- Improvements to IFRSs 2010, issued 6 May 2010, makes numerous non-urgent but necessary changes to accounting standardsarising from the IASB's annual improvement project. Certain amendments are effective for financial periods beginning on or after 1 July 2010 and 1 January 2011.

- Amendments to IFRS 1 Additional Exemptions for First-time Adopters, issued 23 July 2009, is effective for financial periods beginning on or after 1 January 2010.

- Amendment to IFRS 1 Limited Exemption from Comparative IFRS 7 Disclosures for First-time Adopters, issued 28 January 2010, is effective for financial periods beginning on or after 1 July 2010.

- Amendment to IFRS 2 - Group Cash-settled Share-based Payment Transactions, issued 18 June 2009, is effective for financial periods beginning on or after 1 January 2010.

- Revised IAS 24 Related Party Disclosures, issued 4 November 2009, is effective for financial periods beginning on or after 1 January 2011.

2. Accounting policies (continued)

Accounting developments (continued)

- Amendment to IAS 32 Classification of Rights Issue, issued 8 October 2009, is effective for financial periods beginning on or after 1 February 2010.

- Amendment to IFRIC 14 Prepayment of a Minimum Funding Requirement, issued 26 November 2009, is effective for financial periods beginning on or after 1 January 2011.

- IFRIC 19 Extinguishing Financial Liabilities with Equity Instruments, issued 26 November 2009, is effective for financial periods beginning on or after 1 July 2010.

The following standards, interpretations and amendments were not available for adoption in the European Union as at the reporting date. Those amendments which are applicable to the Company and, which are not likely to have an impact on the Company's Financial Statements, and have not yet been applied or early adopted by the Company in preparing this financial report are:

- Amendments to IFRS 1 Severe Hyperinflation and Removal of Fixed Dates for First-time Adopters, issued 20 December 2010, is effective for financial periods beginning on or after 1 July 2011.

- Amendment to IFRS 7 Financial Instruments: Disclosures, issued 7 October 2010, is effective for financial periods beginning on or after 1 July 2011.

- IFRS 9 Financial Instruments, issued 12 November 2009, is effective for financial periods beginning on or after 1 January 2013.The Company has not yet assessed the potential impact or the standard, although changes are likely to affect the Company's accounting for financial assets.

- Amendments to IAS12 Deferred Tax: Recovery of Underlying Assets, issued 20 December 2010, is effective for financial periods beginning on or after 1 January 2012.

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

3. Other expenses	**2010**	Period to 30 September 2009
	£	£
Travel costs	-	1,988
Legal fees	**1,265**	42,963
Consultancy fees	**79,047**	62,197
Security	**10,556**	-
Rates	**3,183**	1,882
Other premises costs	**150,372**	2,500
Repairs	**159,751**	65,581
	404,174	177,111

The Company's audit fees are borne by Clydesdale Bank PLC. Clydesdale Bank PLC paid £10,000 (2009: £10,000) of audit fees on behalf of the Company in relation to the current period.

4. Income tax credit

a) Analysis of credit in the period

	2010	Period to 30 September 2009
Current tax	**£**	£
Corporation tax at 28% (2009: 28%)		
- Current year	**(22,371)**	(15,383)
- Prior year	**165**	-
Income tax credit reported in income statement	**(22,206)**	(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:

	2010	Period to 30 September 2009
	£	£
Profit/(loss) on ordinary activities before tax	**1,248,690**	(144,245)
Profit/(loss) on ordinary activities multiplied by standard rate of corporation tax in UK of 28% (2009: 28%)	**349,633**	(40,389)
Effects of:		
Revaluation of properties	**(361,916)**	-
Profit on disposal of properties	**(10,442)**	-
Expenses not deductible for tax purposes	**354**	25,006
Prior year adjustment	**165**	-
Total income tax credit for period	**(22,206)**	(15,383)

5. Investment properties

	2010 £	2009 £
Cost		
At beginning of period	**17,565,637**	-
Additions	**4,042,972**	17,565,637
Disposals	**(1,040,202)**	-
Revaluation of property	**1,292,556**	-
At 30 September	**21,860,963**	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 55% (2009: 21%) of the investment properties generated rental income of £323,011 (2009: £32,866) and incurred operating expenses of £221,899 (2009: £14,167).

6. Trade and other receivables

	2010 £	2009 £
Sundry debtors	-	11,097
Prepayments and accrued income	**151,993**	-
Corporation tax recoverable	**326,217**	15,383
	478,210	26,480

7. Trade and other payables

	2010 £	2009 £
Accruals	**269,617**	-

8. Share capital

Authorised	**Number**
Ordinary shares of £1 each	
At 30 September 2010 and 2009	**500,000**
Allotted, called up and fully paid:	**£**
Ordinary shares of £1 each	
At 30 September 2010 and 2009	**500,000**

9. Related party transactions

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

	2010	2009
	£	£
Amounts due from related entities		
St Vincent Investments Limited	**20,427,522**	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 2010 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 (2009: £Nil).

10. 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

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.

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.

10. 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 UK Asset and Liability Management Committee (UK ALCO) 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 facility 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 December 2011, 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
2010

Liabilities	**3 months or less £**	**3 to 12 months £**	**No specific maturity £**	**Total £**
Due to related entities	**-**	**-**	**20,427,522**	**20,427,522**
Accruals	**269,617**	**-**	**-**	**269,617**
	269,617	**-**	**20,427,522**	**20,697,139**

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
	-	-	17,220,979	17,220,979

11. 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 ("UK 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 UK ALCO and other governance committees. Capital requirements are included within an annual capital management plan with initiatives being executed against this plan.

12. Events after 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.