

388466

Annual Report
and
Accounts
1996

WHITEAWAY
LAIDLAW
BANK
LIMITED



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WHITEAWAY LAIDLAW BANK LIMITED
DIRECTORS, OFFICERS AND ADVISERS

Company Number 388466 (England and Wales)

Board of Directors Eric M Barnes FCS (Chairman)
* Robert T Fox CBE FCIB
* Blaise N A Hardman
* Peter L Weigh FCA
John E Mottershead ACIB (Appointed 16 April 1996)

(- Members of the Audit Committee)*

Secretary W George Renshaw FCA

Principal and Registered Office Ambassador House
PO Box 93
Devonshire Street North
Manchester M60 6BU

Registered Auditors Coopers & Lybrand
1 Embankment Place
London WC2N 6NN

Solicitors Paisner & Co
Bouverie House
154 Fleet Street
London EC4A 2DQ

REVIEW OF ACTIVITIES

There was further growth in all areas of activity leading to a 9.2% increase in profits before taxation to £62.8 million. Trading conditions have continued to be extremely difficult in the past year for almost every sector of industry and commerce, but the broadening of the range of services offered has enabled the Group to continue to expand.

BANKING AND INVESTMENT

The Bank achieved a satisfactory trading performance with revenues continuing to migrate from group to external sources.

Although treasury and operational services on behalf of the parent company remained a core activity, lending to small businesses continued to show significant growth. As a result conventional overdraft and loan working capital finance to this sector will shortly be supplemented by the provision of invoice discounting and factoring services.

Data processing for other financial service companies expanded and these services will remain a target market for the Bank ensuring a blend of fee and interest income.

The Bank has been able to contain its overheads and its cost to income ratio of 27.4% and bad debt experience of 0.3% compares very favourably with the banking sector as a whole.

Further investment in information technology, combined with ongoing cost containment and prudent lending practices, provides a sound platform for further expansion.

FINANCE

General Guarantee Corporation Limited and its leasing subsidiary companies in the UK and Equipment Rental Company Limited in the Channel Islands saw new business advances increase by 4.4% above the previous year.

Consumer car business was extremely slow during the first half of the year but improved considerably in the last quarter. Corporate business although plentiful came under considerable pressure on margin as competitors pre-empted further cuts in base rates.

The branch network remains the cornerstone of company development. New branches at Milton Keynes and Guildford are now successfully operating and further satellite branches are being planned in Romford and Harrow with other opportunities to be exploited where appropriate.

Bad debt and expenses continue to be well controlled and profit before tax increased by 12.6%.

INSURANCE

WL Insurance Services Limited continues to promote various personal insurance policies to customers of the Home Shopping Division of The Great Universal Stores Group.

The company's turnover, comprising commission income, increased by 7% over the previous year's level to £1.6 million and led to a 29% increase in profit before tax to £1.3 million.

REPORT OF THE DIRECTORS

The directors have pleasure in submitting the annual report and accounts for the year ended 31 March 1996.

ACTIVITIES

The company ("Bank") is an authorised institution under the Banking Act 1987. It continues to provide a range of banking and related financial services both directly and through its principal subsidiary, General Guarantee Corporation Limited, and its other subsidiaries.

STATEMENT OF DIRECTORS' RESPONSIBILITIES

The Companies Act 1985 requires the directors to have accounts prepared for each financial year which give a true and fair view of the state of the Bank and Group as at the end of the financial year and of the profit or loss for that period, and to have them independently audited.

The directors consider that in preparing the accounts, which have been drawn up on a going concern basis and which have received an unqualified report from the auditors, the Bank, as hitherto, has followed applicable accounting standards and has applied consistently appropriate accounting policies supported by reasonable estimates and prudent judgements. In consultation with professional advisers they consider that proper accounting records are maintained to safeguard the assets of the Bank and the Group, and protective measures are sought to counter possible fraud and other irregularities.

PROFIT AND DIVIDEND

Profit for the year after tax amounted to £42.9 million (1995 - £39.3 million). The directors recommend that a final dividend of £0.66 per share (1995 - £0.60 per share), amounting to £19.8 million, is paid to shareholders and £23.1 million is transferred to reserves.

In the previous year a special interim dividend of £2.331/3 per share amounting to £70.0 million was paid during the year and an amount of £48.7 million was transferred from reserves to cover the shortfall.

DIRECTORS

The names of the current directors are given on page 1.

Mr Mottershead was appointed as a director on the 16 April 1996. All other directors served throughout the year.

DIRECTORS' INTERESTS IN SHARES

Of the directors who held office on 31 March 1996, Mr Barnes was a director of the Bank's ultimate parent company, The Great Universal Stores PLC, and his interests are disclosed in the accounts of that company.

Mr Hardman had interests at 31 March 1996 in 16,000 Ordinary shares of 25p each in The Great Universal Stores PLC (31 March 1995 - 16,000 shares).

No other director holding office at 31 March 1996 had any interest either at the beginning or end of the year in the capital of the Bank, its ultimate holding company or any fellow subsidiary thereof.

CREDITOR PAYMENT POLICY

Payments are made to suppliers in accordance with the general conditions of purchase or the specific terms agreed with suppliers.

EMPLOYEE INVOLVEMENT

Group companies consult their employees on matters of concern to them and they participate in their company's affairs.

EMPLOYMENT OF DISABLED PERSONS

The Group supports the employment of disabled people wherever possible through recruitment, by retention of those who become disabled during their employment and generally through training, career development and promotion.

AUDITORS

A resolution to reappoint Coopers & Lybrand as auditors will be proposed at the Annual General Meeting.

By order of the Board



W G Renshaw
Secretary
10 July 1996

ACCOUNTING POLICIES

(a) Basis of accounting

The accounts have been prepared under the historical cost convention, in accordance with the special provisions of Part VII of the Companies Act 1985 relating to banking companies and banking groups, and applicable Accounting Standards which have been consistently applied.

(b) Basis of consolidation

The Group accounts deal with the state of affairs and results of the Bank and all its subsidiaries for the twelve months ended 31 March. Subsidiaries with accounting reference dates other than 31 March prepare management accounts to that date, for consolidation purposes, which are audited. Goodwill arising on consolidation is written off directly to reserves.

(c) Cash flow statement

The Bank is a wholly owned subsidiary of The Great Universal Stores PLC and its cash flows are included in the consolidated cash flow statement of The Great Universal Stores PLC. Consequently, the Bank is exempt, under the terms of Financial Reporting Standard No. 1, from publishing a cash flow statement.

(d) Bad and doubtful debts

Specific and general provisions are made for bad and doubtful debts, based on a year-end appraisal of advances. Specific provisions are made when it is considered that recovery is doubtful. Interest on advances is credited to the profit and loss account (and provided for where necessary) until the normal relationship with the customer has ceased. Advances are shown on the balance sheets after deducting these provisions.

(e) Shares in group undertakings

The Bank's investment in its subsidiary undertakings is stated at cost less any provision for permanent diminution in value.

(f) Income

Income from instalment credit and hire purchase agreements is credited to profit in proportion to the reducing balances outstanding and is included in interest receivable.

Income from leasing is brought into profit so as to achieve a constant rate of return on the net funds invested, after taking account of taxation and is included in interest receivable.

Interest and charges receivable on other types of

lending and finance are brought into profit on an accruals basis. Commitment and other banking fees are brought into profit when due and payable.

(g) Debt securities

Debt securities are not regarded as financial fixed assets, as such securities are purchased only in the course of the Group's treasury operations for the temporary utilisation of surplus funds. They are stated at the lower of cost or net realisable value.

(h) Tangible fixed assets and depreciation

Depreciation is calculated on the straight-line basis to write off the cost of equipment at the following annual rates:

Motor vehicles	- 25%
Office equipment	- 20%
Fixtures and fittings	- 10%

Annual rentals on operating leases are charged against income as incurred.

(i) Deferred taxation

Deferred taxation is provided in respect of timing differences to the extent that it is probable that a liability will arise in the foreseeable future.

(j) Foreign currencies

Assets and liabilities in foreign currencies are translated into sterling at the rates of exchange ruling on the balance sheet date. Income and expenses which arose originally in foreign currencies are translated into sterling at average rates for the relevant accounting periods.

(k) Pension and other post retirement costs

The Group provides pension benefits to eligible employees through membership of a pension plan operated by its ultimate parent company. The plan has rules which specify the benefits to be paid and is financed accordingly, with assets being held in independently administered funds. The cost of providing retirement benefits, including healthcare, which is based on costs across the ultimate parent's group as a whole, is charged to profit and loss account over the anticipated period of employment in accordance with recommendations made by independent qualified actuaries.

CONSOLIDATED PROFIT AND LOSS ACCOUNT

for the year ended 31 March 1996

	Notes	1996 £M	1995 £M
Interest receivable:			
Interest receivable and similar income			
arising from debt securities	1	1.8	3.6
Other interest receivable and similar income	1	116.3	100.0
		<hr/>	<hr/>
		118.1	103.6
Interest payable	2	(28.3)	(20.4)
		<hr/>	<hr/>
Net interest income		89.8	83.2
Fees and commissions receivable	1	11.2	10.4
Fees and commissions payable		(14.6)	(12.5)
Dealing profits /(losses)		0.3	(1.3)
Other operating income	1	1.5	1.7
		<hr/>	<hr/>
Operating income		88.2	81.5
Administrative expenses	3	(19.8)	(19.3)
Depreciation and amortisation		(0.7)	(0.9)
Other operating charges	1	(1.4)	(1.5)
Provisions	6	(3.5)	(2.3)
		<hr/>	<hr/>
Operating profit and profit on ordinary activities before tax		62.8	57.5
Tax on profit on ordinary activities	7	(19.9)	(18.2)
		<hr/>	<hr/>
Profit on ordinary activities after taxation and for the financial year	8	42.9	39.3
Dividends paid and proposed	9	(19.8)	(88.0)
		<hr/>	<hr/>
Transfer to/(from) reserves		23.1	(48.7)
		<hr/>	<hr/>
Profit and loss account at beginning of year		199.9	248.6
		<hr/>	<hr/>
Profit and loss account at end of year		<u>223.0</u>	<u>199.9</u>

All income and profit was derived from continuing operations.

The Group has no recognised gains and losses other than those included in the consolidated profit and loss account and therefore no separate statement of total recognised gains and losses has been presented.

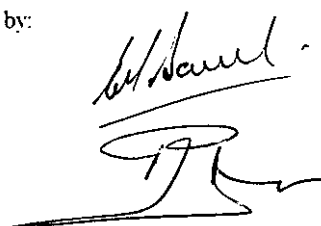
There is no difference between the profit on ordinary activities before taxation and the retained profit for the year stated above, and their historical cost equivalents.

BALANCE SHEETS

As at 31 March 1996

		Group		Bank	
	Notes	1996 £M	1995 £M	1996 £M	1995 £M
Assets					
Cash and balances at central banks		0.1	0.1	0.1	0.1
Cheques in the course of collection		0.4	0.5	0.4	0.5
Loans and advances to banks	10	97.6	153.0	77.1	127.5
Loans and advances to customers	11	863.5	763.9	35.6	31.9
Debt securities	12	77.0	42.3	50.0	19.9
Shares in group undertakings	13	-	-	16.7	16.7
Tangible fixed assets	14	1.4	1.4	0.1	0.1
Other assets		0.5	-	0.2	-
Prepayments and accrued income		2.4	2.0	2.0	1.9
Total assets		<u>1,042.9</u>	<u>963.2</u>	<u>182.2</u>	<u>198.6</u>
Liabilities					
Deposits by banks	15	2.5	-	2.5	-
Customer accounts	16	717.9	664.2	92.0	117.0
Other liabilities	17	56.2	58.0	24.4	21.1
Accruals and deferred income		5.7	5.4	1.2	1.0
Provisions for liabilities and charges	18	7.6	5.7	0.1	0.1
Called up equity share capital	19	30.0	30.0	30.0	30.0
Profit and loss account	20	223.0	199.9	32.0	29.4
Equity shareholders' funds	21	253.0	229.9	62.0	59.4
Total liabilities		<u>1,042.9</u>	<u>963.2</u>	<u>182.2</u>	<u>198.6</u>
Memorandum items					
Contingent liabilities:					
Guarantees and assets pledged as collateral security	22	8.5	7.7	8.5	7.7
Commitments	22	52.4	200.6	52.4	200.6

These accounts on pages 4 to 14 were approved by the board of directors on 10 July 1996 and are signed on its behalf by:



E M Barnes

P L Weigh

Directors

NOTES TO THE ACCOUNTS

1 INCOME AND TURNOVER

Interest receivable and similar income arising from debt securities includes income from listed investments (gilts) amounting to **£0.2 million** (1995 - £2.8 million).

Fees and commissions receivable includes broking income together with credit income from hire purchase and leasing subsidiaries.

Other operating income and charges comprise the sale of goods by Group companies and the cost thereof.

The cost of assets acquired during the year for hiring on hire purchase agreements was **£599.2 million** (1995 £585.7 million) and on finance leases was **£48.0 million** (1995 - £34.1 million). Hire purchase collections in the year were **£584.0 million** (1995 - £538.0 million) and the aggregate rentals receivable from finance leases was **£27.2 million** (1995 - £28.9 million).

2 INTEREST PAYABLE

Interest payable includes amounts paid to the ultimate parent company and fellow subsidiary undertakings of **£28.1 million** (1995 - £20.4 million).

3 ADMINISTRATIVE EXPENSES

	1996	1995
	£M	£M
Staff costs:		
Wages and salaries	10.4	10.0
Social security costs	0.9	0.8
Other pension costs	0.4	0.3
Total staff costs	<u>11.7</u>	<u>11.1</u>
Other administrative costs	<u>8.1</u>	<u>8.2</u>
	<u><u>19.8</u></u>	<u><u>19.3</u></u>

	1996	1995
	£M	£M
Other administrative expenses are stated after charging:		
Hire of plant and equipment	-	0.1
Rentals payable on other operating leases	1.0	1.6

The auditors' remuneration was **£205,000** (1995 - £188,000), of which **£46,000** (1995 - £55,000) related to the Bank itself. Fees payable by the Group to the auditors other than for statutory audit work amounted to **£35,000** (1995 - £25,000).

NOTES TO THE ACCOUNTS *(continued)*

4 NUMBER OF EMPLOYEES

	1996		1995	
	Full time	Part time	Full time	Part time
The average number of persons employed by the Group during the year was:				
Sales staff	464	18	447	25
Administrative staff	151	28	149	27
	<u>615</u>	<u>46</u>	<u>596</u>	<u>52</u>

5 EMOLUMENTS OF DIRECTORS

Included in staff costs shown in note 3 is directors' remuneration, which comprises fees in respect of services as directors, including pension contributions, and amounted, in total to £17,000 (1995 - £18,000). The numbers of directors whose remuneration fell within the following ranges were, £nil to £5,000, 2 (1995 - 3), £5,001 to £10,000, 2 (1995 - 2).

Included in the above are the emoluments of the highest paid director whose remuneration, excluding pension contributions, was £9,000 (1995 - £9,000). The Chairman and one other director were remunerated by the ultimate parent company and received no remuneration in the current or previous year in relation to their services to the Bank or its subsidiary undertakings.

6 PROVISIONS

	1996 £M	1995 £M
Bad debts written off less recovered	1.8	2.4
Adjustments to provisions for bad and doubtful debts	<u>1.7</u>	<u>(0.1)</u>
	<u>3.5</u>	<u>2.3</u>

7 TAX ON PROFIT ON ORDINARY ACTIVITIES

	1996 £M	1995 £M
The taxation charge is based on the profit for the year and comprises:		
UK corporation tax at 33%	17.2	17.5
Deferred taxation	1.7	-
Overseas taxation	<u>0.9</u>	<u>1.0</u>
	19.8	18.5
Under/(over) provision for corporation tax in prior years	0.3	(0.3)
(Over)/under provision for deferred tax in prior years	<u>(0.2)</u>	<u>-</u>
	<u>19.9</u>	<u>18.2</u>

8 PROFIT FOR THE FINANCIAL YEAR

The Bank is not required to present its own profit and loss account in addition to the consolidated profit and loss account, as permitted by section 230 of the Companies Act 1985. Of the Group profit for the year, £22.4 million (1995 - £46.2 million) has been dealt with in the accounts of the Bank.

NOTES TO THE ACCOUNTS *(continued)*

9 DIVIDENDS

	1996	1995
	£M	£M
On equity shares:		
Special interim paid of £2.33 1/3 per ordinary share	-	70.0
Final proposed of £0.66 per ordinary share (1995 - £0.60)	19.8	18.0
	<u>19.8</u>	<u>88.0</u>

The special interim dividend of £70.0 million paid during 1995 represented the contribution by the Bank and its subsidiaries to the parent company's shareholder distribution of £301.7 million.

10 LOANS AND ADVANCES TO BANKS

	Group		Bank	
	1996	1995	1996	1995
	£M	£M	£M	£M
Repayable on demand	5.7	6.2	2.7	2.8
Other loans and advances repayable in:				
Not more than three months	91.7	109.6	74.2	112.8
Three months to one year	0.2	25.5	0.2	0.2
One year to five years	-	11.7	-	11.7
	<u>97.6</u>	<u>153.0</u>	<u>77.1</u>	<u>127.5</u>

11 LOANS AND ADVANCES TO CUSTOMERS

	Group		Bank	
	1996	1995	1996	1995
	£M	£M	£M	£M
Repayable on demand	43.7	34.8	2.9	2.0
Other loans and advances repayable in:				
Not more than three months	109.6	99.4	2.0	2.7
Three months to one year	285.3	259.3	21.3	20.2
One year to five years	424.6	370.1	9.1	6.7
More than five years	0.3	0.3	0.3	0.3
	<u>863.5</u>	<u>763.9</u>	<u>35.6</u>	<u>31.9</u>

Included in the above totals are amounts outstanding under:

Finance leases	65.2	49.3	-	-
Hire purchase contracts	776.7	695.4	-	-
	<u>841.9</u>	<u>744.7</u>	<u>-</u>	<u>-</u>

Included in the above totals are amounts:

Due by fellow subsidiary undertakings	1.5	0.8	0.1	0.1
Dividends receivable from subsidiaries	-	-	16.7	14.9
	<u>1.5</u>	<u>0.8</u>	<u>16.8</u>	<u>15.0</u>

NOTES TO THE ACCOUNTS *(continued)*

12 DEBT SECURITIES

	Group		Bank	
	1996	1995	1996	1995
	£M	£M	£M	£M
Issued by public bodies	-	22.4	-	-
Issued by other issuers	<u>77.0</u>	<u>19.9</u>	<u>50.0</u>	<u>19.9</u>
	<u>77.0</u>	<u>42.3</u>	<u>50.0</u>	<u>19.9</u>

Debt securities issued by public bodies consisted of listed UK Government fixed interest securities (gilts) and at the balance sheet date their net book value was equivalent to their market value. Other debt securities consist of unlisted certificates of deposit, issued by institutions authorised in the UK under the Banking Act 1987 or recognised UK building societies.

13 SHARES IN GROUP UNDERTAKINGS

This comprises ordinary shares shown at cost. The Bank's subsidiaries at 31 March 1996, all wholly owned, are listed below and are registered in England and Wales unless otherwise shown.

Corporate and consumer finance

General Guarantee Corporation Limited

* Equipment Rental Company Limited (Incorporated in Jersey)

Insurance

WL Insurance Services Limited

Investment

KC Finance (Jersey) Limited (Incorporated in Jersey)

Exporting and export financing

Whiteaway Laidlaw (Overseas) Limited

* GUS Export Corporation Limited

Leasing

* GGC Leasing Limited

+* GGC Leasing (January) Limited

+* GGC Leasing (February) Limited

* GGC Leasing (March) Limited

+* GGC Leasing (April) Limited

+* GGC Leasing (May) Limited

+* GGC Leasing (June) Limited

+* GGC Leasing (July) Limited

+* GGC Leasing (August) Limited

+* GGC Leasing (September) Limited

+* GGC Leasing (October) Limited

+* GGC Leasing (November) Limited

+* GGC Leasing (December) Limited

+* Cliffrange Limited

+* Faronman Limited

+* Finchfields Limited

* Holdmaster Limited

Non-trading

+* Ambassador Leasing Limited

+* Fetchfield Leasing Limited

* Longlane Securities Limited

Whiteaway Laidlaw Corporate Funding Limited

WL Nominees Limited

WL Investments Limited

+* WL Leasing Limited

* = owned by a subsidiary company

The financial years of the companies marked + above ended on various dates between 30 April 1995 and 29 February 1996. All are consolidated on the basis of audited management accounts made up to the Bank's balance sheet date. The differing financial year ends of the leasing subsidiary companies allow these companies to be competitive in the leasing market.

NOTES TO THE ACCOUNTS (continued)

14 TANGIBLE FIXED ASSETS

This comprises fixtures and fittings, equipment and motor vehicles as follows:

	Group £M	Bank £M
Cost		
At 1 April 1995	5.0	0.5
Additions	0.9	-
Disposals	(0.6)	-
At 31 March 1996	<u>5.3</u>	<u>0.5</u>
Depreciation		
At 1 April 1995	3.6	0.4
Charge for year	0.7	-
Disposals	(0.4)	-
At 31 March 1996	<u>3.9</u>	<u>0.4</u>
Net book value		
At 31 March 1996	<u>1.4</u>	<u>0.1</u>
At 31 March 1995	<u>1.4</u>	<u>0.1</u>

15 DEPOSITS BY BANKS

	Group		Bank	
	1996	1995	1996	1995
	£M	£M	£M	£M
Agreed maturity of not more than three months	<u>2.5</u>	<u>-</u>	<u>2.5</u>	<u>-</u>

16 CUSTOMER ACCOUNTS

	Group		Bank	
	1996	1995	1996	1995
	£M	£M	£M	£M
Repayable on demand	707.2	653.5	81.3	105.8
With agreed maturity dates or periods of notice and repayable in:				
Not more than three months	10.6	10.4	10.6	10.9
Three months to one year	0.1	0.3	0.1	0.3
	<u>717.9</u>	<u>664.2</u>	<u>92.0</u>	<u>117.0</u>
Included within customer accounts are the following sums due to:				
The ultimate parent company	654.6	589.6	19.4	30.0
Fellow subsidiary undertakings	38.7	35.6	37.7	35.4
Subsidiary undertakings	-	-	11.1	10.2
	<u>693.3</u>	<u>625.2</u>	<u>68.2</u>	<u>75.6</u>

Amounts repayable on demand includes £616.4 million of loan borrowings by General Guarantee Corporation Limited from The Great Universal Stores PLC. With effect from 1 April 1996 such loan borrowings are repayable subject to a three month notice period.

NOTES TO THE ACCOUNTS (continued)

17 OTHER LIABILITIES

Other liabilities includes the total proposed dividend of **£19.8 million** (1995 - £18.0 million) and corporation and overseas tax of **£22.1 million** (1995 - £21.7 million) for the Group and **£3.0 million** (1995 - £2.3 million) for the Bank.

18 PROVISIONS FOR LIABILITIES AND CHARGES

	Group		Bank	
	1996	1995	1996	1995
	£M	£M	£M	£M
Provisions for pensions and other post retirement benefits	3.0	2.6	0.1	0.1
Provisions for deferred tax	2.6	1.1	-	-
Other provisions	2.0	2.0	-	-
	<u>7.6</u>	<u>5.7</u>	<u>0.1</u>	<u>0.1</u>

	Group		
	Pensions and other post retirement benefits	Deferred taxation	Other provisions
	£M	£M	£M
At 1 April 1995	2.6	1.1	2.0
Transfers from profit and loss account	0.4	1.5	-
At 31 March 1996	<u>3.0</u>	<u>2.6</u>	<u>2.0</u>

Other provisions relate to revisions to future income under leasing contracts after estimated tax relief of **£1.0 million** (1995 - £1.0 million). Deferred taxation balances represent timing differences arising on fixed and leased assets of **£3.7 million** (1995 - £2.0 million), net of a deferred tax asset on pensions and other post retirement benefits of **£1.1 million** (1995 - £0.9 million). Deferred taxation has been provided in full.

The Bank has a deferred tax asset of **£0.2 million** (1995 - £nil) representing timing differences on provisions and pensions and other post retirement benefits.

19 SHARE CAPITAL

The authorised, allotted, called-up and fully paid share capital is **£30.0 million** in ordinary shares of £1 each (1995 - £30.0 million).

20 PROFIT AND LOSS ACCOUNT

Movements on the balance of the profit and loss account of the Bank have been:

	£M
At 1 April 1995	29.4
Profit for the financial year	22.4
Dividends paid and proposed	(19.8)
At 31 March 1996	<u>32.0</u>

NOTES TO THE ACCOUNTS (continued)

21 RECONCILIATION OF MOVEMENTS IN SHAREHOLDERS' FUNDS

	Group		Bank	
	1996	1995	1996	1995
	£M	£M	£M	£M
Opening shareholders' funds	229.9	278.6	59.4	101.2
Profit for the year	42.9	39.3	22.4	46.2
Dividends	(19.8)	(88.0)	(19.8)	(88.0)
Closing shareholders' funds	<u>253.0</u>	<u>229.9</u>	<u>62.0</u>	<u>59.4</u>

22 CONTINGENT LIABILITIES AND COMMITMENTS

The nominal value and risk weighted amounts of contingent liabilities and commitments are shown below. The nominal contract amounts indicate the volume of business at the balance sheet date, but not the amounts at risk. The risk weighted amounts have been calculated in accordance with the Bank of England's guidelines implementing the EC Solvency Ratio Directive.

All contingent liabilities have been entered into on behalf of or for the benefit of the ultimate parent company and fellow subsidiary undertakings. The foreign exchange rate contracts have been entered into for hedging purposes only.

	Group & Bank			
	1996	1996	1995	1995
	Contract amount	Risk weighted amount	Contract amount	Risk weighted amount
	£M	£M	£M	£M
Contingent liabilities:				
Guarantees issued	5.0	5.0	4.8	4.8
Irrevocable letters of credit	3.5	1.8	2.9	1.5
	<u>8.5</u>	<u>6.8</u>	<u>7.7</u>	<u>6.3</u>
Commitments:				
Undrawn lending facilities	0.5	0.2	0.5	0.2
Foreign exchange contracts with:				
Ultimate parent and fellow subsidiaries	26.9	0.3	101.5	1.0
Other banks	25.0	0.1	98.6	0.4
	<u>52.4</u>	<u>0.6</u>	<u>200.6</u>	<u>1.6</u>

NOTES TO THE ACCOUNTS (continued)

23 FOREIGN CURRENCY ASSETS AND LIABILITIES

The following amounts included in the Bank and Group balance sheets are denominated in foreign currencies:

	1996	1995
	£M	£M
Assets	<u>0.5</u>	<u>0.7</u>
Liabilities	<u>0.3</u>	<u>0.6</u>

24 FORWARD TRANSACTIONS

The Bank engages in both spot and forward foreign exchange transactions with its customers and with other banks. Such contracts are undertaken primarily to meet the requirements of customers and the value of any open positions is not material.

In addition some subsidiary undertakings, engaged in leasing business, have entered into forward agreements to sell assets, to which they currently have legal title, to third parties at the end of the terms of individual leases for pre-determined sums.

25 LEASE COMMITMENTS

The Group had no obligation as lessees under finance leases. The Group had obligations under operating leases, with the following amounts committed to be paid next year:

	1996		1995	
	Land & buildings £M	Other £M	Land & buildings £M	Other £M
Where the commitment expires:				
Within one year	0.1	-	0.2	0.1
Within two to five years	0.5	-	0.4	-
Over five years	-	-	-	-

There were no significant obligations under operating leases relating to the Bank.

26 PENSION AND OTHER POST RETIREMENT BENEFITS

The Group provides pension benefits to eligible employees through membership of a pension plan operated by its ultimate parent company, The Great Universal Stores PLC. The plan has rules which specify the benefits to be paid and is financed accordingly with assets being held in independently administered funds.

The total pension cost was £0.4 million (1995 - £0.3 million) and this is based on pension costs across the parent group as a whole. The pension cost is assessed in accordance with the advice of a qualified actuary and the results of the latest valuation are reported in the accounts of The Great Universal Stores PLC.

Post retirement healthcare insurance is funded by annual premiums to a third party insurer. The liability has been assessed by qualified actuaries William M. Mercer as £0.4 million (1995 - £0.4 million). The assumption which has the most significant effect on the actuarial assessment is that medical cost inflation would be 10% pa for 5 years and 7% pa for the longer term.

27 ULTIMATE PARENT COMPANY

The ultimate parent company is The Great Universal Stores PLC, which is registered in England and Wales. Copies of its group accounts can be obtained from The Secretary, The Great Universal Stores PLC, PO Box 99, Universal House, Devonshire Street, Manchester M60 1XA.

REPORT OF THE AUDITORS

To the members of
Whiteaway Laidlaw Bank Limited

We have audited the accounts on pages 4 to 14.

Respective responsibilities of directors and auditors

As described on page 3 the Bank's directors are responsible for the preparation of accounts. It is our responsibility to form an independent opinion, based on our audit, on those accounts and to report our opinion to you.


Basis of opinion

We conducted our audit in accordance with Auditing Standards issued by the Auditing Practices Board. An audit includes examination, on a test basis, of evidence relevant to the amounts and disclosures in the accounts. It also includes an assessment of the significant estimates and judgements made by the directors in the preparation of the accounts, and of whether the accounting policies are appropriate to the Bank's circumstances, consistently applied and adequately disclosed.

We planned and performed our audit so as to obtain all the information and explanations which we considered necessary in order to provide us with sufficient evidence to give reasonable assurance that the accounts are free from material mis-statement, 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 accounts.

Opinion

In our opinion the accounts give a true and fair view of the state of affairs of the Bank and of the Group at 31 March 1996 and of the profit of the Group for the year then ended and have been properly prepared in accordance with the Companies Act 1985.



Coopers & Lybrand
Chartered Accountants and Registered Auditors
London
10 July 1996

GROUP FIVE YEAR SUMMARY

	1996 £M	1995 £M	1994 £M	1993 £M	1992 £M
Profit before taxation	62.8	57.5	52.8	48.2	44.1
Taxation	(19.9)	(18.2)	(16.2)	(15.1)	(13.8)
Profit after taxation	<u>42.9</u>	<u>39.3</u>	<u>36.6</u>	<u>33.1</u>	<u>30.3</u>
Dividend	(19.8)	(88.0)	(18.0)	(14.1)	(13.2)
Retained profit/(loss)	<u>23.1</u>	<u>(48.7)</u>	<u>18.6</u>	<u>19.0</u>	<u>17.1</u>
Issued share capital	30.0	30.0	30.0	30.0	30.0
Reserves	<u>223.0</u>	<u>199.9</u>	<u>248.6</u>	<u>230.0</u>	<u>211.0</u>
Shareholders' funds	253.0	229.9	278.6	260.0	241.0
Other liabilities	<u>789.9</u>	<u>733.3</u>	<u>588.8</u>	<u>497.1</u>	<u>520.1</u>
	<u>1,042.9</u>	<u>963.2</u>	<u>867.4</u>	<u>757.1</u>	<u>761.1</u>
Cash and short term funds	48.0	106.3	122.7	106.8	64.8
Advances and other accounts	993.5	855.5	743.3	649.1	695.4
Fixed assets	<u>1.4</u>	<u>1.4</u>	<u>1.4</u>	<u>1.2</u>	<u>0.9</u>
	<u>1,042.9</u>	<u>963.2</u>	<u>867.4</u>	<u>757.1</u>	<u>761.1</u>
Pre-tax return on average equity	25.0	19.3	19.0	18.7	18.4
Pre-tax return on average total assets	6.3	6.3	6.5	6.3	5.7
Operating expenses as a percentage of net total income	23.6	25.3	26.4	26.3	24.8
Capital adequacy - Total and Tier 1 capital (1996 - provisional)	26.5	26.8	38.9	41.9	36.4

HEAD OFFICES
Manchester

Whiteaway Laidlaw Bank Limited (0161) 273 3228
General Guarantee Corporation Limited (0161) 274 4377

BRANCHES

Aberdeen (01224) 625966	Maidstone (01622) 678381
Aylesbury (01296) 432091	Milton Keynes (01908) 696014
Birmingham (0121) 236 3113	Newcastle upon Tyne (0191) 232 5877
Blackpool (01253) 20114	Newmarket (01638) 668771
Bolton (01204) 387661	Northampton (01604) 22191
Bristol (0117) 946 5600	Norwich (01603) 621331
Cardiff (01222) 747473	Nottingham (0115) 986 3486
Carlisle (01228) 592000	Oxford (01865) 841133
Chelmsford (01376) 510150	Reading (01734) 591757
Colwyn Bay (01492) 531991	Rugby (01788) 567811
Croydon (0181) 665 5444	Sheffield (0114) 266 8161
Derby (01332) 669550	Shrewsbury (01743) 231351
Dundee (01382) 221035	Southampton (01703) 334 477
Edinburgh (0131) 557 4848	Southend (01702) 354123
Exeter (01392) 79996	Stockport (0161) 477 4020
Glasgow (0141) 945 4546	Stockton (01642) 617272
Gloucester (01452) 501891	Stoke (01782) 712121
Guildford (01483) 453031	Stourbridge (01384) 374484
Hull (01482) 329731	Sutton Coldfield (0121) 354 8135
Ipswich (01473) 221434	Swindon (01793) 523172
Kirkcaldy (01592) 267164	Truro (01872) 71336
Leeds (0113) 231 9499	Wisbech (01945) 587292
Leicester (0116) 262 9141	Worcester (01905) 352888
Letchworth (01462) 686384	EQUIPMENT RENTAL COMPANY:
Lincoln (01522) 535351	St Helier Jersey (01534) 37341
Liverpool (0151) 9206681	St Peter Port Guernsey (01481) 727681