

565652

LOMBARD FACILITIES LIMITED

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REPORT AND ACCOUNTS

FOR THE YEAR ENDED 30 SEPTEMBER 1987



LOMBARD FACILITIES LIMITED
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DIRECTORS

B C Crittenden (Chairman)
A A Mitchener
M W Turner
R J Young

SECRETARY

M I Mathews

Lombard Facilities Limited is registered in England No. 565652
Registered Office: Lombard House, 3, Princess Way, Redhill, Surrey, RH1 1NP.

LOMBARD FACILITIES LIMITED

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DIRECTORS' REPORT

The Directors have pleasure in submitting their report and the accounts for the year ended 30 September 1987.

PRINCIPAL ACTIVITY

The principal activity of the Company is the provision of credit finance by way of leasing.

BUSINESS REVIEW

The net amount financed under all forms of financial agreement entered into during the year was £4,936,000 (1986 - £136,000).

The profit on ordinary activities before taxation was £4,172,000 (1986 - £2,107,000) on which there was a taxation charge of £1,296,000 (1986 - £146,000). The Directors recommend the payment of a final dividend of £2,500,000 (1986 - £1,900,000) and that the balance of £376,000 (1986 - £61,000) be dealt with as shown in the Profit and Loss Account on page 6.

The Company traded profitably during the year under review and the Directors expect that it will continue to do so.

DIRECTORS

The present members of the Board are as shown on page 1.

The following were appointed to the Board:

Mr A A Mitchener and Mr M W Turner on 30 September 1987

The following have retired from the Board:

Mr A E Keeler and Mr J G Woodhouse on 30 September 1987

The Directors are not required to retire by rotation nor at the Annual General Meeting following appointment.

LOMBARD FACILITIES LIMITED

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DIRECTORS' REPORT (Continued)

DIRECTORS' INTERESTS

According to the register kept by the Company, the interests of the Directors at the year end in the share and loan capital of National Westminster Bank PLC Group Companies, were as follows:

Ordinary shares of £1 each in
National Westminster Bank PLC

30 September 1987
(date of appointment)

Beneficially owned:

Mr M W Turner	400
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Held by the Trustees of the
National Westminster Bank PLC Group
1979 Profit Sharing Share Scheme:

Mr M W Turner	990
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Options to subscribe for shares granted
under the National Westminster Bank PLC
Savings-related Share Option Schemes
1974 and 1981:

Mr M W Turner	802
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The other Directors at the year end were also Directors of the holding Company, Lombard North Central PLC, and were not therefore required to notify the Company of their interests in the share and loan capital of Group Companies.

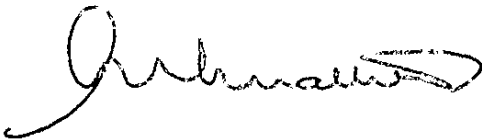
LOMBARD FACILITIES LIMITED

DIRECTORS' REPORT (Continued)

AUDITORS

At the Company's last Annual General Meeting, Peat, Marwick, Mitchell & Co were reappointed as auditors of the Company. They are now practising under the name of Peat Marwick McLintock and accordingly they have signed the audit report in their new name. A resolution concerning their reappointment as auditors will be proposed at the forthcoming Annual General Meeting.

By Order of the Board



Secretary
2 December 1987

REPORT OF THE AUDITORS TO THE MEMBERS OF

LOMBARD FACILITIES LIMITED

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We have audited the accounts on pages 6 to 13 in accordance with approved Auditing Standards.

In our opinion the accounts give a true and fair view of the state of affairs of the Company at 30 September 1987 and of its profit and source and application of funds for the year then ended and have been prepared properly in accordance with the Companies Act 1985.

London
1 December 1987



Peat Marwick McLintock
Chartered Accountants

LOMBARD FACILITIES LIMITED
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PROFIT AND LOSS ACCOUNT

FOR THE YEAR ENDED 30 SEPTEMBER 1987

	<u>Notes</u>	<u>1987</u>	<u>1986</u>
		<u>£'000</u>	<u>£'000</u>
Turnover	2	2,680	4,205
Operating charges	3	(185)	(356)
Leasing Partnerships - share of profits	7	3,847	1,340
Interest payable	5	(2,170)	(3,082)
		<hr/>	<hr/>
Profit on ordinary activities before taxation		4,172	2,107
Taxation charge on profit on ordinary activities	6	(1,296)	(146)
		<hr/>	<hr/>
Profit on ordinary activities after taxation		2,876	1,961
Proposed final dividend		(2,500)	(1,900)
		<hr/>	<hr/>
Retained profit for the financial year transferred to general reserve	10	376	61
		=====	=====

The notes on pages 9 to 13 form part of these accounts.

LOMBARD FACILITIES LIMITED
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BALANCE SHEET

AT 30 SEPTEMBER 1987

	<u>Notes</u>	<u>1987</u> <u>£'000</u>	<u>1986</u> <u>£'000</u>
<u>ASSETS</u>			
FIXED ASSETS			
Investment in leasing Partnerships	7	46,201	28,726
CURRENT ASSETS			
Debtors	8	34,516	54,047
		<u>80,717</u>	<u>82,773</u>
<u>LIABILITIES</u>			
CAPITAL AND RESERVES			
Called up share capital	9	5	5
General reserve	10	7,385	7,009
		<u>7,390</u>	<u>7,014</u>
PROVISIONS FOR LIABILITIES AND CHARGES			
Deferred taxation	11	23,915	31,163
CREDITORS	12	49,412	44,596
		<u>80,717</u>	<u>82,773</u>

B C Crittenden

) 
) Director
) 

M W Turner

Approved by the Board on 1 December 1987

The notes on pages 9 to 13 form part of these accounts

LOMBARD FACILITIES LIMITED
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STATEMENT OF SOURCE AND APPLICATION OF FUNDS

FOR THE YEAR ENDED 30 SEPTEMBER 1987

SOURCE OF FUNDS	<u>1987</u> <u>£'000</u>	<u>1986</u> <u>£'000</u>
Profit on ordinary activities after taxation	2,876	1,961
Adjustments for non-cash items:		
Leasing partnerships - share of profits before taxation	(3,847)	(1,340)
Transfer from Deferred Taxation	(7,248)	(7,908)
TOTAL ABSORBED BY OPERATIONS	<u>(8,219)</u>	<u>(7,287)</u>
FUNDS FROM OTHER SOURCES		
Funds withdrawn from partnerships	-	4,550
	<u>(8,219)</u>	<u>(2,737)</u>
APPLICATION OF FUNDS		
Dividends paid	(1,900)	(1,200)
Funds introduced into partnerships	(13,628)	-
	<u>(23,747)</u>	<u>(3,937)</u>
DECREASE IN WORKING CAPITAL	=====	=====
Debtors	(19,531)	(17,716)
Creditors	(4,216)	13,779
	<u>(23,747)</u>	<u>(3,937)</u>
	=====	=====

The notes on pages 9 to 13 form part of these accounts.

LOMBARD FACILITIES LIMITED

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NOTES TO THE ACCOUNTS

1. ACCOUNTING POLICIES

(a) Accounting convention

The accounts have been prepared upon the basis of historical cost.

(b) Finance Leases

Assets made available to third parties under finance leases are treated as amounts receivable.

Income from finance leases is credited to Profit and Loss Account in proportion to the funds invested.

(c) Regional Development Grants

Regional development grants are grossed up to reflect their tax free nature and are credited to Profit and Loss Account as income from finance leases.

(d) Deferred Taxation

Deferred taxation is provided on the liability method on all timing differences to the extent that a taxation liability will arise in the future.

2. TURNOVER

Turnover represent lease income credited to the Profit and Loss Account during the year, all of which arises in the United Kingdom.

	<u>1987</u> <u>£'000</u>	<u>1986</u> <u>£'000</u>
Net amounts financed under all finance leases entered into during the year	4,936 =====	136 =====
Aggregate rentals receivable during the year from finance leases	18,447 =====	20,104 =====

3. OPERATING CHARGES

Operating charges include auditors' remuneration of £4,500 (1986 - £4,000)

LOMBARD FACILITIES LIMITED

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NOTES TO THE ACCOUNTS (Continued)

4. DIRECTORS' REMUNERATION AND INTERESTS

No emoluments were paid to any Director during the year (1986 - £Nil).

None of the Directors had any material interest in any contract of significance in relation to the business of the Company.

5. INTEREST PAYABLE

	<u>1987</u> <u>£'000</u>	<u>1986</u> <u>£'000</u>
On bank loans and overdrafts, and other loans wholly repayable within five years:		
From National Westminster Bank Group Companies	1,583	2,354
On other loans not wholly repayable within five years:		
From Companies other than National Westminster Bank Group companies	587	728
	<u>2,170</u> =====	<u>3,082</u> =====

6. TAXATION CHARGE

	<u>1987</u> <u>£'000</u>	<u>1986</u> <u>£'000</u>
UK corporation tax based on the results for the year at 35% (1986 - 37.5%)	(8,467)	(8,584)
Transfer from Deferred taxation (note 11)	7,248	7,908
Notional tax on Regional Development Grants credited to Profit and Loss Account	(27)	(58)
Revision in respect of prior years:		
U.K. corporation tax	9,417	(833)
Group relief*	(9,467)	1,421
	<u>(1,296)</u> =====	<u>(146)</u> =====

* Provision for group relief is made on the assumption that the claimant Companies will make payment to the surrendering Companies at rates appropriate to the periods in which the losses claimed are utilised.

LOMBARD FACILITIES LIMITED

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NOTES TO THE ACCOUNTS (Continued)

7. INVESTMENT IN LEASING PARTNERSHIPS

The Company is a Partner in certain Partnerships and its share of the Partnership profits is based on management accounts made up to 30 September 1987.

	<u>£'000</u>
Balance at 1 October 1986	28,726
Attributable profit for the year	3,847
Net funds introduced by the Company	13,628
Balance at 30 September 1987	<u>46,201</u> =====

The Company's share of the net assets of the partnerships is as follows:

	<u>1987</u> <u>£'000</u>	<u>1986</u> <u>£'000</u>
Leasing assets	49,321	58,900
Less: net liabilities	(3,120)	(30,174)
	<u>46,201</u> =====	<u>28,726</u> =====

8. DEBTORS

Amounts falling due:

i) Wholly within one year

Amounts owed by National
Westminster Bank Group

Companies
Trade debtors

	<u>1987</u> <u>£'000</u>	<u>1986</u> <u>£'000</u>
	-	4,422
	101	61
	<u>101</u>	<u>4,483</u>

ii) Not wholly within one year

Net investment in finance
leases* due:

Within one year

In more than one year

	13,747	14,871
	20,668	34,693
	<u>34,415</u>	<u>49,564</u>
	<u>34,516</u> =====	<u>54,047</u> =====

Total debtors

* This includes amounts receivable of £3,300,000 (1986 - £12,570,000) in respect of assets charged in favour of third parties.

LOMBARD FACILITIES LIMITED

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NOTES TO THE ACCOUNTS (Continued)

9. CALLED UP SHARE CAPITAL

	<u>1987</u>		<u>1986</u>	
	<u>Authorised</u>	<u>Allotted issued and fully paid</u>	<u>Authorised</u>	<u>Allotted issued and fully paid</u>
	<u>£'000</u>	<u>£'000</u>	<u>£'000</u>	<u>£'000</u>
Ordinary shares of £1 each	5	5	5	5
	=====	=====	=====	=====
5% redeemable preference shares of £1 each	3,000	-	3,000	-
	=====	=====	=====	=====

10. GENERAL RESERVE

	<u>£'000</u>
Balance at 1 October 1986	7,009
Transfer from Profit and Loss Account	376
Balance at 30 September 1987	<u>7,385</u>
	=====

11. DEFERRED TAXATION

	<u>£'000</u>
Balance at 1 October 1986	31.163
Transfer to Profit and Loss Account (note 6)	(7,248)
Balance at 30 September 1987	<u>23,915</u>
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The above balances represent the full potential liability in respect of Capital allowances.

LOMBARD FACILITIES LIMITED

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NOTES TO THE ACCOUNTS (Continued)

12. CREDITORS

	<u>1987</u> <u>£'000</u>	<u>1986</u> <u>£'000</u>
Amounts falling due:		
i) Wholly within one year		
Amounts owed to National		
Westminster Bank Group		
Companies	24,679	21,173
Trade creditors	3,714	243
Current corporation tax	8,467	9,417
Other taxes	757	865
Accruals & deferred income	2,078	1,912
Proposed dividend	2,500	1,900
Other creditors	4	-
	<u>42,199</u>	<u>35,510</u>
ii) Not wholly within one year		
Subordinated loans:		
Within one year +	1,873	1,873
In more than one year but		
within five years +	2,340	4,213
In more than five years*	3,000	3,000
	<u>7,213</u>	<u>9,086</u>
	<u>49,412</u>	<u>44,596</u>
	=====	=====
Total creditors		

+ Comprises two loans of £6,554,000 (1986 - £6,554,000) secured on certain leasing assets at 7½ per annum, repayable in fourteen half-yearly instalments of £468,000 which commenced on 30 April 1982 and 29 October 1982.

* Comprises a loan of £3,000,000 (1986 - £3,000,000) secured on certain leasing assets at 7½ per annum, repayable in 1996 and 1997.

13. ULTIMATE HOLDING COMPANY

The ultimate holding Company is National Westminster Bank PLC, incorporated in Great Britain.