

LOMBARD NORTH CENTRAL WHEELEASE LIMITED

ACCOUNTS

FOR THE YEAR ENDED 30 SEPTEMBER 1984



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LOMBARD NORTH CENTRAL WHEELEASE LIMITED
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DIRECTORS

R J Barnes FCIS (Chairman)
N S Fosh FCA
A E Keeler FCA FCIS
M H M Ogle FCA
P E Tregaskis
J G Woodhouse MA

Lombard North Central Wheelease Limited is registered in England No. 671321.
Registered Office: Lombard House, Curzon Street, London, W1A 1EU

LOMBARD NORTH CENTRAL WHEELEASE LIMITED

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REPORT OF THE DIRECTORS

The directors have pleasure in submitting their report and the accounts for the year ended 30 September 1984.

PRINCIPAL ACTIVITY

The Company's principal activity is the provision of credit finance by way of instalment credit and leasing.

BUSINESS REVIEW

The net amount financed under all forms of agreements entered into during the year was £80,396,000 (1983 - £69,600,000).

The profit on ordinary activities before taxation was £8,600,000 (1983 - £9,628,000) on which there was a taxation charge of £9,663,000 (1983 - credit £3,491,000). The directors recommend the payment of a final dividend of £9,000,000 (1983 - £4,300,000) and that the balance on the profit and loss account be dealt with as shown on page 5.

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

DIRECTORS

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

Mr A A Matchener resigned from the Board on 30 September 1984.

Mr J G Woodhouse was appointed to the Board on 30 September 1984.

Mr A E Keeler and Mr N S Fosh retire by rotation and, being eligible, offer themselves for re-election.

Mr J G Woodhouse having been appointed to the Board during the year retires and, being eligible, offers himself for re-election.

LOMBARD NORTH CENTRAL WHEELEASE LIMITED

REPORT OF THE DIRECTORS (Continued)

DIRECTORS' INTERESTS

According to the register kept by the Company Mr M H M Ogle and Mr J G Woodhouse had interests in the share and loan capital of National Westminster Bank PLC, as follows:

Ordinary Shares of £1 each		
	<u>30 September 1984</u>	<u>1 October 1983+</u>
Beneficially owned:		
J G Woodhouse	268	268
Held by the Trustees of the National Westminster Bank PLC Group 1979 Profit Sharing Share Scheme:		
M H M Ogle	211	141

In addition, Mr J G Woodhouse had been granted options under National Westminster Bank's Savings-related Share Option Scheme 1974 to subscribe for the following:

at £2.58	604	604
at £2.15	573	573


+or at date of election to Board if later

The remaining directors are also directors of the holding company, Lombard North Central PLC, and are not therefore required to notify the Company of their interest in shares and loan capital of Group companies.

AUDITORS

A resolution for the re-appointment of Peat, Marwick, Mitchell & Co. as auditors is to be proposed at the Annual General Meeting.

By order of the Board


S K Williams
Secretary

28 November 1984

REPORT OF THE AUDITORS TO THE MEMBERS OF


LOMBARD NORTH CENTRAL WHEELEASE LIMITED
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We have audited the accounts on pages 5 to 12 in accordance with approved Auditing Standards.

In our opinion the accounts, which have been prepared on the basis of the accounting policies set out in Note 1, give a true and fair view of the state of affairs of the Company at 30 September 1984 and of its result for the year to that date and comply with the Companies Acts 1948 to 1981.

The accounts do not contain a Statement of Source and Application of Funds required by Statement of Standard Accounting Practice No. 10.

London
28 November 1984


Peat, Marwick, Mitchell & Co
Chartered Accountants

LOMBARD NORTH CENTRAL WHEELEASE LIMITED

PROFIT AND LOSS ACCOUNT

FOR THE YEAR ENDED 30 SEPTEMBER 1984

	<u>Note</u>	<u>1984</u>	<u>1983</u> (adjusted)
		<u>£'000</u>	<u>£'000</u>
Turnover	2	78,890	77,626
Less: Depreciation of leasing assets	1(b)	55,528	49,637
Other operating charges	3	3,691	6,716
Interest receivable from National Westminster Bank Group companies		(1,065)	(1,283)
Interest payable	4	12,136	12,928
		70,290	67,998
Profit on ordinary activities before taxation		8,600	9,628
Tax (charge) credit on profit on ordinary activities	6	(9,663)	3,491
(Loss) profit on ordinary activities after taxation		(1,063)	13,119
Extraordinary loss	7	(60,819)	-
(Loss) profit for the financial year		(61,882)	13,119
Transfer from (to) special reserve	11	93,056	(8,733)
Proposed final dividend		(9,000)	(4,300)
Transfer to general reserve	11	22,174	86

LOMBARD NORTH CENTRAL WHEELEASE LIMITED

BALANCE SHEET AT 30 SEPTEMBER 1984

	<u>Note</u>	<u>1984</u>	<u>1983</u>
		<u>£'000</u>	<u>£'000</u>
<u>ASSETS</u>			
FIXED ASSETS			
Tangible assets - leasing assets	8	272,979	270,967
CURRENT ASSETS			
Debtors - Amounts owed by National Westminster Bank Group companies	9	18,325	21,979
Other debtors	9	7,559	7,024
		25,884	29,003
		298,863	299,970
<u>LIABILITIES</u>			
CAPITAL AND RESERVES			
Called up share capital	10	25	25
Special reserve	11	3,855	96,911
General reserve	11	22,534	360
		26,414	97,296
PROVISIONS FOR LIABILITIES AND CHARGES	12	80,294	19,388
CREDITORS			
Amounts owed to National Westminster Bank Group companies	13	88,595	72,405
Other creditors	13	103,560	110,881
		192,155	183,286
		298,863	299,970

A E Keeler
N S Fosh

Directors

Approved by the Board on 28 November 1984

LOMBARD NORTH CENTRAL WHEELEASE 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) Leasing income and depreciation

Income from leasing assets is credited to profit and loss account in proportion to the funds invested. Leasing assets are depreciated to give effect to this basis of income recognition.

(c) Regional development grants

Regional development grants are credited to profit and loss account so as to reflect the above policy for leasing income. With effect from October 1983 the amount credited to profit and loss account has been grossed up to reflect its tax-free nature; comparative figures have been adjusted accordingly.

(d) Deferred taxation

Deferred taxation is provided on timing differences only where it is expected that a taxation liability may arise in the foreseeable future.

A special reserve is maintained of an amount equal to the unprovided potential liability for deferred taxation relating to capital allowances.

2. TURNOVER

Turnover consists of the aggregate of leasing rentals receivable, earned charges on instalment credit business and termination adjustments during the year.

3. OTHER OPERATING CHARGES

Other operating charges include auditors' remuneration of £9,000 (1983 - £8,000).

4. INTEREST PAYABLE

	<u>1984</u> <u>£'000</u>	<u>1983</u> <u>£'000</u>
on loans from National Westminster Bank Group companies	5,378	9,051
on bank loan, overdrafts and other loans repayable in less than 5 years	6,758	4,367
	<hr/>	<hr/>
	12,136	13,418
<u>less:</u> attributed to leasing assets in course of construction	-	(490)
	<hr/>	<hr/>
	12,136	12,928
	=====	=====

LOMBARD NORTH CENTRAL WHEELLEASE LIMITED
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NOTES TO THE ACCOUNTS (Continued)

5. DIRECTORS

All directors were remunerated by Lombard North Central PLC and received no emoluments from the Company during the year (1983 - nil).

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

6. TAX (CHARGE) CREDIT

	<u>1984</u>	<u>1983</u>
	<u>£'000</u>	<u>£'000</u>
United Kingdom corporation tax based on the results for the year at 47.5% (1983 - 52%)	-	-
Group relief receivable @ 47.5% (1983 - 52%)	5,484	21,933
Transfer to deferred taxation provision	(1,021)	(16,673)
Valuation adjustment on leasing assets (see below)	(11,877)	-
Notional tax on Regional Development Grants credited to profit and loss account	(2,249)	(1,769)
	<u>(9,663)</u>	<u>3,491</u>
	=====	=====

As a result of the Finance Act 1984, relief will be obtained on expenditure on leasing assets at rates of corporation tax higher than those prevailing in later years when the related rentals will be subjected to taxation and the rental rates reflect this situation. Accordingly, the taxation benefit arising from the differing rates of taxation has been applied in writing down the value of leasing assets, with the result that depreciation charged against rentals in future accounting periods will be reduced.

LOMBARD NORTH CENTRAL WHEELEASE LIMITED
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NOTES TO THE ACCOUNTS (Continued)

7. EXTRAORDINARY LOSS

The Finance Act 1984 introduced a number of significant changes in the basis of taxation, in particular the phased withdrawal of first year allowances and the reduction in rates of corporation tax. These changes will lead to the crystallisation of deferred taxation liabilities for which provision had not previously been made and a reduction in future rental income as a consequence of "tax variation" clauses in certain leases. The resultant adjustments have been reflected as extraordinary items.

	<u>1984</u>
	<u>£'000</u>
Additional provision for deferred tax	60,212
Provision for future rental adjustments in respect of leases containing "tax variation" clauses	934
<u>Less: Tax relief thereon</u>	<u>(327)</u>
	607
	<u>60,819</u>
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As a consequence of the above adjustments, £86,075,000 of the special reserve is no longer required and has been released to profit and loss account.

LOMBARD NORTH CENTRAL WHEELEASE LIMITED
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NOTES TO THE ACCOUNTS (Continued)

8.	LEASING ASSETS	<u>£'000</u>
	<u>Cost</u>	
	At 1 October 1983	360,506
	Additions	78,464
	Disposals	(37,454)
		<hr/>
	At 30 September 1984	401,516
		<hr/>
	<u>Depreciation</u>	
	At 1 October 1983	89,539
	Charged in year	55,528
	Valuation adjustments (Notes 6 and 7)	12,811
	Disposals	(29,341)
		<hr/>
	At 30 September 1984	128,537
		<hr/>
	<u>Net book value at 30 September 1984</u>	272,979
		<hr/>
	<u>Net book value at 30 September 1983</u>	270,967
		<hr/>

Contracted expenditure (excluding lease quotations not taken up by customers at the balance sheet date) was £793,000 (1983 - £1,988,000). Leasing assets with a net book value of £28,203,000 (1983 - nil) are subject to charges in favour of third parties.

9.	DEBTORS	<u>1984</u>	<u>1984</u>	<u>1983</u>	<u>1983</u>
		<u>Within</u>	<u>After</u>	<u>Within</u>	<u>After</u>
		<u>1 year</u>	<u>1 year</u>	<u>1 year</u>	<u>1 year</u>
		<u>£'000</u>	<u>£'000</u>	<u>£'000</u>	<u>£'000</u>
	Amounts owed by National Westminster Bank Group companies	18,325	-	18,464	3,515
		<hr/>	<hr/>	<hr/>	<hr/>
	Trade debtors	6,621	196	3,923	132
	Other debtors	-	-	2,462	-
	Prepayments and accrued income	742	-	507	-
		<hr/>	<hr/>	<hr/>	<hr/>
		7,363	196	6,892	132
		<hr/>	<hr/>	<hr/>	<hr/>

LOMBARD NORTH CENTRAL WHEELEASE LIMITED

NOTES TO THE ACCOUNTS (Continued)

10. CALLED UP SHARE CAPITAL

	<u>1984</u>	<u>1984</u>	<u>1983</u>	<u>1983</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>
200,000 ordinary shares of 12½p each	25 ==	25 ==	25 ==	25 ==

11. RESERVES

	<u>Special reserve</u>	<u>General reserve</u>	<u>Total</u>
	<u>£'000</u>	<u>£'000</u>	<u>£'000</u>
Balance at 1 October 1983	96,911	360	97,271
Transfer (to) from Profit and Loss Account	(93,056)	22,174	(70,882)
Balance at 30 September 1984	<u>3,855</u> =====	<u>22,534</u> =====	<u>26,389</u> =====

12. PROVISIONS FOR LIABILITIES AND CHARGES

Deferred taxation	<u>1984</u>	<u>1983</u>
	<u>£'000</u>	<u>£'000</u>
Potential liability in respect of capital allowances	84,149 =====	116,299 =====
Amount provided	<u>80,294</u> =====	<u>19,388</u> =====

LOMBARD NORTH CENTRAL WHEELEASE LIMITED
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NOTES TO THE ACCOUNTS (Continued)

13. CREDITORS

	<u>1984</u>	<u>1984</u>	<u>1983</u>	<u>1983</u>
	<u>Within</u> <u>1 year</u>	<u>After</u> <u>1 year</u>	<u>Within</u> <u>1 year</u>	<u>After</u> <u>1 year</u>
	<u>£'000</u>	<u>£'000</u>	<u>£'000</u>	<u>£'000</u>
<u>Amounts owed to National</u> <u>Westminster Bank Group companies</u>				
Proposed final dividend	9,000	-	4,300	-
Other - repayable within 5 years from balance sheet date	46,095	-	34,605	-
not wholly repayable within 5 years from balance sheet date*	5,000	28,500	-	33,300
	<u>60,095</u>	<u>28,500</u>	<u>38,905</u>	<u>33,500</u>
	=====	=====	=====	=====

*Various loans repayable between October 1984 and March 1993 at interest rates of between 12.625% and 13.75% per annum. £13,500,000 of these loans are not repayable until after 30 September 1989.

Other creditors

Acceptance credits	63,000	-	65,500	-
Trade creditors	39,777	-	45,341	-
Other creditors	741	-	-	-
Accruals and deferred income	14	28	22	18
	<u>103,532</u>	<u>28</u>	<u>110,863</u>	<u>18</u>
	=====	=====	=====	=====

14. FORWARD SALE OF FOREIGN CURRENCY

Certain rentals in respect of leasing contracts are receivable in foreign currency and contracts have been entered into to sell such currencies on receipt to National Westminster Bank at agreed rates of exchange. At the balance sheet date, the outstanding forward sale contracts amounted to £30,608,000 (1983 - £31,523,000).

15. HOLDING COMPANY

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