

1039896

AMC BANK LIMITED

(formerly AMC Limited)

REPORT AND ACCOUNTS 1996

Member of Lloyds TSB Group



AMC BANK LIMITED
(formerly AMC Limited)

DIRECTORS

The Earl of Selborne KBE FRS (Chairman)

J T Davies (Deputy Chairman)

A H Duberly CBE

Sir Simon Gourlay

B G Saint (Managing Director)

SECRETARY

D A Saunders

REGISTERED OFFICE

AMC House
Chantry Street
Andover
Hampshire
SP10 1DD

Registered Number: 1039896

AMC BANK LIMITED
(formerly AMC Limited)

REPORT OF THE DIRECTORS

Results and dividends

The profit and loss account on page 7 shows profit on ordinary activities after taxation for the year of £113,000 (1995: £nil) which will be transferred to reserves.

Change of name

The name of the Company was changed from AMC Limited on 28 May 1996 and AMC Bank Limited became an authorised institution under the Banking Act 1987.

Principal activities

The Bank provides mortgage finance to farmers and growers and accepts deposits.

Share capital

On 19 July 1996 the authorised share capital of the Bank was increased from £100 to £12,000,000 by the creation of 11,999,900 ordinary shares of £1 each. 9,999,998 ordinary shares of £1 each were issued for cash at par.

Directors

The names of the directors are shown on page 2.

Mr H W Main resigned as a director on 1 June 1996.

On 30 July 1996 the following directors were appointed or resigned:

Appointed

The Earl of Selborne
J T Davies
A H Duberly
Sir Simon Gourlay
B G Saint

Resigned

A J Michie
M R Hatcher
H S Portsmouth
D A Saunders

All the directors are also directors of The Agricultural Mortgage Corporation PLC (AMC) and reference to their interests in shares in Lloyds TSB Group plc, the ultimate parent company and its subsidiaries, is made in the report and accounts of AMC.

AMC BANK LIMITED
(formerly AMC Limited)

REPORT OF THE DIRECTORS (continued)

Policy on payment of creditors

Standard terms provide for payment of all invoices within 30 days after the date of the invoice, except where different arrangements have been agreed with suppliers. It is the policy of the Bank to abide by the agreed terms of payment.

On behalf of the board


D A Saunders
Secretary

15 February 1997

REPORT OF THE AUDITORS TO THE MEMBER OF AMC BANK LIMITED

We have audited the financial statements on pages 7 to 13 which have been prepared under the historical cost convention and the accounting policies set out on page 10.

Respective responsibilities of directors and auditors

Company law requires the directors to prepare financial statements for each financial year which give a true and fair view of the state of affairs of the Bank and of the profit or loss of the Bank for that period. In preparing those financial statements, the directors are required to:

- select suitable accounting policies and then apply them consistently;
- make judgements and estimates that are reasonable and prudent;
- state whether applicable accounting standards have been followed, subject to any material departures disclosed and explained in the financial statements; and
- prepare the financial statements on the going concern basis unless it is inappropriate to presume that the company will continue in business.

The directors have responsibility for ensuring the company keeps accounting records which disclose with reasonable accuracy at any time the financial position of the Bank and which enable them to ensure that the financial statements comply with the Companies Act 1985. They are also responsible for safeguarding the assets of the Bank and hence for taking reasonable steps for the prevention and detection of fraud and other irregularities.

It is our responsibility to form an independent opinion, based on our audit, on those statements and to report our opinion to you.

Basis of opinion

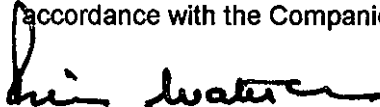
We conducted our audit in accordance with Auditing Standards issued by the Auditing Practices Board. An audit includes examination, on a test basis, of evidence relevant to the amounts and disclosures in the financial statements. It also includes an assessment of the significant estimates and judgements made by the directors in the preparation of the financial statements, 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 financial statements are free from material misstatement, 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 financial statements.

REPORT OF THE AUDITORS TO THE MEMBER OF AMC BANK LIMITED (Continued)

Opinion

In our opinion the financial statements give a true and fair view of the state of the Bank's affairs as at 31 December 1996 and of its profit for the year then ended and have been properly prepared in accordance with the Companies Act 1985.



Price Waterhouse
Chartered Accountants and Registered Auditors
London

15 February 1997

AMC BANK LIMITED
(formerly AMC Limited)

PROFIT AND LOSS ACCOUNT
FOR THE YEAR ENDED 31 DECEMBER 1996

	Note	1996 £'000	1995 £'000
Interest receivable:			
Other interest receivable and similar income		552	-
Interest payable	2	<u>(220)</u>	<u>-</u>
Net interest income		332	-
Other operating income	3	<u>(68)</u>	<u>-</u>
Total income		264	-
Administration expenses	4 & 5	<u>(95)</u>	<u>-</u>
Profit on ordinary activities before taxation		169	-
Taxation on profit on ordinary activities	6	<u>(56)</u>	<u>-</u>
Retained profit for the year		<u>113</u>	<u>-</u>

The notes on pages 10 to 13 form part of these accounts.

AMC BANK LIMITED
(formerly AMC Limited)

BALANCE SHEET AS AT 31 DECEMBER 1996

	Note	1996 £'000	1995 £'000
Assets			
Loans and advances to banks	7	44	-
Loans and advances to customers	8	31,905	-
Prepayments and accrued income		<u>428</u>	<u>-</u>
Total assets		<u>32,377</u>	<u>-</u>
Liabilities			
Deposits by banks	9	21,900	-
Other liabilities	10	56	-
Accruals and deferred charges		308	-
Capital & reserves			
Called up share capital		10,000	-
Profit and loss account		<u>113</u>	<u>-</u>
Shareholder's funds (equity)	11	<u>10,113</u>	<u>-</u>
Total liabilities		<u>32,377</u>	<u>-</u>

The Earl of Selborne (Chairman)

Slive

B G Saint (Managing Director)

B. G. Saint

The notes on pages 10 to 13 form part of these accounts.

AMC BANK LIMITED
(formerly AMC Limited)

STATEMENT OF TOTAL RECOGNISED GAINS AND LOSSES
FOR THE YEAR ENDED 31 DECEMBER 1996

The total gains and losses recognised in the year is the profit attributable to the shareholder of £113,000 (1995: £nil) shown in the profit and loss account.

HISTORICAL COST PROFITS AND LOSSES

There is no material difference between the results as reported and the results that would have been reported on an unmodified historical cost basis. Accordingly, no note of historical cost profits and losses has been included in these accounts.

RECONCILIATION OF MOVEMENTS IN SHAREHOLDER'S FUNDS

	1996 £'000	1995 £'000
Retained profit for the year	113	-
Increase in share capital in the year	<u>10,000</u>	<u>-</u>
Net increase in shareholder's funds	10,113	-
Shareholder's funds at beginning of year	<u>-</u>	<u>-</u>
Shareholder's funds at end of year	<u>10,113</u>	<u>-</u>

AMC BANK LIMITED
(formerly AMC Limited)

NOTES TO THE ACCOUNTS

1 ACCOUNTING POLICIES

(a) Accounting convention

The accounts are prepared under the historical cost convention, in compliance with Sections 255 and 255A, Schedule 9 and other requirements of the Companies Act 1985 and in accordance with applicable accounting standards. The Bank is exempted from producing a cash flow statement since a consolidated cash flow statement, prepared in accordance with the requirements of Financial Reporting Standard 1, is included in the accounts of its parent undertaking. In addition, advantage has been taken of the exemption available under Financial Reporting Standard 8 not to disclose details of transactions with Lloyds TSB Group plc or other group or associated undertakings, as the consolidated accounts of Lloyds TSB Group plc, in which the Bank is included, are publicly available.

(b) Provisions for bad and doubtful debts and interest in suspense

Provisions for bad and doubtful debts are based on the year-end appraisal of advances. The specific elements relate to identified risk advances, whereas the general element relates to latent bad and doubtful debts which are present in any portfolio of advances but have not been specifically identified.

Advances are written down to estimated realisable value when the normal banking relationship with the customer has ceased; where it is doubtful that interest earned on loans and advances will be collectable, it is credited to an interest in suspense account and is only released to the profit and loss account when its collectability is no longer subject to significant doubt.

(c) Deferred taxation

Deferred taxation is provided at the appropriate rates of tax where there is a reasonable probability that a liability or asset will crystallise in the foreseeable future.

(d) Off-balance sheet instruments

Profits and losses on instruments which are being used to hedge exposures are recognised in a manner that reflects the accounting treatment of the assets or liabilities being hedged.

2 INTEREST PAYABLE

Interest of £220,000 (1995: £nil) is payable to a group undertaking.

3 OTHER OPERATING INCOME

	1996 £'000	1995 £'000
Fees and commissions receivable	125	-
Fees and commissions payable	(193)	-
	(68)	-

AMC BANK LIMITED
(formerly AMC Limited)

NOTES TO THE ACCOUNTS (continued)

4 ADMINISTRATION EXPENSES

The auditors' remuneration was £1,000 (1995: £nil). Fees paid to Price Waterhouse in respect of non-audit services were £25,000 (1995: £nil).

5 DIRECTORS AND EMPLOYEES

No director received emoluments in respect of services to the Bank during either year.

The Bank has no employees. Management services are provided, under a management agreement, to the Bank by its immediate parent company, The Agricultural Mortgage Corporation PLC and in the year ended 31 December 1996 the Bank paid fees of £30,000 in respect of these services (1995: £ nil).

6 TAXATION ON PROFIT ON ORDINARY ACTIVITIES

The charge for taxation on the profit for the year of £56,000 is corporation tax, based on a UK corporation tax rate of 33 per cent (1995: 33 per cent).

7 LOANS AND ADVANCES TO BANKS

Loans and advances to banks of £44,000 are repayable on demand by Lloyds Bank Plc.

8 LOANS AND ADVANCES TO CUSTOMERS

	1996 £'000	1995 £'000
Loans and advances by residual maturity repayable:		
3 months or less	598	-
1 year or less but over 3 months	585	-
5 years or less but over 1 year	3,806	-
Over 5 years	<u>26,916</u>	<u>-</u>
	<u>31,905</u>	<u>-</u>

Included in loans and advances with a residual maturity repayable in 3 months or less is £461,000 owed by The Agricultural Mortgage Corporation PLC (1995: £nil).

None of the loans and advances to customers are repayable on demand. All lending is to the UK agricultural industry.

At 31 December 1996 a review of loans and advances established that no provision for bad and doubtful debts is required. There are no loans and advances in respect of which interest is held in suspense.

AMC BANK LIMITED
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NOTES TO THE ACCOUNTS (continued)

9 DEPOSITS BY BANKS

All borrowing is from Lloyds Bank Plc and is repayable in 3 months or less.

10 OTHER LIABILITIES

Other liabilities of £56,000 (1995: £nil) is corporation tax payable.

11 SHARE CAPITAL AND RESERVES

	*Share capital £'000	Profit and loss account £'000	Total Shareholder's funds £'000
At 1 January 1996	-	-	-
Profit on ordinary activities after taxation	-	113	113
Increase in share capital	<u>10,000</u>	<u>-</u>	<u>10,000</u>
At 31 December 1996	<u>10,000</u>	<u>113</u>	<u>10,113</u>

* On 19 July 1996 the authorised share capital of the Bank was increased from £100 to £12,000,000 by the creation of an additional 11,999,900 ordinary shares of £1 each.

On 19 July 1996 6,999,998 ordinary shares of £1 each were issued for cash at par. On 23 August 1996 3,000,000 ordinary shares of £1 each were issued for cash at par. The proceeds of these share issues were used to support the lending activities of the Bank.

The company regarded by the directors as the ultimate parent company is Lloyds TSB Group plc, which is also the parent undertaking of the largest group of undertakings for which group accounts are drawn up and of which the Bank is a member. Lloyds Bank Plc is the parent undertaking of the smallest such group of undertakings. Lloyds TSB Group plc is registered in Scotland and Lloyds Bank Plc is registered in England and Wales. Copies of the group accounts may be obtained from the company secretary's office, Lloyds TSB Group plc, 71 Lombard Street, London, EC3P 3BS.

12 COMMITMENTS

Mortgage loans of £10 million (1995: £nil) have been approved subject to legal and other formalities. There were no capital commitments at 31 December 1996 (1995: £nil).

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NOTES TO THE ACCOUNTS (continued)

13 DERIVATIVES

The Bank only uses derivatives to reduce its own exposure to fluctuations in interest rates. At 31 December 1996 the notional principal amounts of interest rate contracts entered into with Lloyds Bank Plc totalled £10 million, with a net replacement cost of £nil and a risk weighted amount of £nil. The maturity of the notional principal amounts and the replacement cost of instruments were:

	Under 1 Year	1 to 5 years	Over 5 years	Total
	£m	£m	£m	£m
Interest rate contracts:				
Notional principal amount	-	1	9	10

There were no such contracts at 31 December 1995.

14 DATE OF APPROVAL

The directors approved the accounts on 15 February 1997.