

02354214

LOMBARD VENTURE FINANCE LIMITED
REPORT AND FINANCIAL STATEMENTS
FOR THE YEAR ENDED 31 DECEMBER 1996



Lombard Venture Finance Limited is registered in England and Wales No. 2354214.
Registered Office : Lombard House, 3 Princess Way, Redhill, Surrey, RH1 1NP.

LOMBARD VENTURE FINANCE LIMITED

DIRECTORS

A J Beeston
M Brian (Alternate director to J Johnson)
J Johnson
H M Roome

SECRETARY

M J Evans

LOMBARD VENTURE FINANCE LIMITED

DIRECTORS' REPORT

The directors have pleasure in submitting their report and the financial statements for the year ended 31 December 1996.

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 agreements entered into during the year was £124,000. The results for the year are set out in the profit and loss account on page 5. The directors have approved an interim dividend of £2,900,000.

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

PAYMENTS TO SUPPLIERS

It is the company's policy:-

- i. wherever appropriate, to settle the terms of payment when agreeing the terms of each transaction;
- ii. to ensure the supplier is aware of the terms of payment; and
- iii. to abide by the terms of payment.

DIRECTORS

The present directors are as shown on page 1.

The following were appointed to the board:-

Mr H M Roome on 23 September 1996.

Mr A J Beeston on 16 May 1997.

Mr M Brian on 22 October 1997 (as alternate director to J Johnson).

The following have resigned from the board:-

Mr B A Carte on 30 June 1996.

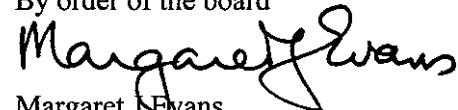
Mr J D Fitch on 30 September 1996.

Mr J D Purdy on 31 December 1996.

DIRECTORS' INTERESTS

All of the directors at the year end were also directors of the immediate parent undertaking, Lombard North Central PLC, a company which is itself required to keep a register of directors' interests. The directors were not therefore required to notify their interests in the shares or debentures of National Westminster Bank Plc group undertakings to the company.

By order of the board



Margaret J Evans

Secretary

27 October 1997

LOMBARD VENTURE FINANCE LIMITED

STATEMENT OF DIRECTORS' RESPONSIBILITIES

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

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

The directors are responsible for keeping proper accounting records which disclose with reasonable accuracy at any time the financial position of the company and to enable them to ensure that the financial statements comply with the Companies Act 1985. They have general responsibility for taking such steps as are reasonably open to them to safeguard the assets of the company and to prevent and detect fraud and other irregularities.

REPORT OF THE AUDITOR, KPMG Audit Plc,
TO THE MEMBERS OF
LOMBARD VENTURE FINANCE LIMITED

We have audited the financial statements on pages 5 to 12.

RESPECTIVE RESPONSIBILITIES OF DIRECTORS AND AUDITORS

As described on page 3 the company's directors are responsible for the preparation of financial statements. 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 company'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.

OPINION

In our opinion the financial statements give a true and fair view of the state of the company'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.

KPMG Audit Plc

**Chartered Accountants
Registered Auditor**

London

27 October 1997

LOMBARD VENTURE FINANCE LIMITED

PROFIT AND LOSS ACCOUNT

FOR THE YEAR ENDED 31 DECEMBER 1996

	Note	1996 <u>£'000</u>	1995 <u>£'000</u>
Turnover	2	10,158	13,080
Operating charges		<u>(275)</u>	<u>(51)</u>
Operating profit	3	9,883	13,029
Interest receivable	4	119	-
Interest payable	5	<u>(5,972)</u>	<u>(12,555)</u>
Profit on ordinary activities before taxation		4,030	474
Taxation charge on profit on ordinary activities	7	<u>(1,069)</u>	<u>(165)</u>
Profit on ordinary activities after taxation		2,961	309
Dividends		<u>(2,900)</u>	<u>(300)</u>
Retained profit for the financial year	10	<u>61</u>	<u>9</u>

RECOGNISED GAINS AND LOSSES

There are no recognised gains or losses other than the profit attributable to the shareholders of the company of £2,961,000 in the year ended 31 December 1996 and of £309,000 in the year ended 31 December 1995.

The notes on pages 7 to 12 form part of these financial statements.

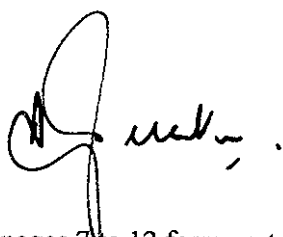
LOMBARD VENTURE FINANCE LIMITED

BALANCE SHEET

AT 31 DECEMBER 1996

	Note	1996 £'000	1995 £'000
<u>ASSETS</u>			
CURRENT ASSETS			
Debtors falling due within one year	8	45,769	64,913
Debtors falling due after more than one year	8	21,399	60,764
		<hr/>	<hr/>
		67,168	125,677
<u>LIABILITIES</u>			
CAPITAL AND RESERVES			
Called up share capital	9	-	-
Profit and loss account	10	92	31
		<hr/>	<hr/>
		92	31
PROVISIONS FOR LIABILITIES AND CHARGES			
Deferred taxation	12	4,045	4,392
CREDITORS			
	13	63,031	121,254
		<hr/>	<hr/>
		67,168	125,677

The financial statements were approved at a meeting of the board of directors on
27 October 1997 and were signed on their behalf by:



A J Beesten
Director

The notes on pages 7 to 12 form part of these financial statements.

LOMBARD VENTURE FINANCE LIMITED

NOTES TO THE FINANCIAL STATEMENTS

1. ACCOUNTING POLICIES

a. Accounting Convention

The financial statements have been prepared upon the basis of historical cost and in accordance with applicable accounting standards.

b. Finance Leases

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

Income from finance leases is credited to the profit and loss account in proportion to the funds invested.

Rentals payable under finance leases are apportioned between the finance charge and the outstanding obligation so as to produce a constant rate of charge on the remaining balance.

c. Deferred Taxation

Deferred tax is provided using the liability method on all timing differences to the extent that a tax liability is expected to arise in the future.

d. Related Party Transactions

The company is exempt from the disclosure requirements of Financial Reporting Standard 8, Related Party Disclosures, as it is a wholly owned subsidiary undertaking of Lombard North Central PLC.

2. TURNOVER

- (i) Turnover represents lease income and termination adjustments credited to the profit and loss account during the year, all of which arises in the United Kingdom and is from continuing activities.

	1996	1995
	<u>£'000</u>	<u>£'000</u>
(ii) Net amounts financed under finance leases entered into during the year	<u>124</u>	<u>-</u>
(iii) Aggregate rentals receivable during the year under finance leases	<u>61,190</u>	<u>88,864</u>

LOMBARD VENTURE FINANCE LIMITED

NOTES TO THE FINANCIAL STATEMENTS (CONTINUED)

3. OPERATING PROFIT

There is no charge in this year's financial statements for auditors' remuneration as the fee is to be charged in the financial statements of the immediate parent undertaking (1995 - £nil).

4. INTEREST RECEIVABLE

	1996	1995
	<u>£'000</u>	<u>£'000</u>
From National Westminster Bank Plc group undertakings	<u>119</u>	<u>-</u>

5. INTEREST PAYABLE

	1996	1995
	<u>£'000</u>	<u>£'000</u>
On bank loans and overdrafts, and other loans:		
From National Westminster Bank Plc group undertakings	-	59
Finance charges in respect of finance leases	<u>5,972</u>	<u>12,496</u>
	<u>5,972</u>	<u>12,555</u>

6. DIRECTORS' REMUNERATION AND INTERESTS

No emoluments were paid to any director by the company during the year (1995 - £nil).

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

LOMBARD VENTURE FINANCE LIMITED

NOTES TO THE FINANCIAL STATEMENTS (CONTINUED)

7. TAXATION CHARGE ON PROFIT ON ORDINARY ACTIVITIES

	1996	1995
	<u>£'000</u>	<u>£'000</u>
Group relief payable/(receivable)*	1,416	(911)
Transfer (from)/to deferred tax (note 12)	(347)	1,076
	<hr/>	<hr/>
	<u>1,069</u>	<u>165</u>

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

8. DEBTORS

	1996	1995
	<u>£'000</u>	<u>£'000</u>
Amounts falling due:		
i) Within one year		
Trade debtors	689	52
Amounts owed by National Westminster Bank Plc		
group undertakings	8,271	3,463
Net investment in finance leases	36,801	61,387
Prepayments and accrued income	8	11
	<hr/>	<hr/>
	45,769	64,913
ii) After more than one year		
Net investment in finance leases	21,388	60,756
Prepayments and accrued income	11	8
	<hr/>	<hr/>
	21,399	60,764
	<hr/>	<hr/>
Total debtors	<u>67,168</u>	<u>125,677</u>

LOMBARD VENTURE FINANCE LIMITED

NOTES TO THE FINANCIAL STATEMENTS (CONTINUED)

9. CALLED UP SHARE CAPITAL

	1996		1995	
	<u>Authorised</u>	<u>Allotted, called up and fully paid</u>	<u>Authorised</u>	<u>Allotted, called up and fully paid</u>
	<u>£</u>	<u>£</u>	<u>£</u>	<u>£</u>
Ordinary shares of £1 each	<u>1,000</u>	<u>100</u>	<u>1,000</u>	<u>100</u>

All of the above share capital relates to equity funds.

10. PROFIT AND LOSS ACCOUNT

	<u>£'000</u>
Balance at 1 January 1996	31
Retained profit for the financial year	<u>61</u>
Balance at 31 December 1996	<u>92</u>

11. RECONCILIATION OF MOVEMENTS IN SHAREHOLDERS' FUNDS

	<u>1996</u>	<u>1995</u>
	<u>£'000</u>	<u>£'000</u>
Profit attributable to members of the company	2,961	309
Dividends	<u>(2,900)</u>	<u>(300)</u>
Net movement in shareholders' funds	61	9
Opening shareholders' funds	31	22
Closing shareholders' funds	<u>92</u>	<u>31</u>

LOMBARD VENTURE FINANCE LIMITED

NOTES TO THE FINANCIAL STATEMENTS (CONTINUED)

12. DEFERRED TAXATION

	<u>£'000</u>
Balance at 1 January 1996	4,392
Transfer to profit and loss account (note 7)	<u>(347)</u>
Balance at 31 December 1996	<u><u>4,045</u></u>

The above balance represents the full potential liability in respect of the following:-

	<u>1996</u>	<u>1995</u>
	<u>£'000</u>	<u>£'000</u>
Capital allowances	(2)	(2)
Other	<u>4,047</u>	<u>4,394</u>
	<u><u>4,045</u></u>	<u><u>4,392</u></u>

13. CREDITORS

	<u>1996</u>	<u>1995</u>
	<u>£'000</u>	<u>£'000</u>
Amounts falling due:		
i) Within one year		
Trade creditors	10,023	2,205
Net obligations due under finance leases	30,214	58,225
Amounts owed to National Westminster Bank Plc		
group undertakings	2,079	8,646
Other creditors	849	52
Proposed dividends	<u>2,900</u>	<u>300</u>
	<u><u>46,065</u></u>	<u><u>69,428</u></u>

LOMBARD VENTURE FINANCE LIMITED

NOTES TO THE FINANCIAL STATEMENTS (CONTINUED)

13. CREDITORS (CONTINUED)

	1996 <u>£'000</u>	1995 <u>£'000</u>
ii) After one year		
Net obligations under finance leases due:		
Between one and five years	16,966	49,804
In more than five years	<u>-</u>	<u>2,022</u>
	<u>16,966</u>	<u>51,826</u>
Total creditors	<u>63,031</u>	<u>121,254</u>

14. ULTIMATE PARENT UNDERTAKING

The immediate parent undertaking is Lombard North Central PLC, the ultimate parent undertaking being National Westminster Bank Plc; both are registered in England and Wales.

Copies of the financial statements of Lombard North Central PLC can be obtained from:
The Secretary, Lombard North Central PLC, Lombard House, 3 Princess Way, Redhill,
Surrey, RH1 1NP.

Copies of the financial statements of National Westminster Bank Plc can be obtained from:
The Secretary, National Westminster Bank Plc, 41 Lothbury, London, EC2P 2BP.