



**00444896**

REPORT AND CONSOLIDATED FINANCIAL STATEMENTS  
FOR THE YEAR ENDED 30th SEPTEMBER 1989

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# LOMBARD & ULSTER LIMITED

## REPORT OF THE DIRECTORS

The directors have pleasure in presenting their report and consolidated financial statements for the year ended 30th September 1989.

### PRINCIPAL ACTIVITIES

The group's principal activities throughout the year have been the acceptance of deposits and the provision of banking services, instalment credit, hire purchase and block discounting facilities.

### RESULTS

The profit on ordinary activities before taxation was £2,002,810 (1988 - £4,143,183) on which there was a taxation charge of £790,495 (1988 - £1,469,493), and a minority interest of £(41,182) (1988 - £214,680). The directors recommend the payment of an interim dividend of £693,074 (1988 - £561,821) leaving retained profit of £560,423 (1988 - £1,897,189) which is transferred to reserves.

### DIRECTORS

The following directors held office during the year:

H.S.E. Catherwood	-	Chairman
V. Chambers		
C.F.S. Gibney	-	Retired 30th September 1989
A.J. Gordon		
R.D. Kells	-	Appointed 31st May 1989
G.J. Simms		
J.H. Torney	-	Appointed 5th September 1989
D. Went		

A.J. Gordon and D. Went retire and, being eligible, offer themselves for re-election.

### DIRECTORS' INTERESTS IN SHARES

None of the directors who held office at 30th September 1989 had any interest in the shares of the company.

### EMPLOYEES

The average number of U.K. employees of the group in the year to 30th September 1989 was 191 and their aggregate remuneration for the year was £2,779,765

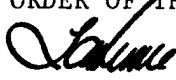
### DONATIONS

The group made donations aggregating to £1,600 to U.K. charitable organisations during the year. No political contributions were made.

### AUDITORS

In accordance with Article 392(1) of the Companies (Northern Ireland) Order 1986 a resolution proposing the re-appointment of Deloitte Haskins & Sells as auditors to the company will be put to the Annual General Meeting.

BY ORDER OF THE BOARD

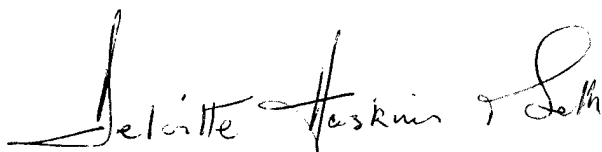
  
T.A. BUNCE  
Secretary

Belfast  
28th November 1989

REPORT OF THE AUDITORS  
TO THE MEMBERS OF LOMBARD & ULSTER LIMITED

We have audited the financial statements on pages 4 to 14 in accordance with Auditing Standards.

In our opinion the financial statements give a true and fair view of the state of affairs of the company and the group at 30th September 1989 and of the profit and source and application of funds of the group for the year then ended, and have been properly prepared in accordance with the Companies (Northern Ireland) Order 1986.



DELOITTE HASKINS & SELLS  
Chartered Accountants

Belfast  
28th November 1989

LOMBARD & ULSTER LIMITED  
AND ITS SUBSIDIARY COMPANY

CONSOLIDATED PROFIT AND LOSS ACCOUNT  
FOR THE YEAR ENDED 30th SEPTEMBER 1989

	<u>Notes</u>	<u>1989</u> £	<u>1988</u> £
GROUP OPERATING PROFIT	3	2,002,810	4,143,183
TAXATION	7	790,495	1,469,493
GROUP PROFIT AFTER TAXATION	8	1,212,315	2,673,690
MINORITY SHAREHOLDERS' INTEREST IN SUBSIDIARY COMPANY		(41,182)	214,680
GROUP PROFIT AFTER TAXATION AND MINORITY SHAREHOLDERS' INTERESTS		1,253,497	2,459,010
PROPOSED INTERIM DIVIDEND		693,074	561,821
RETAINED PROFIT FOR YEAR	10	£560,423 =====	£1,897,189 =====

LOMBARD & ULSTER LIMITED  
AND ITS SUBSIDIARY COMPANY

CONSOLIDATED BALANCE SHEET 30th SEPTEMBER 1989

	Notes	1989 £	1988 £
CAPITAL RESOURCES			
Share capital	9	4,000,000	4,000,000
Revenue reserves	10	10,243,568	9,683,145
Shareholders' funds		14,243,568	13,683,145
Minority shareholders' interest in subsidiary company		884,722	925,904
		15,128,290	14,609,049
LIABILITIES			
Deposit and current accounts		109,958,411	95,592,024
Creditors		7,867,709	8,242,223
Balance due to National Westminster Bank group companies	11	153,103,398	126,051,793
Deferred taxation	12	57,451	129,688
	13	270,986,969	230,015,728
		£286,115,259	£244,624,777
ASSETS			
Instalment debtors and finance leases less deferred charges and provisions		184,701,786	164,824,973
Loans and advances less provisions		57,662,305	49,371,335
Debtors		1,446,973	1,601,590
Deposit with Bank of England		555,000	412,000
Government stock (market value £3,414,917; 1988 - £3,592,714)		3,028,751	3,025,444
Balances due from National Westminster group companies		37,936,225	24,673,533
Fixed assets	15	784,219	715,902
		£286,115,259	£244,624,777

The financial statements on pages 4 to 14 were approved by the Board of Directors on 28th November 1989 and signed on its behalf by:

H.S.E. CATHERWOOD

D. WENT

J.H. TORNEY

Directors

*H.S.E. Catherwood*  
*D. Went*  
*J.H. Torney*

LOMBARD & ULSTER LIMITED

BALANCE SHEET 30th SEPTEMBER 1989

	<u>Notes</u>	<u>1989</u> £	<u>1988</u> £
<b>CAPITAL RESOURCES</b>			
Share capital	9	4,000,000	4,000,000
Revenue reserves	10	7,799,507	7,121,875
		<u>11,799,507</u>	<u>11,121,875</u>
<b>LIABILITIES</b>			
Deposit and current accounts		109,958,411	95,592,023
Creditors		4,493,548	2,482,204
Balances due to National			
Westminster group companies	11	149,928,396	123,191,567
	13	264,380,355	221,265,794
		<u>£276,179,862</u>	<u>£232,387,669</u>
<b>ASSETS</b>			
Instalment debtors less deferred			
charges and provisions		70,071,190	62,094,781
Loans and advances less provisions		55,950,398	47,518,371
Debtors		1,031,739	831,586
Deposit with Bank of England		555,000	412,000
Government stock (market value £3,414,917;			
1988 - £3,592,714)		3,028,751	3,025,444
Balance due from National			
Westminster group companies		36,823,519	24,673,533
Subsidiary company	14	108,171,938	93,316,675
Fixed assets	15	547,327	515,279
		<u>£276,179,862</u>	<u>£232,387,669</u>

The financial statements on pages 4 to 14 were approved by the Board of Directors on 28th November 1989 and signed on its behalf by:

H.S.E. CATHERWOOD

D. WENT

J.H. TORNEY

Directors

LOMBARD & ULSTER LIMITED  
AND ITS SUBSIDIARY COMPANY

STATEMENT OF GROUP SOURCE AND APPLICATION OF FUNDS  
FOR THE YEAR ENDED 30th SEPTEMBER 1989

	<u>1989</u> £	<u>1988</u> £
SOURCE OF FUNDS		
Group profit before taxation less minority interest	2,043,992	3,928,503
Items not involving the movement of funds:		
Depreciation	234,642	206,358
Minority interest	(41,182)	214,680
Profit on sale of fixed assets	(2,920)	(14,318)
	<u>2,234,532</u>	<u>4,335,223</u>
FUNDS FROM OTHER SOURCES		
Disposal of fixed assets	<u>81,608</u>	<u>83,351</u>
APPLICATION OF FUNDS		
Dividend	561,821	391,902
Taxation	1,286,612	1,329,453
Additions to fixed assets	381,647	340,072
	<u>2,230,080</u>	<u>2,061,427</u>
NET SOURCE OF FUNDS	£86,060 =====	£2,357,147 =====
REPRESENTED BY MOVEMENTS IN:		
Loans and other banking assets	28,159,473	53,918,159
Balances due to National Westminster group companies	(13,788,913)	(1,267,999)
Deposit and other accounts	(14,284,500)	(50,293,013)
	<u>£86,060</u> =====	<u>£2,357,147</u> =====

LOMBARD & ULSTER LIMITED  
AND ITS SUBSIDIARY COMPANY

NOTES TO THE FINANCIAL STATEMENTS  
FOR THE YEAR ENDED 30th SEPTEMBER 1989

1. ACCOUNTING POLICIES

(a) ACCOUNTING REQUIREMENTS

Neither the group nor the holding company is required to comply with the accounting and disclosure provisions of Schedule 4 to the Companies (Northern Ireland) Order 1986. The group financial statements are drawn up in accordance with Article 267 of, and Schedule 9 to, that Order. The holding company's financial statements are drawn up in accordance with Article 266 of, and Schedule 9 to, that Order.

(b) ACCOUNTING CONVENTION

The group prepares its financial statements on the historical cost basis of accounting.

(c) INSTALMENT CREDIT AGREEMENTS

Charges on instalment credit agreements have been apportioned over the period in which the repayments are due in proportion to the monthly balances outstanding.

(d) LEASING INCOME

Income from assets leased to customers is credited to profit and loss account in proportion to the funds invested.

Regional development grants are credited to profit and loss account so as to reflect the above policy for leasing income. The amount credited to profit and loss account has been grossed up to reflect its tax free nature.

(e) DEPRECIATION AND AMORTISATION

Expenditure on leasehold properties is amortised in equal annual instalments over the unexpired period of the lease.

Freehold buildings, motor cars and office equipment are depreciated on a straight-line basis over the estimated useful working lives of the assets using the following rates:

Freehold buildings	2% per annum
Motor car	25% per annum
Office equipment	10% - 20% per annum

(f) DEFERRED TAXATION

The group provides deferred taxation on the liability method to take account of timing differences between the treatment of certain items for taxation and accounting purposes, except to the extent that a liability may not arise in the foreseeable future.

(g) INVESTMENTS

Income from investments includes amortisation of discount on dated stock on a straight-line basis from the date of purchase to maturity.



NOTES TO THE FINANCIAL STATEMENTS (continued)

1. ACCOUNTING POLICIES (continued)

(h) LEASED ASSETS

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

(i) PENSIONS

The charge to annual profits for pensions is calculated so as to recognise the cost of pensions on a systematic basis over employees' service lives.

2. TURNOVER

The turnover of the group attributable to the business of banking is not required to be disclosed; other turnover was as follows:

	<u>1989</u>	<u>1988</u>
Amounts financed under all forms of financial agreements entered into during the year:		
United Kingdom	£194,858,730 =====	£192,919,803 =====

3. GROUP OPERATING PROFIT

	<u>1989</u> £	<u>1988</u> £
The group operating profit is stated after charging/(crediting):		
(a) Deposit and other short term interest payable within 5 years	29,641,168	16,628,437
(b) Depreciation	234,642	206,358
(c) Auditors' remuneration	25,111	23,359
(d) Listed investment income	(430,252) =====	(430,254) =====

4. EMOLUMENTS OF DIRECTORS AND EMPLOYEES OF THE COMPANY

Directors' emoluments for the year (inclusive of pension contributions) amounted to £167,909 (1988 - £148,974) of which £12,333 (1988 - £10,466) was in respect of fees. The emoluments of the Chairman were £6,500 (1988 - £5,500) and the emoluments of the highest paid director were £50,352 (1988 - £44,499). The number of other directors and employees whose emoluments (exclusive of pension contributions) were within the following ranges was:

	<u>1989</u> Number	<u>1988</u> Number
£0 - £5,000	3	2
£5,000 - £10,000	-	-
£10,001 - £15,000	-	-
£30,001 - £35,000	-	-
£35,001 - £40,000	-	2
£40,001 - £45,000	2 ===	- ===

The number of higher paid employees earning in excess of £30,000 was 6 (1988 - 2).

NOTES TO THE FINANCIAL STATEMENTS (continued)

5. TRANSACTIONS INVOLVING DIRECTORS AND OTHERS

- (a) The aggregate amounts outstanding at 30th September 1989 under transactions, arrangements and agreements made by the company for persons who are, or were, directors of the company during the year or who are, or were, connected with a director of the company during the year relating to loans, quasi-loans and credit transactions were:

	<u>Number of directors</u>	<u>Number of connected persons</u>	<u>Amount £</u>
Quasi-loans	-	-	-
Loans	3	-	94,499
Credit transactions	-	-	-
	===	===	=====

- (b) There were no amounts outstanding at 30th September 1989 in respect of loans, quasi-loans or credit transactions made by the subsidiary company for directors of the company or their connected persons.

- (c) The aggregate amounts outstanding at 30th September 1989 under transactions, arrangements and agreements made by the company for persons who are or were managers of the company within the meaning of the Banking Act 1987 during the year relating to loans, quasi-loans and credit transactions were:

	<u>Number of managers</u>	<u>Amount £</u>
Quasi-loans	-	-
Loans	2	83,743
Credit transactions	-	-
	===	=====

- (d) There were no amounts outstanding at 30th September 1989 in respect of loans, quasi-loans or credit transactions made by the subsidiary company for officers of the company.

6. PENSION SCHEME

The group operates the Lombard & Ulster Limited Retirement Benefit Scheme which is a defined benefit pension scheme with its assets held in a trust fund separate from the group.

The total pension cost for the group was £307,320 which was assessed in accordance with the advice of qualified actuaries.

At the date of the latest actuarial valuation which was at 31st December 1986 the market value of the assets was £3.2m and the actuarial value of the assets was sufficient to cover 100% of the benefits that had accrued to members after allowing for expected increases in earnings. The valuation was carried out using the attained age method on the basis that any imbalance between assets and liabilities and accrued liabilities will be funded over a period approximating to the average future service life of members of the scheme. The assumptions which have the most significant effect on the results of the valuation are those relating to the rate of return on investments and the rates of increase in salaries, pensions and dividends. It was assumed that the real rate of return on new investments (relative to price inflation) will be 3½% per annum, and the real rate of increase in future earnings will be 1½% per annum, that pension increases will be equal to approximately 91% of the rate of price inflation and that dividend growth will be 1% per annum less than price inflation.

NOTES TO THE FINANCIAL STATEMENTS (continued)

7. TAXATION

	<u>1989</u> £	<u>1988</u> £
Corporation tax at 35% (1988 - 35%) based on the year's results:		
Payments for group relief in respect of losses surrendered by group companies	770,500	1,017,412
Current	92,232	513,334
Deferred	(72,237)	(61,378)
Notional tax on grant income	-	125
	<u>£790,495</u> =====	<u>£1,469,493</u> =====

8. GROUP RESULTS DEALT WITH IN THE FINANCIAL STATEMENTS OF THE COMPANY

Profits amounting to £1,370,706 (1988 - £1,847,993) of the group results after taxation have been dealt with in the financial statements of the company.

9. SHARE CAPITAL

	<u>1989</u>	<u>1988</u>
Authorised:		
Ordinary shares of £1 each	£6,000,000 =====	£6,000,000 =====
Allotted, called-up and fully paid:		
Ordinary shares of £1 each	£4,000,000 =====	£4,000,000 =====

10. REVENUE RESERVES

	<u>THE GROUP</u> £	<u>THE COMPANY</u>
Balance at 1st October 1988	9,683,145	7,121,875
Profit retained for year	560,423	677,632
Balance at 30th September 1989	<u>£10,243,568</u> =====	<u>£7,799,507</u> =====

11. BALANCES WITH NATIONAL WESTMINSTER GROUP COMPANIES

Included in the balances due to National Westminster Bank Group Companies are deposits amounting to £144,775,000 (1988 - £117,574,000).

12. DEFERRED TAXATION

GROUP

- (i) Deferred taxation provided in the financial statements and the total potential liability includes:

	<u>1989</u> £	<u>1988</u> £
Tax effect of timing differences arising on:		
Excess of tax allowances on fixed assets over depreciation at 35.0% (1988 - 35.0%)	57,451	194,088
Other at 35% (1988 - 35%)	-	(64,400)
	<u>£57,451</u> =====	<u>£129,688</u> =====

NOTES TO THE FINANCIAL STATEMENTS (continued)

12. DEFERRED TAXATION (continued)

(ii) The movement on the provision for deferred taxation is as follows:

	£
Opening balance	129,688
Transfer to profit and loss account	(72,237)
Closing balance	<u>£57,451</u> =====

13. LIABILITIES

	<u>Group</u> £	<u>1989</u> <u>Company</u> £	<u>Group</u> £	<u>1988</u> <u>Company</u> £
Bank loans and overdraft repayable:				
Within one year	4,404,724	1,229,722	2,860,227	-
Other borrowings repayable:				
(i) Within one year	264,661,266	261,376,559	222,728,860	217,482,175
(ii) Between one and five years	1,081,000	1,081,000	3,221,798	3,221,798
(iii) Five or more years	-	-	-	-
Total borrowings	<u>270,146,990</u>	<u>263,687,281</u>	<u>228,810,885</u>	<u>220,703,973</u>
Deferred taxation	57,451	-	129,688	-
Current taxation	89,454	-	513,334	-
Proposed dividend	693,074	693,074	561,821	561,821
TOTAL LIABILITIES	<u>£270,986,969</u> =====	<u>£264,380,355</u> =====	<u>£230,015,728</u> =====	<u>£221,265,794</u> =====

14. SUBSIDIARY COMPANY

	<u>Country of incorporation</u>	<u>Interest</u>
J.C.B. Credit Limited	Great Britain	74%
	<u>1989</u> £	<u>1988</u> £
Shares in subsidiary at cost	74,000	74,000
Advances to subsidiary	108,097,938	93,242,675
	<u>£108,171,938</u> =====	<u>£93,316,675</u> =====

NOTES TO THE FINANCIAL STATEMENTS (continued)

15. FIXED ASSETS

	<u>Freehold property</u> £	<u>*Alterations to leasehold properties</u> £	<u>Motor cars and office equipment</u> £	<u>Total</u> £
THE GROUP				
Cost at 1st October 1988	81,621	59,535	1,148,375	1,289,531
Additions	-	36,971	344,676	381,647
Disposals	-	-	(175,965)	(175,965)
	<hr/>	<hr/>	<hr/>	<hr/>
Cost at 30th September 1989	81,621	96,506	1,317,086	1,495,213
Accumulated depreciation	11,139	53,276	646,579	710,994
	<hr/>	<hr/>	<hr/>	<hr/>
Net book value At 30th September 1989	£70,482 =====	£43,230 =====	£670,507 =====	£784,219 =====
Net book value At 30th September 1988	£71,625 =====	£10,522 =====	£633,755 =====	£715,902 =====
THE COMPANY				
Cost at 1st October 1988	81,621	59,535	859,632	1,000,788
Additions	-	36,971	197,497	234,468
Disposals	-	-	(93,622)	(93,622)
	<hr/>	<hr/>	<hr/>	<hr/>
Cost at 30th September 1989	81,621	96,506	963,507	1,141,634
Accumulated depreciation	11,139	53,276	529,892	594,307
	<hr/>	<hr/>	<hr/>	<hr/>
Net book value At 30th September 1989	£70,482 =====	£43,230 =====	£433,615 =====	£547,327 =====
Net book value At 30th September 1988	£71,625 =====	£10,522 =====	£433,132 =====	£515,279 =====

\* Leases of less than 50 years.

16. LEASED ASSETS

The cost of assets acquired during the year by purchase for the purpose of letting under finance leases amounted to £7,104,529 (1988 - £5,569,353).

NOTES TO THE FINANCIAL STATEMENTS (continued)

17. ACCEPTANCES, ENDORSEMENTS AND OTHER ENGAGEMENTS

THE COMPANY

Acceptances, endorsements and other engagements entered into on behalf of customers and in respect of which there are corresponding obligations by customers, are not included in the balance sheet. These amount to £1,022,136 (1988 - £845,234).

18. ULTIMATE HOLDING COMPANY

The ultimate holding company is National Westminster Bank PLC, a company incorporated in Great Britain. The company's immediate holding company is Ulster Bank Limited.