

LOMBARD & ULSTER LIMITED



00458100

REPORT AND FINANCIAL STATEMENTS  
FOR THE YEAR ENDED 30th SEPTEMBER 1985

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# LOMBARD & ULSTER LIMITED

## REPORT OF THE DIRECTORS

The directors have pleasure in presenting their report and financial statements for the year ended 30th September 1985.

### 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 and extraordinary credit was £2,097,972 (1984 - £2,603,261) on which there was a taxation charge of £890,723 (1984 £1,175,651), a minority interest of £52,637 (1984 - £113,806) and an extraordinary credit of £Nil (1984 - £61,994). The directors recommend the payment of an interim dividend of £348,292 (1984 - £337,455) leaving retained profit of £806,320 (1984 - £1,038,343) which is transferred to reserves.

### DIRECTORS

The following directors held office during the year:

R.D. Rolston	-	Chairman
H.S.E. Catherwood		
V. Chambers		
C.F.S. Gibney		
A.J. Gordon		
R.W. Hamilton	-	Resigned 28th May 1985
A.E. Keeler		
G.J. Simms		
R.P. Smith		
K.R. Wall	-	Resigned 30th July 1985

Mr. G.J. Simms, Mr. R.P. Smith and Mr. R.D. Rolston retire. Mr. G.J. Simms and Mr. R.P. Smith being eligible, offer themselves for re-election.

### EMPLOYEES

The average number of U.K. employees of the group in the year to 30th September 1985 was 124 and their aggregate remuneration for the year was £1,295,079.

### DONATIONS

The group made donations aggregating to £1,306 to U.K. charitable organisations during the year. No political contributions were made.

REPORT OF THE DIRECTORS (continued)

AUDITORS

In accordance with Article 27(1) of the Companies (Northern Ireland) Order 1978 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  
26th November 1985

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

We have audited the financial statements on pages 5 to 15 in accordance with approved 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 1985 and of the profit and source and application of funds of the group for the year then ended, and comply with the Companies Acts (Northern Ireland) 1960 to 1982.



DELOITTE HASKINS & SELLS  
Chartered Accountants

Belfast  
26th November 1985

LOMBARD & ULSTER LIMITED  
AND ITS SUBSIDIARY COMPANY

CONSOLIDATED PROFIT AND LOSS ACCOUNT  
FOR THE YEAR ENDED 30th SEPTEMBER 1985

	<u>Notes</u>	<u>1985</u> <u>£</u>	<u>1984</u> <u>£</u>
GROUP OPERATING PROFIT	3	2,097,972	2,603,261
TAXATION	6	890,723	1,175,651
GROUP PROFIT AFTER TAXATION AND BEFORE EXTRAORDINARY CREDIT	7	1,207,249	1,427,610
MINORITY SHAREHOLDERS' INTEREST IN SUBSIDIARY COMPANY		52,637	113,806
GROUP PROFIT AFTER TAXATION AND MINORITY SHAREHOLDERS' INTERESTS		1,154,612	1,313,804
EXTRAORDINARY CREDIT	10	-	61,994
		1,154,612	1,375,798
PROPOSED INTERIM DIVIDEND		348,292	337,455
RETAINED PROFIT FOR YEAR		£806,320 =====	£1,038,343 =====

STATEMENT OF RESERVES

Retained profit for year		806,320	1,038,343
Retained profit carried forward as previously reported		4,113,698	3,075,355
Prior year adjustment	15	56,452	-
As restated:		4,170,150	3,075,355
Retained reserves at end of year	9	£4,976,470 =====	£4,113,698 =====

LOMBARD & ULSTER LIMITED  
AND ITS SUBSIDIARY COMPANY

CONSOLIDATED BALANCE SHEET 30th SEPTEMBER 1985

	<u>Notes</u>	<u>1985</u> £	<u>1984</u> £
<b>CAPITAL RESOURCES</b>			
Share capital	8	4,000,000	4,000,000
Reserves	9	4,976,470	4,113,698
Shareholders' funds		8,976,470	8,113,698
Minority shareholders' interest in subsidiary company		460,558	407,921
		<u>9,437,028</u>	<u>8,521,619</u>
<b>LIABILITIES</b>			
Deposit and current accounts		93,859,342	73,656,695
Creditors		2,067,933	1,877,982
Balance due to National Westminster group companies	12	53,210,214	48,913,811
Deferred taxation	10	248,721	376,582
	11	<u>149,386,210</u>	<u>124,825,070</u>
		<u>£158,823,238</u>	<u>£133,346,689</u>
<b>ASSETS</b>			
Money at call and short notice		-	1,250,000
Instalment debtors and finance leases less deferred charges and provisions		85,929,790	69,889,837
Loans and advances less provisions		44,044,814	36,787,634
Debtors		725,033	539,744
Deposit with Bank of England		302,000	209,000
Government stock (market value £3,660,000 - 1984 £3,590,910)		3,015,520	3,000,000
Balances due from National Westminster group companies		24,353,287	21,211,758
Fixed assets	14	452,794	458,716
		<u>£158,823,238</u>	<u>£133,346,689</u>

The financial statements on pages 5 to 15 were approved by the Board of Directors on 26th November 1985 and signed on its behalf by:

R.D. ROLSTON

V. CHAMBERS

C.F.S. GIBNEY

Directors

LOMBARD & ULSTER LIMITED

BALANCE SHEET 30th SEPTEMBER 1985

	<u>Notes</u>	<u>1985</u> £	<u>1984</u> £
<b>CAPITAL RESOURCES</b>			
Share capital	8	4,000,000	4,000,000
Reserves	9	3,739,648	3,026,690
		<u>7,739,648</u>	<u>7,026,690</u>
<b>LIABILITIES</b>			
Deposit and current accounts		93,859,342	73,656,695
Creditors		1,630,688	1,488,705
Amounts due to National			
Westminster group companies	12	52,535,405	48,003,854
	11	<u>148,025,435</u>	<u>123,149,254</u>
		<u>£155,765,083</u>	<u>£130,175,944</u>
<b>ASSETS</b>			
Money at call and short notice		-	1,250,000
Instalment debtors less deferred			
charges and provisions		51,384,071	38,293,329
Loans and advances less provisions		42,602,251	35,901,876
Debtors		561,256	452,753
Deposit with Bank of England		302,000	209,000
Government stock			
(market value £3,660,000 -			
1984 £3,590,910)		3,015,520	3,000,000
Balance due from National			
Westminster group companies		24,353,287	21,211,758
Subsidiary company	13	33,182,581	29,480,718
Fixed assets	14	364,117	376,510
		<u>£155,765,083</u>	<u>£130,175,944</u>

The financial statements on pages 5 to 15 were approved by the Board of Directors on 26th November 1985 and signed on its behalf by:

R.D. ROLSTON

V. CHAMBERS

F.S. GIBNEY

Directors

LOMBARD & ULSTER LIMITED  
AND ITS SUBSIDIARY COMPANY

STATEMENT OF GROUP SOURCE AND APPLICATION OF FUNDS  
FOR THE YEAR ENDED 30th SEPTEMBER 1985

	<u>1985</u> £	<u>1984</u> £
<b>SOURCE OF FUNDS</b>		
Group profit before taxation and extraordinary item less minority interest	2,045,335	2,489,455
Items not involving the movement of funds:		
Depreciation	123,733	102,962
Extraordinary item	-	61,994
Minority interest	52,637	113,806
Profit on sale of fixed assets	(94,303)	(3,681)
	<u>2,127,402</u>	<u>2,764,536</u>
<b>FUNDS FROM OTHER SOURCES</b>		
Disposal of fixed assets	<u>60,440</u>	<u>64,534</u>
<b>APPLICATION OF FUNDS</b>		
Dividend paid	337,455	337,455
Taxation paid	976,674	972,922
Additions to fixed assets	176,303	239,069
	<u>1,490,432</u>	<u>1,549,446</u>
	£697,410 =====	£1,279,624 =====
<b>REPRESENTED BY MOVEMENTS IN:</b>		
Loans and other banking assets	22,321,221	28,590,357
Balances due to National Westminster group companies	(1,154,874)	(10,188,092)
	<u>21,166,347</u>	<u>18,402,265</u>
Deposit and other accounts	(20,468,937)	(17,122,641)
	<u>£697,410</u> =====	<u>£1,279,624</u> =====



LOMBARD & ULSTER LIMITED  
AND ITS SUBSIDIARY COMPANY

NOTES TO THE FINANCIAL STATEMENTS  
FOR THE YEAR ENDED 30th SEPTEMBER 1985

1. ACCOUNTING POLICIES

(a) ACCOUNTING REQUIREMENTS

Neither the group nor the holding company is required to comply with the accounting and disclosure provisions of Part 1 of the Companies (Northern Ireland) Order 1982. The group financial statements are drawn up in accordance with Section 146A of, and Schedule 6A to, the Companies Act (Northern Ireland) 1960. The holding company's financial statements are drawn up in accordance with Section 143A of and Schedule 6A to the Companies Act (Northern Ireland) 1960.

(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 life 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.

# NOTES TO THE FINANCIAL STATEMENTS (continued)

## 1. ACCOUNTING POLICIES (continued)

### (g) INVESTMENTS

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

### (h) LEASING ASSETS

With effect from October 1984 assets made available to third parties under finance leases are treated as amounts receivable; comparative figures have been restated accordingly.

## 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>1985</u>	<u>1984</u>
Amounts financed under all forms of financial agreements entered into during the year		
United Kingdom	£82,228,809 =====	£72,386,403 =====

## 3. GROUP OPERATING PROFIT

	<u>1985</u> £	<u>1984</u> £
The group operating profit is stated after charging/(crediting):		
(a) Deposit and other short term interest payable within 5 years	15,115,345	8,953,718
(b) Depreciation	123,733	102,962
(c) Auditors' remuneration	20,335	19,200
(d) Listed investment income	(442,465) =====	(426,944) =====

## 4. EMOLUMENTS OF DIRECTORS OF THE COMPANY

Directors' emoluments for the year (inclusive of pension contributions) amounted to £154,165 (1984 - £140,370) of which £12,333 (1984 - £12,113) was in respect of fees. The emoluments of the Chairman were £3,000 (1984 - £3,000) and the emoluments of the highest paid director were £34,508 (1984 - £31,676). The number of other directors whose emoluments (exclusive of pension contributions) were within the following ranges was:

	<u>1985</u>	<u>1984</u>
£0 - £ 5,000	5	6
£20,001 - £25,000	-	1
£25,001 - £30,000	3	2
	===	===

# NOTES TO THE FINANCIAL STATEMENTS (continued)

## 5. DIRECTORS' LOANS

Loans to directors of the company and connected persons made or subsisting during the year were:

	30th September 1985 <u>£</u>	1st October 1984 <u>£</u>	Maximum due on each loan at any time in year <u>£</u>
C.F.S. Gibney	19,350	15,460	26,722
A.J. Gordon	39,450	41,408	41,571
G.J. Simms	20,444	22,362	23,553
R.P. Smith	35,160	36,318	36,318

Interest payable on above loans was at rates up to 13.75%.

## 6. TAXATION

	1985 <u>£</u>	1984 <u>£</u>
Corporation tax at 42.5% (1984 - 47.5%) based on the year's results:		
Payments for group relief in respect of losses surrendered by group companies	802,063	918,429
Current	233,625	318,524
Deferred	(149,695)	(61,302)
Notional tax on grant income	4,730	-
	<u>£890,723</u> =====	<u>£1,175,651</u> =====

## 7. GROUP RESULTS DEALT WITH IN THE FINANCIAL STATEMENTS OF THE COMPANY

Profits amounting to £1,061,250 (1984 - £1,051,888) of the group results after taxation and before extraordinary credit have been dealt with in the financial statements of the company.

## 8. SHARE CAPITAL

	1985 <u>£</u>	1984 <u>£</u>
Ordinary shares of £1 each Authorised	£6,000,000 =====	£6,000,000 =====
Allotted, issued and fully paid	£4,000,000 =====	£4,000,000 =====

NOTES TO THE FINANCIAL STATEMENTS (continued)

9. RESERVES

	THE GROUP		THE COMPANY	
	1985 £	1984 £	1985 £	1984 £
Balances at 1st October 1984	4,113,698	3,075,355	3,026,690	2,312,257
Prior year adjustment	56,452	-	-	-
Profit retained for the year	806,320	1,038,343	712,958	714,433
	<u>£4,976,470</u>	<u>£4,113,698</u>	<u>£3,739,648</u>	<u>£3,026,690</u>
	=====	=====	=====	=====

10. DEFERRED TAXATION

- (i) Deferred taxation provided in the financial statements and the total potential liability including the amounts for which provision has been made, are as follows:

	1985 £	1984 £
Tax effect of timing differences arising on:		
Excess of tax allowances on fixed assets over depreciation		
36.52% (1984 - 40%)	313,121	440,982
Other at 35% (1984 - 35%)	(64,400)	(64,400)
	<u>£248,721</u>	<u>£376,582</u>
	=====	=====

The above represents the full potential liability.

- (ii) The movements on the provision for deferred taxation are as follows:

	1985 £	1984 £
Opening balance	376,582	499,878
Prior year adjustment re change in accounting policy	21,834	-
Release as a result of change in tax rate (extraordinary credit)	-	61,994
	<u>398,416</u>	<u>437,884</u>
Transfer to profit and loss account	149,695	61,302
Closing balance	<u>£248,721</u>	<u>£376,582</u>
	=====	=====

# NOTES TO THE FINANCIAL STATEMENTS (continued)

## 11. LIABILITIES

	<u>Group</u> £	<u>1985</u> <u>Company</u> £	<u>Group</u> £	<u>1984</u> <u>Company</u> £
Bank loans and overdraft repayable:				
(i) Within one year	1,149,008	474,246	1,462,271	909,957
Other borrowings repayable:				
(i) Within one year	146,551,858	146,348,237	121,003,224	120,574,828
(ii) Between one and five years	449,660	449,660	877,014	877,014
(iii) Five years or more	405,000	405,000	450,000	450,000
Total borrowings	148,555,526	147,677,143	123,792,509	122,811,799
(i) Deferred taxation	248,721	-	376,582	-
(ii) Current taxation	233,671	-	318,524	-
(iii) Proposed dividend	348,292	348,292	337,455	337,455
TOTAL LIABILITIES	£149,386,210	£148,025,435	£124,825,070	£123,149,254
	=====	=====	=====	=====

## 12. BALANCES WITH NATIONAL WESTMINSTER GROUP COMPANIES

Included in the balances due to National Westminster Group Companies are deposits amounting to £50,155,000 (1984 - £45,450,000).

NOTES TO THE FINANCIAL STATEMENTS (continued)

13. SUBSIDIARY COMPANY

	Incorporated and operating in	Interest
J.C.B. Credit Limited	Gt. Britain	74%
	<u>1985</u> £	<u>1984</u> £
Shares in subsidiary at cost	74,000	74,000
Advances to subsidiary	33,108,581	29,406,718
	<u>£33,182,581</u> =====	<u>£29,480,718</u> =====

14. FIXED ASSETS

THE GROUP	Freehold property £	*Alterations to leasehold properties £	Motor cars and office equipment £	Total £
Cost at 1st October 1984	81,621	59,535	596,807	737,963
Additions	-	-	176,303	176,303
Disposals	-	-	(128,030)	(128,030)
Cost at 30th September 1984	81,621	59,535	645,080	786,236
Accumulated depreciation	6,333	40,508	286,601	333,442
Net book value 30th September 1985	<u>£75,288</u> =====	<u>£19,027</u> =====	<u>£358,479</u> =====	<u>£452,794</u> =====
Net book value 30th September 1984	<u>£76,335</u> =====	<u>£21,863</u> =====	<u>£360,518</u> =====	<u>£458,716</u> =====
THE COMPANY				
Cost at 1st October 1984	81,621	59,535	479,410	620,566
Additions	-	-	126,566	126,566
Disposals	-	-	(101,661)	(101,661)
Cost at 30th September 1985	81,621	59,535	504,315	645,471
Accumulated depreciation	6,333	40,508	234,513	281,354
Net book value 30th September 1985	<u>£75,288</u> =====	<u>£19,027</u> =====	<u>£269,802</u> =====	<u>£364,117</u> =====
Net book value 30th September 1984	<u>£76,335</u> =====	<u>£21,863</u> =====	<u>£278,312</u> =====	<u>£376,510</u> =====

\* Leases of less than 50 years.

## NOTES TO THE FINANCIAL STATEMENTS (continued)

### 15. PRIOR YEAR ADJUSTMENT

The prior year adjustment arises from the change in accounting policy on the recognition of income. Previously income (rentals and grants) was recognised on a straight line basis and is now based on Investment Period Accounting (see Accounting Policies). Because of the complexities of calculation and the time involved it is considered that it is not practicable to restate comparative figures on the basis of the new accounting policy.

### 16. 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 £1,684,500 (1984 - £1,872,515).

### 17. 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.