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ER BANKING LIMITED

REPORT OF THE DIRECTORS

The Directors have pleasure in presenting their report together with the audited accounts for the year ended 30th September, 1974.

RESULTS

The profit for the year after taxation was £215,521 (1973 - £348,549) and has been transferred to reserves. The detailed results are shown on Page 3 accompanying this report. The Directors do not recommend the payment of a dividend for the year.

In the light of the prevailing economic conditions, the Directors are satisfied that adequate provision has been made for any bad or doubtful debts. In addition a general provision of £240,000 has been retained.

ACTIVITIES

(1) Banking Division

The principal activities of this division continue to be the acceptance of deposits and the provision of banking and instalment credit facilities.

(11) Finance Division

The main business of this division is that of hire purchase and block discounting. During the year the company transferred its leasing operations to another Group company, Lombard & Ulster Leasing Limited with effect from 1st October, 1973.

DIRECTORS

The following Directors held office throughout the year:-

Mr. G.E. Cameron  
Mr. W.E. Boyd  
Mr. T.J. Fleming  
Mr. R.W. Hamilton  
Mr. D.G. Pullin  
Mr. K.R. Wall

Mr. R.W. Hamilton and Mr. K.R. Wall retire by rotation and being eligible offer themselves for re-election.

AUDITORS

During the year the company's auditors, Harmood Banner & Co., amalgamated their practice with that of Deloitte & Co., in which name they now practice. Deloitte & Co. will continue in office in accordance with Section 153 (2) of the Companies' Act (Northern Ireland) 1960.

By Order of the Board

A.T. MORAN. *A.T. Moran*  
Secretary.

REPORT OF THE AUDITORS

TO THE MEMBERS OF LOMBARD AND ULSTER BANKING LIMITED

We have examined the annexed balance sheet and profit and loss account set out on pages 3 to 7 and in our opinion they give a true and fair view of the state of affairs at 30th September 1974 and of the profit for the year ended on that date.

We have obtained all the information and explanations we considered necessary and in our opinion the company has kept proper books and the balance sheet and profit and loss account, which are in agreement with them, give the information required by the Companies Act (Northern Ireland) 1960.

*Deloitte & Co*

Chartered Accountants

London  
28th November 1974

LOMBARD AND ULSTER BANKING LIMITED

PROFIT AND LOSS ACCOUNT  
FOR THE YEAR ENDED 30th SEPTEMBER, 1974

	<u>1974</u> £	<u>1973</u> £
OPERATING PROFIT	548,400	522,602
Dividend from another Group company	<u>22,058</u>	<u>-</u>
PROFIT BEFORE TAXATION	570,458	522,602
after charging:		
Deposit and other short term interest	6,761,041	2,441,711
Rents	22,907	14,669
Depreciation	23,713	741,733
Auditors' Remuneration	4,680	3,500
Directors' Fees	500	1,500
TAXATION (Note 3)	<u>354,937</u>	<u>174,053</u>
PROFIT AFTER TAXATION TRANSFERRED TO RESERVES	<u>£215,521</u> =====	<u>£340,549</u> =====

The notes on Pages 5 to 7 form an integral of these accounts.

LOMBARD AND ULSTER BANKING LIMITED

BALANCE SHEET AT 30th SEPTEMBER, 1974.

		<u>1974</u>	<u>1973</u>
	<u>Notes</u>	<u>£</u>	<u>£</u>
SHARE CAPITAL	4	500,000	500,000
RESERVES	5	<u>735,194</u>	<u>519,673</u>
		1,235,194	1,019,673
DEFERRED TAXATION	2 (b)	<u>-</u>	<u>1,503,672</u>
		1,235,194	2,523,345
		-----	-----
CURRENT LIABILITIES:			
Deposit and Current Accounts		56,427,242	28,440,506
Creditors		<u>795,566</u>	<u>805,111</u>
		57,222,808	29,245,617
		-----	-----
		£58,458,002	£31,768,962
		=====	=====
CURRENT ASSETS:			
Money at call and short notice		1,700,000	1,400,000
Debts due under Hire Purchase and other instalment credit agreements	7	4,979,991	4,543,667
Loans and advances less provisions	8	30,860,755	20,154,590
Debtors		<u>90,020</u>	<u>1,038,817</u>
		37,630,766	27,137,074
		-----	-----
BALANCES WITH NATIONAL WESTMINSTER GROUP COMPANIES:			
Owing to	6	(4,127,514)	(4,460,014)
Owing by		<u>17,645,376</u>	<u>1,142,022</u>
		13,517,862	(3,317,992)
		-----	-----
SUBSIDIARY COMPANIES:			
Shares at cost	9	79,100	104,100
Amounts due		<u>7,109,509</u>	<u>4,959,821</u>
		7,188,609	5,063,921
		-----	-----
PLANT AND EQUIPMENT SUBJECT TO LEASING AGREEMENTS		-	2,772,177
FIXED ASSETS	10	<u>120,765</u>	<u>113,782</u>
		120,765	2,885,959
		-----	-----
		£58,458,002	£31,768,962
		=====	=====

The notes on pages 5 to 7 form an integral part of these accounts

LOMBARD AND ULSTER BANKING LIMITED

NOTES TO THE ACCOUNTS - 30th SEPTEMBER, 1974

1. ACCOUNTING POLICIES

(a) Consolidation:

The accounts of the subsidiary companies, Harding Ulster Limited and J.C.B. Credit Limited have not been consolidated because the company is a wholly owned subsidiary of Ulster Bank Limited.

(b) Deferred Charges;

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

(c) Depreciation and Amortisation:

Expenditure on leasehold properties is amortised in equal annual instalments over the unexpired period of the lease.  
Furniture, equipment and vehicles are depreciated on a straight line basis over the estimated useful working life of the assets.

2. TRANSFER OF LEASING OPERATIONS

(a) With effect from 1st October 1973 the company transferred its leasing operations to another Group company, Lombard & Ulster Leasing Limited. Accordingly, the results of these operations and the related assets and liabilities do not appear in the company's accounts for the year ended 30th September 1974. The 1973 figures used as comparatives have not been altered.

(b) Deferred taxation:

The balance of this account at 1st October 1973 was also transferred to Lombard & Ulster Leasing Limited.

3. TAXATION

	<u>1974</u>	<u>1973</u>
	£	£
Corporation Tax, based on 1974 profits	292,490	-
Deferred taxation	-	177,990
Prior Year Adjustments	<u>62,447</u>	<u>(3,937)</u>
	<u>£354,937</u>	<u>£174,053</u>

Corporation Tax has been provided at the rate of 52% (1973 - 45%). There is, however, no payment to be made to the Inland Revenue because of the surrender to the company of tax losses by another Group company.

4. SHARE CAPITAL

Ordinary Shares of £1 each	£500,000
Authorised, Issued and fully paid	<u>=====</u>

LOMBARD AND ULSTER BANKING LIMITED

NOTES TO THE ACCOUNTS - 30th SEPTEMBER, 1974

5. RESERVES

	£
Balance at 1st October 1973	519,673
Profit retained for the year	<u>215,521</u>
Balance at 30th September 1974	£735,194
	=====

6. BALANCES WITH NATIONAL WESTMINSTER GROUP COMPANIES

Included in the balances with the National Westminster Group Companies are deposits amounting to £3,755,430 (1973 - £4,385,462)

7. DEBTS DUE UNDER HIRE PURCHASE AND OTHER INSTALMENT CREDIT AGREEMENTS

	<u>1974</u>	<u>1973</u>
	£	£
Hire Purchase	3,730,952	3,742,654
Block Discounting	794,275	634,642
Loans	<u>1,533,730</u>	<u>1,065,465</u>
	6,058,957	5,442,761
Less: Unearned Charges	<u>995,503</u>	<u>844,777</u>
	5,063,454	4,597,984
Less: Provision for Doubtful Debts	<u>3,463</u>	<u>54,317</u>
	£4,979,991	£4,543,667
	=====	=====

8. LOANS AND ADVANCES

Repayable in not more than twelve months	12,275,705	5,471,138
Repayable in more than twelve months	<u>19,501,951</u>	<u>15,030,728</u>
	31,777,656	20,501,866
Less: Provision for Doubtful Debts	<u>916,901</u>	<u>347,276</u>
	£30,860,755	£20,154,590
	=====	=====

9. SHARES IN SUBSIDIARY COMPANIES

The Company's subsidiary companies are as follows:

	<u>Interest</u>
Harding Ulster Limited	51%
J.C.B. Credit Limited	74%

The Company's share of losses of subsidiaries not included in these accounts for the year ended 30th September 1974 was £4,632 and the share of profits since the holdings were acquired is £14,881.

LOMBARD AND ULSTER BANKING LIMITED

NOTES TO THE ACCOUNTS - 30th SEPTEMBER 1974

10. FIXED ASSETS

	<u>Alterations to Leasehold Properties</u>	<u>Furniture Equipment and Vehicles</u>	<u>Total</u>	
Cost at 1st	£	£	£	£
October 1973	41,313	104,955	146,268	132,161
Adjustment	-	-	-	(2,076)
Additions	6,157	34,015	40,172	45,260
Disposals	-	(16,530)	(16,530)	(29,077)
Cost at 30th				
September 1974	47,470	122,440	169,910	146,268
Accumulated				
Depreciation	(9,783)	(39,362)	(49,145)	(32,486)
Net Book Value at				
30th September				
1974	£37,687	£83,078	£120,765	£113,782
	=====	=====	=====	=====

11. ACCEPTANCES, ENDORSEMENTS AND OTHER  
ENGAGEMENTS

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 £814,328 (1973 - £307,257)

12. ULTIMATE HOLDING COMPANY

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