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LOMBARD AND ULSTER 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, 1973.

RESULTS

The profit for the year after taxation was £348,549 (1972-£236,650) 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.

ACTIVITIES

(i) Banking Division

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

(ii) Finance Division

The main business of this division is that of hire purchase, leasing of plant, machinery and equipment and block discounting.

DIRECTORS

The following Directors held office throughout the year:-

Mr. G.E. Cameron
Mr. W.E. Boyd
Mr. R.W. Hamilton
Mr. K.R. Wall

Mr. M. Wallace resigned from the Board on 24th January, 1973.

Mr. E.B. Forster resigned from the Board on 27th March, 1973 and Mr. D.G. Pullin was appointed a Director on the same date. Mr. T.J. Fleming was appointed a Director on 17th July, 1973.

Mr. D.G. Pullin and Mr. T.J. Fleming retire in accordance with Clause 97 Table A of the Companies' Act (Northern Ireland) 1960 and being eligible, they offer themselves for re-election.

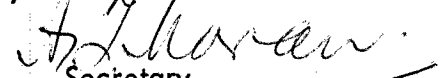
Mr. W.E. Boyd retires by rotation and being eligible offers himself for re-election.

AUDITORS

Messrs. Harmood Banner & Co. continue in office by virtue of Section 153 (2) of the Companies' Act (Northern Ireland) 1960.

Canada House,
22 North Street,
Belfast,
BT1 1JX.

By Order of the Board


Secretary

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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 8 and in our opinion they give a true and fair view of the state of affairs at 30th September, 1973 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.



Chartered Accountants

LONDON: 21st NOVEMBER, 1973

PROFIT AND LOSS ACCOUNT
FOR THE YEAR ENDED 30th SEPTEMBER, 1973

	£	1 9 7 2 £
PROFIT FOR THE YEAR	522,602	401,212
after crediting:		
Income from Investments - quoted	-	5,208
after charging:		
Deposit and other short term interest payable	2,441,711	1,153,435
Rents payable	14,669	13,340
Depreciation	741,733	401,627
Auditors' Remuneration	3,500	3,250
Directors' Fees	1,500	2,583
TAXATION (Note 2)	174,053	164,562
PROFIT FOR THE YEAR AFTER TAXATION		
TRANSFERRED TO RESERVES	£348,549	£236,650

The notes on Pages 5 to 8 form an integral part of these accounts.

BALANCE SHEET AT 30th SEPTEMBER, 1973

	Notes	£	1972 £
SHARE CAPITAL	3	500,000	500,000
RESERVES	4	519,673	355,763
		1,019,673	855,763
DEFERRED TAXATION	5	1,503,672	250,938
		2,523,345	1,106,701
BALANCES WITH NATIONAL WESTMINSTER GROUP COMPANIES:			
Owing to	6	4,460,014	8,555,803
Owing by		(1,142,022)	-
		3,317,992	8,555,803
CURRENT LIABILITIES:			
Deposit and Current Accounts		28,440,506	13,423,149
Creditors		805,111	441,873
Taxation		-	115,491
		29,245,617	13,980,513
		£35,086,954	£23,643,017
CURRENT ASSETS:			
Money at call and short notice		1,400,000	1,340,000
Debts due under Hire Purchase and other instalment credit agreements	7	4,543,667	4,271,684
Loans and advances less provisions	8	20,154,590	13,877,045
Debtors		1,038,817	398,894
		27,137,074	19,887,623
SUBSIDIARY COMPANIES:			
Shares at cost	9	104,100	104,100
Amounts due		4,959,821	2,337,792
		5,063,921	2,441,892
PLANT AND EQUIPMENT SUBJECT TO LEASING AGREEMENTS	10	2,772,177	1,207,840
FIXED ASSETS	11	113,782	105,662
		2,885,959	1,313,502
		£35,086,954	£23,643,017

Georg S. Fanning

W. Wilson

- DIRECTORS

The notes on pages 5 to 8 form an integral part of these accounts.

NOTES TO THE ACCOUNTS - 30th SEPTEMBER, 1973

1. ACCOUNTING POLICIES

(a) Profit for the year:

The Profit for the year before taxation has been arrived at by applying generally accepted accounting principles and has been reduced by an estimated amount of £130,000 in respect of leasing business transacted during the year. The loss has arisen as a result of certain business transacted during the year, the benefit of which is obtained as follows:

- (a) By a reduction in the tax charge for the year (See Note 2)
- (b) By the deferment of tax with the resultant interest saving which will be reflected in future years' results.
- (c) By the interest on the capital grants which at the present time are received on average approximately nine months after the date of purchase of the leased asset.

(b) Consolidation:

The accounts of the subsidiary companies, Ulster Merchant Finance Limited, 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.

(c) 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.

(d) 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. Leased assets are depreciated on a straight line basis, after deducting capital grants, over the primary period of the agreement with the exception of certain agreements entered into during the year ended 30th September, 1972 which are depreciated on a rising scale so that the income is spread over the period of the agreement in proportion to the balances outstanding and not yet due.

2. TAXATION

	£	197
Corporation Tax	-	26,19
Transfer to Deferred Taxation (See Note 5)	177,990	138,3
	177,990	164,5
Prior year provisions not required	(3,937)	-
	<u>£174,053</u>	<u>£164,5</u>

Corporation Tax had been provided at the rate of 45% (1972 - 40%) and has benefited by £11,875 on the surrender of taxation losses to a group company at an effective rate of 45.625%.

The taxation charge has been based on the profits of the year and has been reduced by £50,000 being tax on the proportion of capital grants credited to Profit and Loss Account.

NOTES TO THE ACCOUNTS - 30th SEPTEMBER, 1973

		1972
	£	£
3. <u>SHARE CAPITAL</u>		
Ordinary Shares of £1 each		
Authorised, Issued and fully paid	<u>500,000</u>	<u>500,000</u>
4. <u>RESERVES</u>		
Balance at 1st October, 1972	355,763	129,147
Profit retained for the year	348,549	236,650
Transfer to Deferred Taxation in respect of an assumed increase in Corporation Tax to a rate of 50%	(184,639)	-
Adjustment to Deferred Taxation	-	(10,034)
Balance at 30th September, 1973	<u>£519,673</u>	<u>£355,763</u>
5. <u>DEFERRED TAXATION</u>		
Balance at 1st October, 1972	250,938	83,564
Transfer from Subsidiary	-	108,269
Amount receivable from group companies on surrender of taxation losses	866,868	-
Transfer from Profit and Loss Account (See Note 2)	177,990	138,366
Transfer from Reserves (See Note 4)	184,639	-
Adjustment on Reserves	-	10,034
Transfer from (to) Taxation payable	<u>23,237</u>	<u>(89,295)</u>
Balance at 30th September, 1973	<u>£1,503,672</u>	<u>£250,938</u>
The balance on this account represents Corporation Tax calculated at the current rate on the excess of the book values of leased assets and certain fixed assets over their tax values.		
6. <u>BALANCES WITH NATIONAL WESTMINSTER GROUP COMPANIES</u>		
Included in the balances with the National Westminster Group Companies are deposits amounting to £4,385,462 (1972 - £8,350,000).		
7. <u>DEBTS DUE UNDER HIRE PURCHASE AND OTHER INSTALMENT CREDIT AGREEMENTS</u>		
	£	£
Hire Purchase	3,742,654	3,722,566
Block Discounting	634,642	368,433
Loans	<u>1,065,465</u>	<u>988,453</u>
	5,442,761	5,079,452
Less: Provision for Doubtful Debts	<u>54,317</u>	<u>64,170</u>
	5,388,444	5,015,282
Less: Unearned Charges	<u>844,777</u>	<u>743,598</u>
	<u>£4,543,667</u>	<u>£4,271,684</u>

NOTES TO THE ACCOUNTS - 30th SEPTEMBER, 1973

8. LOANS AND ADVANCES

	£	1972 £
Repayable in not more than twelve months	5,471,138	3,151,743
Repayable in more than twelve months	15,030,728	10,969,355
	20,501,866	14,121,098
Less: Provision for Doubtful Debts	347,276	244,053
	<u>£20,154,590</u>	<u>£13,877,045</u>

9. SHARES IN SUBSIDIARY COMPANIES

The Company's subsidiary companies are as follows:

	Interest
Ulster Merchant Finance Limited	100%
Harding Ulster Limited	51%
J.C.B. Credit Limited	74%

10. (i) PLANT AND EQUIPMENT SUBJECT TO LEASING AGREEMENTS

Cost	5,678,676	2,806,663
Less: Capital Grants	1,489,829	817,743
	4,188,847	1,988,920
Less: Accumulated Depreciation	1,416,670	781,080
Net Book Value at 30th September, 1973	<u>£2,772,177</u>	<u>£1,207,840</u>

(ii) Future Expenditure - after deducting capital grants

Contracted but not provided in the accounts	103,000	18,121
Authorised by the Directors but not contracted	42,000	28,155
	<u>£145,000</u>	<u>£46,276</u>

11. FIXED ASSETS

	Alterations Leasehold Properties £	Furniture Equipment and Vehicles £	Total £	£
Cost at 1st October, 1972	38,624	93,537	132,161	89,832
Adjustment	(2,076)	-	(2,076)	-
Additions	5,122	40,138	45,260	55,722
Disposals	<u>(357)</u>	<u>(28,720)</u>	<u>(29,077)</u>	<u>(14,443)</u>
Cost at 30th September, 1973	41,313	104,955	146,268	132,161
Accumulated Depreciation	<u>(6,099)</u>	<u>(26,387)</u>	<u>(32,486)</u>	<u>(26,499)</u>
Net Book Value at 30th September, 1973	<u>£35,214</u>	<u>£78,568</u>	<u>£113,782</u>	<u>£105,662</u>

NOTES TO THE ACCOUNTS - 30th SEPTEMBER, 1973

12. GENERAL

- (i) 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 £307,257 (1972 - £207,737)
- (ii) The company's share of profits of subsidiaries not included in these accounts for the year ended 30th September, 1973 was £13,381 and the share of profits since the holdings were acquired is £41,571.

13. ULTIMATE HOLDING COMPANY

The ultimate holding company is National Westminster Bank Limited, a company incorporated in Great Britain.