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REPORT AND FINANCIAL STATEMENTS
FOR THE YEAR ENDED 30 SEPTEMBER 1981

CONTENTS

	<u>Pages</u>
Report of the directors	2
Report of the auditors	3
Profit and loss account - consolidated	4
Balance sheet - consolidated	5
Balance sheet - company	6
Statement of group source and application of funds	7
Notes to the financial statements	8 - 11

LOMBARD & ULSTER LIMITED

REPORT OF THE DIRECTORS

The directors present their report and financial statements for the year ended 30 September 1981. During the year the company changed its name from Lombard & Ulster Banking Limited.

SHARE CAPITAL

The authorised share capital of the company was increased to six million ordinary shares of £1 each, by resolution of the directors dated 25 March 1981. The issued share capital was also increased by the issue of three million ordinary £1 shares at par for cash raising the total issued share capital to four million ordinary shares of £1 each.

RESULTS

The group profit for the year after taxation and minority interest was £476,689 (1980 - £415,350). The results are shown on page 4 accompanying this report. The directors recommend the payment of an interim dividend of £138,080 payable on 30 November 1981.

ACTIVITIES

The principal activities of the group continue to be the acceptance of deposits and the provision of banking services and instalment credit, hire purchase and block discounting facilities.

DIRECTORS

The following directors held office during the year:

W.J.M. Clark - Chairman
W.E. Boyd
G.E. Cameron
C.F.S. Gibney
R.W. Hamilton
G.J. Simms
R.P. Smith
K.R. Wall

Mr. W.E. Boyd retires on 31st December 1981. Mr. G.E. Cameron and Mr. W.J.M. Clark retire by rotation and Mr. W.J.M. Clark, being eligible, offers himself for re-election.

AUDITORS

In accordance with Section 153(2) of the Companies Act (Northern Ireland) 1960 Deloitte Haskins & Sells will continue in office.

BY ORDER OF THE BOARD

T.A. Bunce

T.A. BUNCE

Secretary

Belfast

24th November 1981

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

We have audited the financial statements on pages 4 to 11 in accordance with approved Auditing Standards and have obtained all the information and explanations which we considered necessary.

In our opinion proper books of account have been kept and the financial statements, which are in agreement therewith, give a true and fair view of the state of affairs of the company and the group at 30 September 1981 and of the profit and source and application of funds for the year then ended, and comply with the Companies Act (Northern Ireland) 1960.

De Loitte Haskins & Sells

DELOITTE HASKINS & SELLS

Chartered Accountants

Belfast

24th November 1981

LOMBARD & ULSTER LIMITED
AND ITS SUBSIDIARY COMPANIES

CONSOLIDATED PROFIT AND LOSS ACCOUNT
FOR THE YEAR ENDED 30 SEPTEMBER 1981

	<u>Notes</u>	<u>1981</u> £	<u>1980</u> £
GROUP OPERATING PROFIT	2	1,040,749	909,130
TAXATION	3	<u>521,029</u>	<u>472,315</u>
GROUP PROFIT AFTER TAXATION		519,720	436,815
MINORITY SHAREHOLDER'S INTEREST IN SUBSIDIARY COMPANY		<u>43,031</u>	<u>21,465</u>
GROUP PROFIT AFTER TAXATION AND MINORITY SHAREHOLDER'S INTEREST		476,689	415,350
PROPOSED DIVIDEND		<u>138,080</u>	<u>-</u>
GROUP PROFIT TRANSFERRED TO RESERVES	6	<u>£338,609</u> =====	<u>£415,350</u> =====

LOMBARD & ULSTER LIMITED
AND ITS SUBSIDIARY COMPANIES

CONSOLIDATED BALANCE SHEET 30 SEPTEMBER 1981

	<u>Notes</u>	<u>1981</u> £	<u>1980</u> £
SHARE CAPITAL	5	4,000,000	1,000,000
RESERVES	6	2,054,396	1,715,787
		<u>6,054,396</u>	<u>2,715,787</u>
MINORITY SHAREHOLDER'S INTEREST IN SUBSIDIARY COMPANY		220,258	177,227
DEFERRED TAXATION	7	297,785	271,048
		<u>6,572,439</u>	<u>3,164,062</u>
LIABILITIES			
Deposit and current accounts		81,398,262	88,530,813
Creditors		1,289,651	1,598,292
Taxation		159,610	91,227
Proposed dividend		138,080	-
		<u>82,985,603</u>	<u>90,220,332</u>
		<u>£89,558,042</u>	<u>£93,384,394</u>
ASSETS			
Money at call and short notice		5,000,000	7,000,000
Bills discounted		1,000,000	1,200,000
Instalment debtors less deferred charges £4,190,552 (1980 - £4,367,859) and provisions		28,076,381	29,200,476
Loans and advances less provisions		26,189,197	26,710,243
Land and work in progress		-	15,000
Debtors		393,774	211,077
Deposit with Bank of England		135,000	-
		<u>60,794,352</u>	<u>64,336,796</u>
Government stock (market value £2,717,960)		<u>3,000,000</u>	<u>-</u>
BALANCES WITH NATIONAL WESTMINSTER GROUP COMPANIES			
Due to		(15,384,703)	(5,785,787)
Due from		40,077,521	33,830,488
		<u>24,692,818</u>	<u>28,044,701</u>
PLANT AND MACHINERY SUBJECT TO LEASING AGREEMENTS	9	721,118	670,709
FIXED ASSETS	11	349,754	332,188
		<u>1,070,872</u>	<u>1,002,897</u>
		<u>£89,558,042</u>	<u>£93,384,394</u>

W.J.M. CLARK

R.W. HAMILTON

G.F.S. GIBNEY

Directors

24th November 1981

LOMBARD & ULSTER LIMITED

BALANCE SHEET 30 SEPTEMBER 1981

	<u>Notes</u>	<u>1981</u> £	<u>1980</u> £
SHARE CAPITAL	5	4,000,000	1,000,000
RESERVES	6	1,498,680	1,300,838
		<u>5,498,680</u>	<u>2,300,838</u>
LIABILITIES			
Deposit and current accounts		81,398,262	88,530,813
Creditors		1,144,739	1,498,986
Proposed dividend		138,080	-
		<u>82,681,081</u>	<u>90,029,799</u>
		<u>£88,179,761</u>	<u>£92,330,637</u>
		=====	=====
ASSETS			
Money at call and short notice		5,000,000	7,000,000
Bills discounted		1,000,000	1,200,000
Instalment debtors less deferred charges £2,128,222 (1980 - £2,296,156) and provisions		11,867,205	12,937,303
Loans and advances less provisions		25,519,509	24,729,826
Debtors		338,539	161,010
Deposit with Bank of England		135,000	-
		<u>43,860,253</u>	<u>46,028,139</u>
Government stock (market value £2,717,960)		<u>3,000,000</u>	<u>-</u>
BALANCES WITH NATIONAL WESTMINSTER GROUP COMPANIES			
Due to		(14,701,946)	(5,727,775)
Due from		40,077,521	33,830,488
		<u>25,375,575</u>	<u>28,102,713</u>
SUBSIDIARY COMPANIES			
Shares at cost less amounts written off		74,000	74,000
Amounts due from		15,587,347	17,852,716
		<u>15,661,347</u>	<u>17,926,716</u>
FIXED ASSETS	11	<u>282,586</u>	<u>273,069</u>
		<u>£88,179,761</u>	<u>£92,330,637</u>
		=====	=====

W.J.M. CLARK

R.W. HAMILTON

C.F.S. GIBNEY

Directors

24th November 1981

LOMBARD & ULSTER LIMITED

STATEMENT OF GROUP SOURCE AND APPLICATION OF FUNDS
FOR THE YEAR ENDED 30 SEPTEMBER 1981

	<u>1981</u> £	<u>1980</u> £
SOURCE OF FUNDS		
Group profit after taxation	519,720	436,815
Items not involving the movement of funds:		
Depreciation	354,102	281,605
Increase/(Decrease) in deferred taxation	26,737	(793)
	<u>900,559</u>	<u>717,627</u>
FUNDS FROM OTHER SOURCES		
Disposal of fixed assets	123,726	52,276
Increase in share capital	3,000,000	-
Movement in taxation	68,383	83,033
	<u>3,192,109</u>	<u>135,309</u>
APPLICATION OF FUNDS		
Additions to fixed assets	141,635	203,655
	<u>£3,951,033</u> =====	<u>£649,281</u> =====
REPRESENTED BY MOVEMENTS IN:		
Loans and other banking assets	(527,444)	4,819,374
Balances due by National Westminster Group companies	(3,351,883)	4,518,278
Land and work in progress	(15,000)	-
Leased assets	404,168	217,910
	<u>(3,490,159)</u>	<u>9,555,562</u>
Deposit and other accounts	7,441,192	(8,906,281)
	<u>£3,951,033</u> =====	<u>£ 649,281</u> =====

NOTES TO THE FINANCIAL STATEMENTS
FOR THE YEAR ENDED 30 SEPTEMBER 1981

1. ACCOUNTING POLICIES

(a) ACCOUNTING CONVENTION

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

(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.

Leased assets are depreciated on a straight line basis, after deducting capital grants and the resale value, if any, over the primary period of the agreement.

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 cars	25% per annum
Office equipment	10% - 20% per annum

(d) DEFERRED TAXATION

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

(e) INVESTMENT

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

2. GROUP OPERATING PROFIT

	<u>1981</u> £	<u>1980</u> £
The group operating profit is stated after charging/(crediting)		
(a) Deposit and other short term interest payable	12,052,369	9,745,023
(b) Depreciation on fixed and leased assets	354,102	281,605
(c) Auditors' remuneration	18,444	16,830
(d) Investment income	(213,472)	-
	=====	=====

NOTES TO THE FINANCIAL STATEMENTS (continued)

3. TAXATION

	<u>1981</u> £	<u>1980</u> £
Corporation tax at 52% (1980 - 52%) based on the year's results:		
Payments for group relief in respect of losses surrendered by group companies	334,682	381,881
Current	159,610	91,227
Deferred	26,737	(793)
	<u>£521,029</u> =====	<u>£472,315</u> =====

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

Profits amounting to £335,922 (1980 - £353,602) of the Group results after taxation have been dealt with in the financial statements of the company.

5. SHARE CAPITAL

	<u>1981</u>	<u>1980</u>
Ordinary shares of £1 each Authorised	£6,000,000 =====	£1,000,000 =====
Issued and fully paid	£4,000,000 =====	£1,000,000 =====

6. RESERVES

	<u>THE GROUP</u>		<u>THE COMPANY</u>	
	<u>1981</u> £	<u>1980</u> £	<u>1981</u> £	<u>1980</u> £
Balances at 1 October 1980	1,715,787	1,800,437	1,300,838	1,447,236
Profit retained for the year	338,609	415,350	197,842	353,602
Increase in share capital	-	(500,000)	-	(500,000)
	<u>£2,054,396</u> =====	<u>£1,715,787</u> =====	<u>£1,498,680</u> =====	<u>£1,300,838</u> =====

NOTES TO THE FINANCIAL STATEMENTS (continued)

7. DEFERRED TAXATION

The major elements are tax at 52% on timing differences arising from:	Amount provided		Total potential liability	
	1981	1980	1981	1980
(a) The excess of tax allowances on fixed assets eligible for such allowances over the depreciation provided in the financial statements in respect thereof	382,046	356,480	382,046	356,480
(b) Other	(84,261)	(85,432)	(43,261)	(85,432)
	<u>£297,785</u>	<u>£271,048</u>	<u>£338,785</u>	<u>£271,048</u>
	=====	=====	=====	=====

8. BALANCES WITH NATIONAL WESTMINSTER GROUP COMPANIES

Included in the balances with National Westminster Group Companies are deposits amounting to £12,250,000 (1980 - £3,300,000).

9. PLANT AND MACHINERY SUBJECT TO LEASING AGREEMENTS

	<u>1981</u> £	<u>1980</u> £
Cost at 1 October 1980 net of capital grants £19,711 (1980 - £19,711)	1,120,614	978,556
Additions	404,168	217,910
Disposals	(201,613)	(75,852)
Cost at 30 September 1981	<u>1,323,169</u>	<u>1,120,614</u>
Accumulated depreciation	<u>602,051</u>	<u>449,905</u>
	<u>£ 721,118</u>	<u>£ 670,709</u>
	=====	=====

10. SHARES IN SUBSIDIARY COMPANIES

The company's subsidiary companies are:

	<u>Incorporated</u>	<u>Interest</u>
Harding Ulster Limited	Gt. Britain	100%
JCB Credit Limited	Gt. Britain	74%

NOTES TO THE FINANCIAL STATEMENTS (continued)

11. FIXED ASSETS

THE GROUP	Freehold property	*Alterations to leasehold properties	Motor cars and office equipment	TOTAL
	£	£	£	£
Cost at 1 October 1980	59,104	58,861	377,188	495,153
Additions	15,700	125	125,810	141,635
Disposals	-	-	(76,435)	(76,435)
Cost at 30 September 1981	74,804	58,986	426,563	560,353
Accumulated depreciation	2,027	29,070	179,502	210,599
Net book value 30 September 1981	£72,777 =====	£29,916 =====	£247,061 =====	£349,754 =====
Net book value 30 September 1980	£59,104 =====	£32,626 =====	£240,458 =====	£332,188 =====
THE COMPANY				
Cost at 1 October 1980	59,104	58,861	300,669	418,634
Additions	15,700	125	87,795	103,620
Disposals	-	-	(58,766)	(58,766)
Cost at 30 September 1981	74,804	58,986	329,698	463,488
Accumulated depreciation	2,027	29,070	149,805	180,902
Net book value 30 September 1981	£72,777 =====	£29,916 =====	£179,893 =====	£282,586 =====
Net book value 30 September 1980	£59,104 =====	£32,626 =====	£181,339 =====	£273,069 =====

*Leases of less than 50 years.

12. 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 £3,521,558 (1980 - £3,064,125).

13. 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.