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W KING LIMITED

REPORT AND ACCOUNTS FOR THE YEAR ENDED 30th SEPTEMBER 1978

CONTENTS

Pages

Directors' report	1
Report of the auditors	2
Profit and loss account - consolidated	3
Balance sheet - consolidated	4
Balance sheet - company	5
Statement of group source and application of funds	6
Notes to accounts	7 -10

LOMBARD & ULSTER BANKING LIMITED

REPORT OF THE DIRECTORS

The directors present their report together with the audited accounts for the year ended 30th September 1978.

RESULTS

The group profit for the year after taxation and minority interest was £859,312 (1977 - £48,565). 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

The principal activities of the group continue to be the acceptance of deposits and the provision of banking, 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  
T.J. Fleming - resigned 25th July 1978  
C.F.S. Gibney  
R.W. Hamilton  
G.J. Simms - appointed 25th July 1978  
R.P. Smith - appointed 25th July 1978  
K.R. Wall

Mr. K.R. Wall retires by rotation and Mr. G.J. Simms and Mr. R.P. Smith retire in accordance with the Articles of Association. Being eligible, all offer themselves for re-election.


AUDITORS

The auditors, Deloitte Haskins & Sells, changed their name from Deloitte & Co. on 1st May 1978 and they have, therefore, signed their audit report under their new name. In accordance with Section 153(2) of the Companies Act (Northern Ireland) 1960 Deloitte Haskins & Sells (previously Deloitte & Co.) will continue in office.

BY ORDER OF THE BOARD

T.A. BUNCE

Secretary



28th November 1978

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

We have examined the accounts, set out on pages 3 to 10, which have been prepared on the basis of the accounting policies set out on page 7. We have obtained all the information and explanations which we considered necessary. Proper books of account have been kept and the accounts are in agreement therewith.

In our opinion the accounts give a true and fair view of the state of affairs of the company and, so far as concerns members of the holding company, of the group at 30th September 1978 and of the profit and source and application of funds for the year ended on that date, and comply with the Companies Act (Northern Ireland) 1960.

*Deloitte Haskins Sells*

DELOITTE HASKINS & SELLS

Chartered Accountants

Belfast

28th November 1978

LOMBARD & ULSTER BANKING LIMITED  
AND ITS SUBSIDIARY COMPANIES

CONSOLIDATED PROFIT AND LOSS ACCOUNT  
FOR THE YEAR ENDED 30th SEPTEMBER 1978

	<u>Notes</u>	<u>1978</u> £	<u>1977</u> £
GROUP OPERATING PROFIT/(LOSS)	2	1,797,896	(787,173)
AMOUNT RECEIVABLE FROM PARENT COMPANY IN RESPECT OF GROUP RELIEF		-	965,856
GROUP PROFIT BEFORE TAXATION		1,797,896	178,683
TAXATION	3	905,346	104,826
GROUP PROFIT AFTER TAXATION	4	892,550	73,857
MINORITY SHAREHOLDERS' INTEREST IN SUBSIDIARY COMPANIES		33,238	25,292
GROUP PROFIT TRANSFERRED TO RESERVES	6	£859,312 =====	£48,565 =====

LOMBARD & ULSTER BANKING LIMITED  
AND ITS SUBSIDIARY COMPANIES

CONSOLIDATED BALANCE SHEET 30th SEPTEMBER 1978

	Notes	1978 £	1977 £
SHARE CAPITAL	5	500,000	500,000
RESERVES	6	1,176,892	317,580
		<u>1,676,892</u>	<u>817,580</u>
MINORITY SHAREHOLDERS' INTERESTS			
IN SUBSIDIARY COMPANIES		128,660	95,422
DEFERRED TAXATION		159,223	66,389
		<u>1,964,775</u>	<u>979,391</u>
LIABILITIES			
Deposit and current accounts		64,129,127	63,114,119
Creditors		860,273	1,280,181
Taxation		53,596	144,044
		<u>65,042,996</u>	<u>64,538,344</u>
		<u>£67,007,771</u>	<u>£65,517,735</u>
ASSETS			
Money at call and short notice		5,900,000	5,850,000
Bills discounted		900,000	1,000,000
Instalment debtors less deferred			
charges £3,209,810 (1977-£2,474,264)			
and provisions		21,719,762	15,597,658
Loans and advances less provisions		24,845,439	26,700,857
Land and work-in-progress		15,000	188,200
Debtors		381,399	134,839
		<u>53,761,600</u>	<u>49,471,554</u>
BALANCES WITH NATIONAL WESTMINSTER			
GROUP COMPANIES			
Owing to	7	(7,462,552)	(10,606,245)
Owing by		20,110,490	26,313,935
		<u>12,647,938</u>	<u>15,707,690</u>
PLANT AND MACHINERY SUBJECT TO			
LEASING AGREEMENTS	8	397,216	173,443
FIXED ASSETS	10	201,017	165,048
		<u>£67,007,771</u>	<u>£65,517,735</u>

W.J.M. CLARK

W.E. BOYD

C.F.S. GIBNEY

Directors

LOMBARD & ULSTER BANKING LIMITED

BALANCE SHEET 30th SEPTEMBER 1978

	<u>Notes</u>	<u>1978</u> £	<u>1977</u> £
SHARE CAPITAL	5	500,000	500,000
RESERVES	6	885,197	199,132
		<u>1,385,197</u>	<u>699,132</u>
<b>LIABILITIES</b>			
Deposit and current accounts		64,129,127	63,114,119
Creditors		779,789	1,194,896
		<u>64,908,916</u>	<u>64,309,015</u>
		<u>£66,294,113</u>	<u>£65,008,147</u>
<b>ASSETS</b>			
Money at call and short notice		5,900,000	5,850,000
Bills discounted		900,000	1,000,000
Instalment debtors less deferred charges			
£1,956,906 (1977 - £1,747,771) and			
provisions		12,227,068	9,956,114
Loans and advances less provisions		23,531,826	25,779,047
Debtors		82,106	67,336
		<u>42,641,000</u>	<u>42,652,497</u>
<b>BALANCES WITH NATIONAL WESTMINSTER GROUP COMPANIES</b>			
Owing to	7	(7,032,180)	(10,558,832)
Owing by		20,110,490	26,313,935
		<u>13,078,310</u>	<u>15,755,103</u>
<b>SUBSIDIARY COMPANIES</b>			
Shares at cost less amount written off	9	74,000	74,000
Amounts owing by		10,332,376	6,393,051
		<u>10,406,376</u>	<u>6,467,051</u>
<b>FIXED ASSETS</b>			
	10	168,427	133,496
		<u>£66,294,113</u>	<u>£65,008,147</u>

W.J.M. CLARK

W.E. BOYD

C.F.S. GIBNEY

Directors

LOMBARD & ULSTER BANKING LIMITED

STATEMENT OF GROUP SOURCE AND APPLICATION OF FUNDS  
FOR THE YEAR ENDED 30th SEPTEMBER 1978

	<u>1978</u> £	<u>1977</u> £
SOURCE OF FUNDS		
Group profit after taxation	892,550	73,857
Items not involving movement of funds:		
Depreciation	155,114	123,826
Increase/(decrease) in deferred taxation	92,834	(39,218)
	<u>1,140,498</u>	<u>158,465</u>
Funds from other sources		
Disposal of fixed assets	60,650	23,615
Movement in taxation	(90,448)	91,405
	<u>(29,798)</u>	<u>115,020</u>
APPLICATION OF FUNDS		
Additions to fixed assets	123,516	86,021
	<u>£987,184</u> =====	<u>£187,464</u> =====
REPRESENTED BY:		
Increase in loans and other banking assets	4,463,246	1,884,963
Net decrease in balances due by National Westminster Group Companies	(3,059,752)	(651,918)
Decrease in land and work-in-progress	(173,200)	(446,548)
Increase in leased assets	351,990	13,916
	<u>1,582,284</u>	<u>800,413</u>
Increase in deposit and other accounts	595,100	612,949
	<u>£987,184</u> =====	<u>£187,464</u> =====

LOMBARD & ULSTER BANKING LIMITED

NOTES TO ACCOUNTS FOR THE YEAR ENDED 30th SEPTEMBER 1978

1. ACCOUNTING POLICIES

(a) ACCOUNTING CONVENTION

The group prepares its annual accounts 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.

Furniture, equipment and vehicles are depreciated on a straight line basis over the estimated useful working life of the assets.

(d) LAND AND WORK-IN-PROGRESS

Land and work-in-progress have been valued at the lower of cost and net realisable value.

(e) DEFERRED TAXATION

The company provides deferred taxation to take account of timing differences between the treatment of certain items for taxation and accountancy purposes on the liability method.

2. GROUP OPERATING PROFIT/(LOSS)

	<u>1978</u>	<u>1977</u>
	£	£
The group operating profit/(loss) is stated after charging:		
(a) Deposit and other short term interest payable	5,109,457	8,028,573
(b) Depreciation: fixed and leased assets	155,114	123,826
(c) Auditors' remuneration	12,550	11,840
	=====	=====

3. TAXATION

	<u>1978</u>	<u>1977</u>
	£	£
Corporation tax at 52% (1977 - 52%) based on the years results:		
Payment for group relief in respect of losses surrendered by group companies	758,916	-
Current	53,596	144,044
Deferred	92,834	(39,218)
	£905,346	£104,826
	=====	=====



NOTES TO ACCOUNTS (continued)

4. GROUP RESULTS DEALT WITH IN THE ACCOUNTS OF THE COMPANY

Profits amounting to £686,065 (1977 - loss £4,283) of the group results after taxation have been dealt with in the accounts of the company.

5. SHARE CAPITAL

	<u>1978</u>	<u>1977</u>
Ordinary shares of £1 each		
Authorised, issued and fully paid	£500,000	£500,000
	=====	=====

6. RESERVES

	<u>THE COMPANY</u>		<u>THE GROUP</u>	
	<u>1978</u>	<u>1977</u>	<u>1978</u>	<u>1977</u>
	£	£	£	£
Balances at 1st October 1977	199,132	203,415	317,580	321,552
Profit retained for the year	686,065	-	859,312	48,565
Loss sustained for the year	-	4,283	-	-
Consolidation adjustment - minority interest	-	-	-	(52,537)
	-----	-----	-----	-----
Balances at 30th September 1978	£885,197	£199,132	£1,176,892	£317,580
	=====	=====	=====	=====

7. BALANCES WITH NATIONAL WESTMINSTER GROUP COMPANIES

Included in the balances with National Westminster Group Companies are deposits amounting to £4,900,000 (1977 - £9,000,000).

8. PLANT AND MACHINERY SUBJECT TO LEASING AGREEMENTS

	<u>1978</u>	<u>1977</u>
THE GROUP	£	£
Cost	624,998	333,942
Less: Capital grants	17,283	17,283
	-----	-----
	607,715	316,659
Accumulated depreciation	210,499	143,216
	-----	-----
Net book value at 30th September 1978	£397,216	£173,443
	=====	=====

NOTES TO ACCOUNTS (continued)

9. SHARES IN SUBSIDIARY COMPANIES

The company's subsidiary companies are:-

	<u>Incorporated</u>	<u>Interest</u>
Harding Ulster Limited	Gt. Britain	100% (1977 - 100%)
J.C.B. Credit Limited	Gt. Britain	74% (1977 - 74%)

10. FIXED ASSETS

	<u>Freehold property</u> £	<u>*Alterations to leasehold properties</u> £	<u>Motor cars and office equipment</u> £	<u>Total</u> £
THE COMPANY				
Cost at 1st October 1977	-	57,843	174,152	231,995
Additions	17,085	675	82,016	99,776
Disposals	-	-	(52,835)	(52,835)
Cost at 30th September 1978	17,085	58,518	203,333	278,936
Accumulated depreciation	-	22,784	87,725	110,509
Net Book Value at 30th September 1978	£17,085 =====	£35,734 =====	£115,608 =====	£168,427 =====
Net Book Value at 30th September 1977	£ - =====	£38,151 =====	£95,345 =====	£133,496 =====
THE GROUP				
Cost at 1st October 1977	-	57,843	213,356	271,199
Additions	17,085	675	105,756	123,516
Disposals	-	-	(75,837)	(75,837)
Cost at 30th September 1978	17,085	58,518	243,275	318,878
Accumulated depreciation	-	22,784	95,077	117,861
Net Book Value at 30th September 1978	£17,085 =====	£35,734 =====	£148,198 =====	£201,017 =====
Net Book Value at 30th September 1977	£ - =====	£38,151 =====	£126,897 =====	£165,048 =====

\* Leases of less than 50 years

NOTES TO ACCOUNTS (continued)

11. 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 amounted to £1,478,718 (1977 - £1,545,675).

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.

LOMBARD & ULSTER BANKING LIMITED

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