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ER BANKING LIMITED

REPORT AND ACCOUNTS FOR THE YEAR ENDED 30th SEPTEMBER 1979

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LOMBARD & ULSTER BANKING LIMITED

DIRECTORS' REPORT

The directors present their report together with the accounts for the year ended 30th September 1979.

RESULTS

The group profit for the year after taxation and minority interest was £623,545 (1978 - £859,312). The results are shown on page 4 accompanying this report. The directors do not recommend the payment of a dividend.

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  
C.F.S. Gibney  
R.W. Hamilton  
G.J. Simms  
R.P. Smith  
K.R. Wall

Mr. G.E. Cameron, Mr. W.J.M. Clark and Mr. R.W. Hamilton retire by rotation and, being eligible, offer themselves 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  
Secretary



Belfast

27th November, 1979

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

We have examined the accounts, set out on pages 4 to 11, which have been prepared on the basis of the accounting policies set out on page 8. 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 1979 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

27th November 1979

LOMBARD & ULSTER BANKING LIMITED  
AND ITS SUBSIDIARY COMPANIES

CONSOLIDATED PROFIT AND LOSS ACCOUNT  
FOR THE YEAR ENDED 30th SEPTEMBER 1979

	<u>Notes</u>	<u>1979</u> £	<u>1978</u> £
GROUP OPERATING PROFIT	2	1,386,851	1,797,896
TAXATION	3	<u>736,204</u>	<u>905,346</u>
GROUP PROFIT AFTER TAXATION	4	650,647	892,550
MINORITY SHAREHOLDER'S INTEREST IN SUBSIDIARY COMPANY		<u>27,102</u>	<u>33,238</u>
GROUP PROFIT TRANSFERRED TO RESERVES	6	<u>£623,545</u> =====	<u>£859,312</u> =====

LOMBARD & ULSTER BANKING LIMITED  
AND ITS SUBSIDIARY COMPANIES

CONSOLIDATED BALANCE SHEET 30th SEPTEMBER 1979

	<u>Notes</u>	<u>1979</u> £	<u>1978</u> £
SHARE CAPITAL	5	500,000	500,000
RESERVES	6	1,800,437	1,176,892
		<u>2,300,437</u>	<u>1,676,892</u>
MINORITY SHAREHOLDER'S INTEREST IN SUBSIDIARY COMPANY		155,762	128,660
DEFERRED TAXATION	7	271,841	159,223
		<u>2,728,040</u>	<u>1,964,775</u>
<b>LIABILITIES</b>			
Deposit and current accounts		79,720,631	64,129,127
Creditors		1,502,193	860,273
Taxation		8,194	53,596
		<u>81,231,018</u>	<u>65,042,996</u>
		<u>£83,959,058</u>	<u>£67,007,771</u>
<b>ASSETS</b>			
Money at call and short notice		6,600,000	5,900,000
Bills discounted		900,000	900,000
Instalment debtors less deferred charges £4,308,129 (1978 - £3,209,810) and provisions		28,288,077	21,719,762
Loans and advances less provisions		23,599,916	24,845,439
Land and work in progress		15,000	15,000
Debtors		114,429	381,399
		<u>59,517,422</u>	<u>53,761,600</u>
<b>BALANCES WITH NATIONAL WESTMINSTER GROUP COMPANIES</b>			
Due to	8	(9,164,002)	(7,462,552)
Due from		32,690,425	20,110,490
		<u>23,526,423</u>	<u>12,647,938</u>
<b>PLANT AND MACHINERY SUBJECT TO LEASING AGREEMENTS</b>			
	9	663,443	397,216
FIXED ASSETS	11	251,770	201,017
		<u>£83,959,058</u>	<u>£67,007,771</u>

W.J.M. CLARK

W.E. BOYD

C.F.S. GIBNEY

Directors

LOMBARD & ULSTER BANKING LIMITED

BALANCE SHEET 30th SEPTEMBER 1979

	<u>Notes</u>	<u>1979</u> £	<u>1978</u> £
SHARE CAPITAL	5	500,000	500,000
RESERVES	6	1,447,236	885,197
		<u>1,947,236</u>	<u>1,385,197</u>
LIABILITIES			
Deposit and current accounts		79,720,631	64,129,127
Creditors		1,325,909	779,789
		<u>81,046,540</u>	<u>64,908,916</u>
		£82,993,776	£66,294,113
		=====	=====
ASSETS			
Money at call and short notice		6,600,000	5,900,000
Bills discounted		900,000	900,000
Instalment debtors less deferred charges			
£2,252,529 (1978 £1,956,906) and			
provisions		13,240,081	12,227,068
Loans and advances less provisions		22,278,338	23,531,826
Debtors		80,889	82,106
		<u>43,099,308</u>	<u>42,641,000</u>
BALANCES WITH NATIONAL WESTMINSTER GROUP COMPANIES			
Due to	8	(9,000,553)	(7,032,180)
Due from		32,690,425	20,110,490
		<u>23,689,872</u>	<u>13,078,310</u>
SUBSIDIARY COMPANIES			
Shares at cost less amounts written off		74,000	74,000
Amounts due from		15,926,776	10,332,376
		<u>16,000,776</u>	<u>10,406,376</u>
FIXED ASSETS	11	203,820	168,427
		<u>£82,993,776</u>	<u>£66,294,113</u>
		=====	=====

W.J.M. CLARK

W.E. BOYD

C.F.S. GIBNEY

Directors

*William J. Clark*  
*W. E. Boyd*  
*C. F. S. Gibney*

LOMBARD & ULSTER BANKING LIMITED

STATEMENT OF GROUP SOURCE AND APPLICATION OF FUNDS  
FOR THE YEAR ENDED 30th SEPTEMBER 1979

	<u>1979</u> £	<u>1978</u> £
SOURCE OF FUNDS		
Group profit after taxation	650,647	892,550
Items not involving movement of funds:		
Depreciation	221,942	155,114
Increase in deferred taxation	112,618	92,834
	<u>985,207</u>	<u>1,140,498</u>
FUNDS FROM OTHER SOURCES		
Disposal of fixed assets	69,115	60,650
Movement in taxation	(45,402)	(90,448)
	<u>23,713</u>	<u>(29,798)</u>
APPLICATION OF FUNDS		
Additions to fixed assets	140,371	123,516
	<u>£868,549</u> =====	<u>£987,184</u> =====
REPRESENTED BY MOVEMENTS IN:		
Loans and other banking assets	5,755,822	4,463,246
Balances due by National Westminster Group Companies	10,878,485	(3,059,752)
Land and work in progress	-	(173,200)
Leased assets	467,666	351,990
	<u>17,101,973</u>	<u>1,582,284</u>
Deposit and other accounts	16,233,424	595,100
	<u>£ 868,549</u> =====	<u>£ 987,184</u> =====

LOMBARD & ULSTER BANKING LIMITED

NOTES TO ACCOUNTS FOR THE YEAR ENDED 30th SEPTEMBER 1979

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.

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.

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:

Motor cars	25% per annum
Office equipment	10% per annum

(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 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.

2. GROUP OPERATING PROFIT

	1979 £	1978 £
The group operating profit is stated after charging:		
(a) Deposit and other short term interest payable	6,130,504	5,109,457
(b) Depreciation on fixed and leased assets	221,942	155,114
(c) Auditors' remuneration	15,000	12,550
	=====	=====



# NOTES TO ACCOUNTS (continued)

## 3. TAXATION

	<u>1979</u> £	<u>1978</u> £
Corporation tax at 52% (1978 - 52%) based on the years' results:		
Payment for group relief in respect of losses surrendered by group companies	615,392	758,916
Current	8,194	53,596
Deferred	112,618	92,834
	<u>£736,204</u> =====	<u>£905,346</u> =====

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

Profits amounting to £562,039 (1978 - £686,065) of the Group results after taxation have been dealt with in the accounts of the company.

## 5. SHARE CAPITAL

	<u>1979</u> £	<u>1978</u> £
Ordinary shares of £1 each Authorised, issued and fully paid	£500,000 =====	£500,000 =====

## 6. RESERVES

	<u>THE GROUP</u>		<u>THE COMPANY</u>	
	<u>1979</u> £	<u>1978</u> £	<u>1979</u> £	<u>1978</u> £
Balances at 1st October 1978	1,176,892	317,580	885,197	199,132
Profit retained for the year	623,545	859,312	562,039	686,065
	<u>£1,800,437</u> =====	<u>£1,176,892</u> =====	<u>£1,447,236</u> =====	<u>£885,197</u> =====
Balances at 30th September 1979				

## 7. DEFERRED TAXATION

	<u>1979</u> £	<u>1978</u> £
The major elements are tax at 52% on timing differences arising from:		
(a) The excess of tax allowances on fixed assets eligible for such allowances over the depreciation provided in the accounts in respect thereof	351,814	211,766
(b) Other	(79,973)	(52,543)
	<u>£271,841</u> =====	<u>£159,223</u> =====

This represents the full potential liability.

NOTES TO ACCOUNTS (continued)

8. BALANCES WITH NATIONAL WESTMINSTER GROUP COMPANIES

Included in the balances with National Westminster Group Companies are deposits amounting to £7,300,000 (1978 - £4,900,000).

9. PLANT AND MACHINERY SUBJECT TO LEASING AGREEMENTS

	<u>1979</u> £	<u>1978</u> £
Cost at 1st October 1978 net of capital grants £17,283 (1978 - £17,283)	607,715	316,659
Additions	467,666	351,990
Disposals	(96,825)	(60,934)
Cost at 30th September 1979	978,556	607,715
Accumulated depreciation	315,113	210,499
Net book value at 30th September 1979	£663,443 =====	£397,216 =====

10. SHARES IN SUBSIDIARY COMPANIES

The company's subsidiary companies are:

	<u>Incorporated</u>	<u>Interest</u>
Harding Ulster Limited	Gt. Britain	100% (1978 - 100%)
J.C.B. Credit Limited	Gt. Britain	74% (1978 - 74%)

11. FIXED ASSETS

	<u>Freehold property</u> £	<u>* Alterations to leasehold properties</u> £	<u>Motor cars and office equipment</u> £	<u>Total</u> £
THE GROUP				
Cost at 1st October 1978	17,085	58,518	243,275	318,878
Additions	21,050	6,410	112,911	140,371
Disposals	-	-	(59,906)	(59,906)
Cost at 30th September 1979	38,135	64,928	296,280	399,343
Accumulated depreciation	-	27,693	119,880	147,573
Net book value at 30th September 1979	£38,135 =====	£37,235 =====	£176,400 =====	£251,770 =====
Net book value at 30th September 1978	£17,085 =====	£35,734 =====	£148,198 =====	£201,017 =====

NOTES TO ACCOUNTS (continued)

11. FIXED ASSETS (continued)

	Freehold property £	*Alterations to leasehold properties £	Motor cars and office equipment £	Total £
THE COMPANY				
Cost at 1st October 1978	17,085	58,518	203,333	278,936
Additions	21,050	6,410	75,895	103,355
Disposals	-	-	(43,298)	(43,298)
	<hr/>	<hr/>	<hr/>	<hr/>
Cost at 30th September 1979	38,135	64,928	235,930	338,993
Accumulated depreciation	-	27,693	107,480	135,173
	<hr/>	<hr/>	<hr/>	<hr/>
Net book value at 30th September 1979	£38,135 =====	£37,235 =====	£128,450 =====	£203,820 =====
Net book value at 30th September 1978	£17,085 =====	£35,734 =====	£115,608 =====	£168,427 =====

\* 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 £2,474,945 (1978 - £1,478,718).

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.