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IR BANKING LIMITED

REPORT AND FINANCIAL STATEMENTS FOR THE YEAR ENDED 30 SEPTEMBER 1980

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LOMBARD & ULSTER BANKING LIMITED

DIRECTORS' REPORT

The directors present their report together with the financial statements for the year ended 30 September 1980.

SHARE CAPITAL

The Authorised Share Capital of the company was increased to one million Ordinary Shares of £1 each, by resolution of the directors dated 20 May 1980. The issued share capital was also increased through the capitalisation of £500,000 of reserves, issued as 500,000 Ordinary Shares of £1 each, fully paid, to shareholders registered at the close of business on 19 May 1980, in the proportion of one share issued to each share held.

RESULTS

The group profit for the year after taxation and minority interest was £415,350 (1979 - £623,545). 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 K R Wall, Mr R P Smith and Mr G J Simms 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

25 November 1980

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

We have audited the financial statements on pages 4 to 11 in accordance with approved Auditing Standards. We 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 1980, 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
Chartered Accountants

Belfast

25 November 1980

LOMBARD & ULSTER BANKING LIMITED
AND ITS SUBSIDIARY COMPANIES

CONSOLIDATED PROFIT AND LOSS ACCOUNT
FOR THE YEAR ENDED 30 SEPTEMBER 1980

	<u>Notes</u>	<u>1980</u> £	<u>1979</u> £
GROUP OPERATING PROFIT	2	909,130	1,386,851
TAXATION	3	472,315	736,204
GROUP PROFIT AFTER TAXATION	4	436,815	650,647
MINORITY SHAREHOLDER'S INTEREST IN SUBSIDIARY COMPANY		21,465	27,102
GROUP PROFIT TRANSFERRED TO RESERVES	6	£ 415,350	£623,545
		=====	=====

LOMBARD & ULSTER BANKING LIMITED
AND ITS SUBSIDIARY COMPANIES

CONSOLIDATED BALANCE SHEET 30 SEPTEMBER 1980

	Notes	1980 £	1979 £
SHARE CAPITAL	5	1,000,000	500,000
RESERVES	6	1,715,787	1,800,437
		<u>2,715,787</u>	<u>2,300,437</u>
MINORITY SHAREHOLDER'S INTEREST IN SUBSIDIARY COMPANY		177,227	155,762
DEFERRED TAXATION	7	271,048	271,841
		<u>3,164,062</u>	<u>2,728,040</u>
LIABILITIES			
Deposit and current accounts		88,530,813	79,720,631
Creditors		1,598,292	1,502,193
Taxation		91,227	8,194
		<u>90,220,332</u>	<u>81,231,018</u>
		<u>£93,384,394</u>	<u>£83,959,058</u>
		=====	=====
ASSETS			
Money at call and short notice		7,000,000	6,600,000
Bills discounted		1,200,000	900,000
Instalment debtors less deferred charges £4,367,859 (1979 - £4,308,129) and provisions		29,200,476	28,288,077
Loans and advances less provisions		26,710,243	23,599,916
Land and work in progress		15,000	15,000
Debtors		211,077	114,429
		<u>64,336,796</u>	<u>59,517,422</u>
BALANCES WITH NATIONAL WESTMINSTER GROUP COMPANIES			
Due to	8	(5,785,787)	(9,164,002)
Due From		33,830,488	32,690,425
		<u>28,044,701</u>	<u>23,526,423</u>
PLANT AND MACHINERY SUBJECT TO LEASING AGREEMENTS	9	670,709	663,443
FIXED ASSETS	11	332,188	251,770
		<u>£93,384,394</u>	<u>£83,959,058</u>
		=====	=====

W J M CLARK

W E BOYD

C F S GIBNEY

Directors

LOMBARD & ULSTER BANKING LIMITED

BALANCE SHEET 30 SEPTEMBER 1980

	<u>Notes</u>	<u>1980</u> <u>£</u>	<u>1979</u> <u>£</u>
SHARE CAPITAL	5	1,000,000	500,000
RESERVES	6	1,300,838	1,447,236
		<u>2,300,838</u>	<u>1,947,236</u>
LIABILITIES			
Deposit and current accounts		88,530,813	79,720,631
Creditors		1,498,986	1,325,909
		<u>90,029,799</u>	<u>81,046,540</u>
		£92,330,637	£82,993,776
		=====	=====
ASSETS			
Money at call and short notice		7,000,000	6,600,000
Bills discounted		1,200,000	900,000
Instalment debtors less deferred charges			
£2,296,156 (1979 - £2,252,529)			
and provisions		12,937,303	13,240,081
Loans and advances less provisions		24,729,826	22,278,338
Debtors		161,010	80,889
		<u>46,028,139</u>	<u>43,099,308</u>
BALANCES WITH NATIONAL WESTMINSTER GROUP COMPANIES			
Due to	8	(5,727,775)	(9,000,553)
Due from		33,830,488	32,690,425
		<u>28,102,713</u>	<u>23,689,872</u>
SUBSIDIARY COMPANIES			
Shares at cost less amounts written off		74,000	74,000
Amounts due from		17,852,716	15,926,776
		<u>17,926,716</u>	<u>16,000,776</u>
FIXED ASSETS	11	<u>273,069</u>	<u>203,820</u>
		£92,330,637	£82,993,776
		=====	=====

W C M CLARK

W E BOYD

C F S GIBNEY

Directors

William M Clark
W E Boyd
C F S Gibney

LOMBARD & ULSTER BANKING LIMITED

STATEMENT OF GROUP SOURCE AND APPLICATION OF FUNDS
FOR THE YEAR ENDED 30 SEPTEMBER 1980

	<u>1980</u>	<u>1979</u>
	£	£
SOURCE OF FUNDS		
Group profit after taxation	436,815	650,647
Items not involving movement of funds:		
Depreciation	281,605	221,942
Increase/(Decrease) in deferred taxation	(793)	112,618
	<hr/> 717,627 <hr/>	<hr/> 985,207 <hr/>
FUNDS FROM OTHER SOURCES		
Disposal of fixed assets	52,276	69,115
Movement in taxation	83,033	(45,402)
	<hr/> 135,309 <hr/>	<hr/> 23,713 <hr/>
APPLICATION OF FUNDS		
Additions to fixed assets	203,655	140,371
	<hr/>	<hr/>
	£ 649,281	£ 868,549
	=====	=====
REPRESENTED BY MOVEMENTS IN:		
Loans and other banking assets	4,819,374	5,755,822
Balances due by National Westminster Group Companies	4,518,278	10,878,485
Land and work in progress	-	-
Leased assets	217,910	467,666
	<hr/>	<hr/>
	9,555,562	17,101,973
Deposit and other accounts	8,906,281	16,233,424
	<hr/>	<hr/>
	£ 649,281	£ 868,549
	=====	=====

LCMBARD & ULSTER BANKING LIMITED

NOTES TO FINANCIAL STATEMENTS FOR THE YEAR ENDED 30 SEPTEMBER 1980

1. ACCOUNTING POLICIES

(a) ACCOUNTING CONVENTION

The group prepares its annual 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.

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

	<u>1980</u>	<u>1979</u>
The group operating profit is stated after charging:	£	£
(a) Deposit and other short term interest payable	9,745,023	6,130,504
(b) Depreciation on fixed and leased assets	281,605	221,942
(c) Auditors' remuneration	18,000	15,000
	=====	=====

NOTES TO FINANCIAL STATEMENTS (continued)

3. TAXATION

	<u>1980</u>	<u>1979</u>
	£	£
Corporation tax at 52% (1979 - 52%) based on the years' results:		
Payment for group relief in respect of losses surrendered by group companies	381,881	615,392
Current	91,227	8,194
Deferred	(793)	112,618
	<u>£ 472,315</u>	<u>£ 736,204</u>
	=====	=====

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

Profits amounting to £353,602 (1979 - £562,039) of the Group results after taxation have been dealt with in the accounts of the company.

5. SHARE CAPITAL

	<u>1980</u>	<u>1979</u>
	£	£
Ordinary shares of £1 each Authorised, issued and fully paid	1,000,000	500,000
	=====	=====

6. RESERVES

	<u>THE GROUP</u>		<u>THE COMPANY</u>	
	<u>1980</u>	<u>1979</u>	<u>1980</u>	<u>1979</u>
	£	£	£	£
Balances at 1 October 1979	1,800,437	1,176,892	1,447,236	885,197
Profit retained for the year	415,350	623,545	353,602	562,039
Increase in Share Capital	(500,000)	-	(500,000)	-
Balances at 30 September 1980	<u>£1,715,787</u>	<u>£1,800,437</u>	<u>£1,300,838</u>	<u>£1,447,236</u>

7. DEFERRED TAXATION

	<u>1980</u>	<u>1979</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	356,480	351,814
(b) Other	(85,432)	(79,973)
	<u>£ 271,048</u>	<u>£ 271,341</u>
	=====	=====

This represents the full potential liability.

NOTES TO FINANCIAL STATEMENTS (continued)

8. BALANCES WITH NATIONAL WESTMINSTER GROUP COMPANIES

Included in the balances with National Westminster Group Companies are deposits amounting to £3,300,000 (1979 - £7,300,000).

9. PLANT AND MACHINERY SUBJECT TO LEASING AGREEMENTS

	<u>1980</u> £	<u>1979</u> £
Cost at 1 October 1979 net of capital grants £19,711 (1979 - £17,283)	978,556	607,715
Additions	217,910	467,666
Disposals	(75,852)	(96,825)
Cost at 30 September 1980	1,120,614	978,556
Accumulated depreciation	449,905	315,113
Net book value at 30 September 1980	£ 670,709 =====	£ 663,443 =====

10. SHARES IN SUBSIDIARY COMPANIES

The company's subsidiary companies are:

	<u>Incorporated</u>	<u>Interest</u>
Harding Ulster Limited	Gt. Britain	100% (1979 - 100%)
JCB Credit Limited	Gt. Britain	74% (1979 - 74%)

11. FIXED ASSETS

THE GROUP	<u>Freehold property</u> £	<u>*Alterations to leasehold properties</u> £	<u>Motor cars and office equipment</u> £	<u>Total</u> £
Cost at 1 October 1979	38,135	64,928	296,280	399,343
Additions	20,969	-	182,686	203,655
Disposals	-	(6,067)	(101,778)	(107,845)
Cost at 30 September 1980	59,104	58,861	377,188	495,153
Accumulated depreciation	-	26,235	136,730	162,965
Net book value at 30 September 1980	£ 59,104 =====	£ 32,626 =====	£240,458 =====	£332,188 =====
Net book value at 30 September 1979	£ 38,135 =====	£ 37,235 =====	£176,400 =====	£251,770 =====

NOTES TO FINANCIAL STATEMENTS (continued)

11. FIXED ASSETS (continued)

THE COMPANY	Freehold property £	*Alterations to leasehold properties £	Motor cars and office equipment £	Total £
Cost at 1 October 1979	38,135	64,928	235,930	338,993
Additions	20,969	-	137,459	158,428
Disposals	-	(6,067)	(72,720)	(78,787)
Cost at 30 September 1980	59,104	58,861	300,669	418,634
Accumulated depreciation	-	26,235	119,330	145,565
Net book value at 30 September 1980	£ 59,104 =====	£ 32,626 =====	£181,339 =====	£273,069 =====
Net book value at 30 September 1979	£ 38,135 =====	£ 37,235 =====	£128,450 =====	£203,820 =====

* 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 £ 3,064,125 (1979 - £2,474,945).

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.