

The Bank's accounts

The Bank is obliged (under the Bank Charter Act 1844) to keep separate its responsibilities in respect of the issue of bank notes from other banking business. Thus, the Bank's annual accounts are presented in two sections—'Banking Department' and 'Issue Department'.

The *Banking Department* accounts for the year ended 28 February 1983 show an operating profit of £70.3 million, compared with £53.2 million in 1981/82. After a payment in lieu of dividend of £23.0 million (compared with £18.0 million) and a tax charge of £22.6 million, the profit transferred to reserves amounts to £24.7 million, compared with £19.2 million last year.

The current cost accounts, shown on page 28 show a profit before tax and dividend of £63.2 million, some £7.1 million less than in the historical cost accounts.

The *Issue Department* accounts are shown on page 30. In accordance with the Currency and Bank Notes Act 1928, the assets of the Issue Department comprise securities of an amount in value sufficient to cover the fiduciary note issue. The profits of the note issue are payable to the Treasury and amounted to £1,129.9 million compared with £1,347.3 million in 1981/82.

Report of the Auditors

To the Governor and Company of the Bank of England

We have audited the accounts of the Banking Department on pages 17 to 29, and the statements of account of the Issue Department on page 30, in accordance with approved Auditing Standards.

In our opinion

- 1 The accounts on pages 17 to 27 give a true and fair view of the state of affairs of the Banking Department at 28 February 1983 and of the profit and source and application of funds for the year then ended.
- 2 The statements of account of the Issue Department present fairly the outcome of the transactions of the Department for the year ended 28 February 1983 and its balances at that date.
- 3 The abridged supplementary current cost accounts of the Banking Department on pages 28 and 29 have been properly prepared in accordance with the policies and methods described in notes 1 to 3, to give the information required by Statement of Standard Accounting Practice No. 16.

DELOITTE HASKINS & SELLS

Chartered Accountants

London
30 June 1983

Banking Department

Profit and loss account for the year ended 28 February 1983

1982			1983
£000			£000
53,169	Operating profit	(Note 2)	70,309
18,000	Payment to the Treasury under Section 1(4) of the Bank of England Act 1946	(Note 5)	23,000
35,169	Profit before taxation		47,309
15,964	Taxation	(Note 6)	22,596
19,205	Profit transferred to reserves	(Note 8)	24,713

The notes on pages 20 to 26 form part of these accounts.

Banking Department

Balance sheet: 28 February 1983

1982 £000			1983 £000
14,553	Capital		14,553
359,257	Reserves	(Note 8)	383,970
<u>373,810</u>			<u>398,523</u>
	Current Liabilities		
226,937	Public deposits	(Note 9)	644,774
612,234	Bankers' deposits	(Note 10)	694,898
1,416,979	Other accounts		1,781,231
18,000	Payable to the Treasury	(Note 5)	23,000
<u>2,274,150</u>			<u>3,143,903</u>
 <u>2,647,960</u>			 <u>3,542,426</u>

The notes on pages 20 to 26 form part of these accounts.

Banking Department

Balance sheet: 28 February 1983

1982 £000			1983 £000
	Liquid assets		
20,437	Notes and coin		17,227
210,767	Cheques in course of collection	(Note 11)	229,634
719,213	Treasury and other bills	(Note 12)	1,339,883
<u>950,417</u>			<u>1,586,744</u>
	Investments	(Note 13)	
260,297	Securities of, or guaranteed by, the British Government		315,791
21,531	Other securities		22,537
<u>281,828</u>			<u>338,328</u>
<u>1,175,681</u>	Advances and other accounts, less provisions	(Note 7)	<u>1,372,718</u>
	Subsidiary companies	(Note 14)	
16,983	Investments		16,983
8,369	Amounts owing		8,326
<u>25,352</u>			<u>25,309</u>
<u>214,682</u>	Premises and equipment	(Note 15)	<u>219,327</u>
<u>2,647,960</u>			<u>3,542,426</u>

RICHARDSON OF DUNTISBOURNE *Governor*

C W McMAHON *Deputy Governor*

NELSON OF STAFFORD *Director*

R D GALPIN *Chief of Corporate Services*

Notes on the Banking Department accounts

1 Accounting policies

a Form of presentation of accounts

Although the Bank's constitution is not governed by the Companies Acts 1948 to 1981, the accounts have been prepared so as to comply with the requirements of those Acts and the Statements of Standard Accounting Practice issued by the accountancy bodies in so far as they are appropriate.

The accounts have been prepared on the historical cost basis of accounting, modified to include the revaluation of certain fixed assets and in accordance with Section 149A of, and Schedule 8A to, the Companies Act 1948.

b Treasury and other bills

Treasury and other bills are stated at cost plus interest accrued.

c Investments

Securities of, or guaranteed by, the British Government, and Other securities are stated in the balance sheet at cost less provision for losses; listed securities are valued at mid-market prices, unlisted at Directors' valuation.

Profits and losses on realisation are taken to profit and loss account in the year in which they arise.

d Premises and equipment

Freehold and leasehold premises are stated at a professional valuation on an open-market value for existing use basis as at 28 February 1982 plus the cost of subsequent additions and less accumulated depreciation. No account is taken of the liability to taxation which could arise if the premises were disposed of at their revalued amounts.

Equipment is stated at cost less accumulated depreciation. Fully depreciated items have been written out of the accounts.

Depreciation, on a straight line basis, is charged as follows:

Freehold premises	over the estimated future life
Leasehold premises	over the period of lease or estimated future life
Computers	over five years
Other equipment	over periods ranging from four to twenty years

e Bad and doubtful debts

Appropriate provision is made for bad and doubtful debts.

f Foreign currency translation

Assets and corresponding liabilities in foreign currencies are translated into sterling at the exchange rates ruling at 28 February.

g Commitments on behalf of the Treasury

Commitments in foreign currencies and gold, or on a gold basis, undertaken in the name of the Bank for account of the Treasury, principally in the course of operating the Exchange Equalisation Account, are not included in these accounts as the Bank is concerned in such transactions only as agent.

h Deferred tax

Deferred tax is provided at current rates of tax in respect of all material timing differences except where it is expected that the relevant timing difference will not reverse in the foreseeable future.

j Retirement benefits

The profit of the year bears the cost of providing pensions in respect of current service. Any unfunded liability in respect of past service disclosed by an actuarial valuation is met either by a special contribution to the pension fund or by an increase in the current contribution rate.

The Bank of England Pension Fund is reviewed annually and full actuarial valuations are obtained every three years. The next full actuarial valuation will take place as at 29 February 1984.

2 Operating profit

The operating profit is arrived at after taking account of the following:

1982 £ thousands		1983 £ thousands
	Income	
	Interest:	
96,822	Treasury and other bills	110,808
31,806	Securities of, or guaranteed by, the British Government	41,885
16,701	Advances	14,688
	Interest and Dividends:	
1,291	Listed securities	1,368
2,596	Unlisted securities	8,067
37,897	Charges for services to the Government	39,137
1,839	Rents	2,162
1,856	Surplus over written down value on disposal of fixed assets	164
	Charges	
46,397	Interest paid to depositors	67,849
410	Directors' emoluments (Note 3)	424
53	Auditors' remuneration	55
(10,910)	Movement on provision for losses (Note 4)	1,398
20,000	Payment to Pension Fund	—
87	Hire of computers and other equipment	82
4,247	Depreciation of premises and equipment (Note 1d)	6,396

3 Directors' and employees' emoluments

The aggregate emoluments of the Governors and Directors for the year ended 28 February were:

1982 £11,500		1983 £11,500
	Fees	
	Other emoluments, including remuneration of Governors and Executive Directors and contributions to Directors' Pension Scheme	
£398,756		£412,966

The emoluments of the Governor, excluding pension contributions, were £51,980 (1982 £51,980). The emoluments, excluding pension contributions, of the highest paid director were £56,584 (1982 £54,176).

Remuneration amounting to £26,965 (1982 £21,944) was waived by the Governor.

The following table shows, for the year ended 28 February, the number of other Directors, and of employees of the Bank receiving remuneration in excess of £30,000, within the bands stated (excluding pension contributions).

1982			1983		
Directors	Employees		Directors	Employees	
12		£0- £5,000	12		
—	31	£30,001-£35,000	—	39	
—	38	£35,001-£40,000	—	23	
3	17	£40,001-£45,000	—	21	
1	—	£45,001-£50,000	4	10	
—	—	£50,001-£55,000	—	1	

The aggregate remuneration of the employees of the Bank was £57.5 million (1982 £55.6 million).

4 Provision for losses

A net amount of £1,398,000 has been transferred to the provision for losses in respect of British Government and Other securities, advances and guarantees.

5 Payment to the Treasury

1982		1983
£ thousands		£ thousands
5,500	Payable 5 April 1983	7,500
12,500	Payable 5 October 1983	15,500
<u>18,000</u>		<u>23,000</u>

6 Taxation

The charge for taxation comprises:

1982		1983
£ thousands		£ thousands
19,301	UK corporation tax at 52% based on the profits of the year	17,290
(3,638)	Deferred tax	5,936
301	Income tax on franked investment income	340
—	Prior year adjustment	(970)
<u>15,964</u>		<u>22,596</u>

The charge for taxation reflects the benefit of accelerated capital allowances amounting to £4,594,000. No adjustments for deferred taxation in respect of the resultant timing differences have been made, as they are not expected to reverse within the foreseeable future.

7 Deferred taxation

Included under Advances and other accounts is a deferred tax balance, relating to short-term timing differences, of £13,400,000 (1982 £19,300,000).

The potential liability for deferred taxation not provided in the accounts is:

1982		1983
£ thousands		£ thousands
10,423	Accelerated depreciation allowances	12,813
22,000	Capital gains on unrealised revaluation surpluses less deficits	19,300
<u>32,423</u>		<u>32,113</u>

8 Reserves

	General reserve	Revaluation surplus	£ thousands
Balance at 1 March 1982	198,074	161,183	359,257
Profit of the year retained	24,713	—	24,713
Balance at 28 February 1983	<u>222,787</u>	<u>161,183</u>	<u>383,970</u>

9 Public deposits

Public deposits are the balances on government accounts, including Exchequer, National Loans Fund, National Debt Commissioners and dividend accounts.

10 Bankers' deposits

Bankers' deposits include £436,070,000 (1982 £343,473,000) in respect of cash ratio deposits placed by recognised banks and licensed deposit-taking institutions.

11 Cheques in course of collection

These uncleared effects are mostly in respect of Public deposits.

12 Treasury and other bills

1982		1983
£ thousands		£ thousands
353,476	British Government Treasury bills	82,125
365,737	Other bills	1,257,758
<u>719,213</u>		<u>1,339,883</u>

13 Investments

1982			1983	
£ thousands			£ thousands	
Book value	Market value		Book value	Market value
260,297	273,997	Securities of, or guaranteed by, the British Government	315,791	382,819
8,778	31,426	Other securities:	7,487	32,487
	Directors' valuation	Listed		Directors' valuation
12,753	31,874	Unlisted	15,050	40,754
<u>281,828</u>	<u>337,297</u>		<u>338,328</u>	<u>456,060</u>

The principal holdings of equity share capital included in Other securities are as follows:

1982		1983	
Percentage held		Percentage held	Country of incorporation
	Over 20%		
27	Agricultural Mortgage Corporation p.l.c. shares of £1	27	Great Britain
29	Portals Holdings p.l.c. ordinary stock	29	Great Britain

As a matter of policy, the Bank does not seek to influence the above companies' commercial or financial decisions.

	Commonwealth Development Finance Company Ltd:		
1	'A' ordinary shares of £1 (10p paid)	1	
93	'B' ordinary shares of £1 (50p paid)	93	Great Britain
42	Percentage of total nominal equity held	42	

The above company is not treated in these accounts as an associate under SSAP1 as the Bank considers this treatment would not be appropriate having regard to the nature of the investment.

	Under 20%		
15	Finance for Industry p.l.c. shares of £1	15	Great Britain
10	Bank for International Settlements shares of 2,500 Swiss gold francs (25% paid)	10	Switzerland

14 Investments in subsidiaries

Investments in subsidiary companies, all of which are wholly owned and registered in England, are stated in the Bank's balance sheet at cost (which is not in excess of the net tangible assets of the subsidiaries) and include:

BE Services Ltd
5,000 shares of £1
EBS Investments Ltd
100 shares of £1
The Securities Management Trust Ltd
1,000 ordinary shares of £1
Slater, Walker Ltd
100,000 ordinary shares of £1
10,000,000 deferred shares of £1

The accounts of EBS Investments Ltd and Slater, Walker Ltd have not been consolidated with those of the Bank because, in the opinion of the Directors, it would be misleading to consolidate their assets and liabilities with those of the Banking Department in view of the circumstances of the acquisition of these companies by the Bank through involvement in the support operations. The accounts of BE Services Ltd and The Securities Management Trust Ltd have not been consolidated with those of the Bank as the amounts are considered to be not material.

A dividend of £26,000 was paid by one subsidiary in respect of the year ended 28 February 1983. The net aggregate profits of the subsidiary companies attributable to the Bank, which are not dealt with in the accounts of the Banking Department, and which are stated by reference to audited accounts are as follows:

1982			1983
£ thousands			£ thousands
1,999*	785†	For the year ended 28 February 1983	1,280
10,147*	7,856†	Since acquisition	9,136

* as reported.

† restated to exclude unrealised profits in order to comply with the Companies Act 1981.

Included within Current liabilities is a total of £1,924,000 (1982 £1,732,000) due, in the normal course of business, to subsidiary companies.

15 Premises and equipment

£ thousands

	Freehold premises	Leasehold premises (50 years and over unexpired)	Leasehold premises (under 50 years unexpired)	Equipment	Total
Cost or valuation					
At 1 March 1982	117,815	82,415	30	21,372	221,632
Acquisitions	2,591	1,890	1,943	4,760	11,184
Disposals	—	—	—	(847)	(847)
Adjustment in respect of fully depreciated assets	—	—	—	(752)	(752)
At 28 February 1983	120,406	84,305	1,973	24,533	231,217
Accumulated depreciation					
At 1 March 1982	—	—	—	6,950	6,950
Charge for the year	2,170	1,197	17	3,012	6,396
On disposals	—	—	—	(704)	(704)
Adjustment in respect of fully depreciated assets	—	—	—	(752)	(752)
At 28 February 1983	2,170	1,197	17	8,506	11,890
Net book value at 28 February 1983	118,236	83,108	1,956	16,027	219,327
Net book value at 28 February 1982	117,815	82,415	30	14,422	214,682
Cost or valuation at 28 February 1983 comprised:					
At 1982 valuation	117,815	82,415	30	—	200,260
At cost	2,591	1,890	1,943	24,533	30,957
	120,406	84,305	1,973	24,533	231,217

Contracts for capital expenditure authorised by the Directors and outstanding at 28 February 1983 totalled £2,687,000 (1982 £4,099,000). Further capital expenditure authorised at that date, but not contracted for, is estimated at £971,000 (1982 £698,000).

16 Transactions with Directors

To comply with the Companies Act 1980, the following particulars are given relating to transactions, arrangements and agreements entered into by the Bank of England with Directors, and persons connected with the Directors, of the Bank:

	Number of Directors	Total amount £ thousands
Loans	4	142

There were no quasi loans or other credit transactions required to be shown under the Companies Act 1980. None of the Directors had a material interest, directly or indirectly, at any time during the year in any other significant transaction or arrangement with the Bank or any of its subsidiaries.

17 Charitable donations

Charitable donations during the year amounted to £90,000; no political contributions were made.

18 Contingent liabilities

Outstanding exchange contracts for customers, together with irrevocable credits, amount to £125 million (1982 £74 million). These are covered by compensating contracts for corresponding amounts.

There are further contingent liabilities, including uncalled capital on UK investments, of £67 million (1982 £30 million).

Since 1930 there has also been a contingent liability, denominated in Swiss gold francs, in respect of uncalled capital on the Bank's investment in the Bank for International Settlements. The sterling equivalent of this liability based on the gold market price on 28 February 1983 was £226 million (1982 £167 million).

19 Date of approval

The Court of Directors approved the accounts on pages 17 to 29 on 30 June 1983.

Banking Department

Statement of source and application of funds for the year ended 28 February 1983

1982 £000		1983 £000
Source of funds		
53,169	Operating profit	70,309
Adjustment for items not involving the movement of funds:		
—	Provision for losses in respect of Other securities	5,257
2,391	Depreciation, less profits on disposal of fixed assets	6,232
55,560	Funds generated by operations	81,798
Funds from other sources:		
5	Disposal of Other securities	1,297
4,183	Disposal of premises and equipment	307
59,748		83,402
Application of funds		
25,035	Payment of taxation	22,011
15,000	Payment to the Treasury	18,000
50	Purchase of Other securities	7,560
10,440	Purchase of premises and equipment	11,184
9,223	Increase in working capital (see below)	24,647
59,748		83,402
Analysis of increase in working capital		
167,950	Current assets	691,821
212,176	Advances and other accounts	202,972
(1,769)	Advances to subsidiary companies	(42)
378,357		894,751
(369,134)	Current liabilities, excluding taxation and payment to the Treasury	(870,104)
9,223		24,647

Banking Department

Current cost profit and loss account for the year ended 28 February 1983

1982			1983
£ millions			£ millions
53.2	Operating profit as in historical cost accounts		70.3
	Current cost adjustments:		
2.1	Additional depreciation charge	(Note 2)	0.9
1.3	Fixed asset disposals		—
12.0	Monetary working capital	(Note 3)	6.2
37.8	Current cost operating profit		63.2
18.0	Payment to the Treasury under Section 1(4) of the Bank of England Act 1946		23.0
19.8	Current cost profit before taxation		40.2
16.0	Taxation		22.6
3.8	Current cost profit transferred to revenue reserve		17.6

Current cost balance sheet: 28 February 1983

1982			1983
£ millions			£ millions
14.5	Capital		14.5
205.7	Revenue reserve		223.3
201.8	Current cost reserve	(Note 4)	216.3
422.0			454.1
2,274.2	Current liabilities		3,143.9
2,696.2			3,598.0
950.4	Liquid assets		1,586.8
323.6	Investments		389.1
1,175.6	Advances		1,372.7
25.4	Subsidiary companies		25.3
221.2	Premises and equipment	(Note 5)	224.1
2,696.2			3,598.0

The notes on page 29 form part of these accounts.

Notes on the current cost accounts

1 Basis

The current cost profit and loss account and balance sheet have been prepared on the basis of Statement of Standard Accounting Practice No 16 issued by the accountancy bodies.

2 Accounting policies

(a) Except as indicated below, the accounting policies adopted have been the same as those described in note 1 on pages 20 and 21.

(b) Assets and liabilities are included in the current cost balance sheet on the following bases:

Premises—The figures relating to property interests reflect a professional valuation of Bank freehold and leasehold premises by St Quintin, Chartered Surveyors, as at 28 February 1982, on an open-market value for existing use basis, with subsequent additions at cost and having regard to appropriate professional advice.

Equipment—The figures for the majority of equipment were calculated by using *Price index numbers for Current Cost Accounting* produced by the Central Statistical Office. The indices used were:

(i) Capital expenditure on plant and machinery in paper, printing and publishing; and

(ii) Price indices for specific types of office equipment.

Figures for the remainder (mainly computer assets) were calculated with reference to suppliers' current price lists.

Investments—British Government stocks at cost less provision; other securities at market or Directors' valuation.

Other assets and liabilities—At the amounts shown in the historical cost accounts.

(c) Additional depreciation has been charged on premises and equipment in respect of the difference between the depreciation based on the current replacement cost and the depreciation charge in the historical cost accounts.

3 Monetary working capital adjustment

The adjustment has been calculated by applying the change in the UK retail price index during the year to the average of the opening and closing totals of net monetary assets. British Government stocks have been treated as monetary items and included at book value in this calculation.

4 Current cost reserve

1982		1983
£ millions		£ millions
129.6	Balance at 1 March 1982	201.8
	Adjustment following restatement of investments at valuation	—
35.8		
165.4	Balance at 1 March 1982 as restated	201.8
	Surplus on revaluation of premises, equipment and investments	8.3
24.4		
12.0	Monetary working capital adjustment	6.2
		14.5
201.8	Balance at 28 February 1983	216.3

5 Premises and equipment

1982			1983	
£ millions			£ millions	
	Net	Gross	Depreciation	Net
200.3	Premises	206.7	3.4	203.3
20.9	Equipment	45.3	24.5	20.8
221.2		252.0	27.9	224.1

Issue Department

Account for the year ended 28 February 1983

1982 £000		1983 £000	1983 £000
	Income and profits:		
921,531	Securities of, or guaranteed by, the British Government	242,116	
461,858	Other securities	930,332	
6,430	Other receipts	—	1,172,448
	Expenses:		
28,068	Cost of production of Bank notes	29,510	
13,251	Cost of issue, custody and payment of Bank notes	11,991	
1,177	Other expenses	1,049	42,550
1,347,323	Payable to the Treasury		1,129,898

Statement of balances: 28 February 1983

1982 £000	1983 £000	1982 £000	1983 £000
	Notes issued:	11,015	Government debt
10,754,771	In circulation	11,007,915	
20,229	In Banking Department	17,085	
		4,200,996	Other securities of, or guaranteed by, the British Government
		6,562,989	Other securities
10,775,000		11,025,000	11,025,000

Notes:

- The income and profits, and value of securities, include the effects of the quarterly revaluation of marketable securities, in accordance with the requirements of the National Loans Act 1968. The last such valuation was made at 25 February 1983.
- The Court of Directors approved the above statements of account on 30 June 1983.

RICHARDSON OF DUNTISBOURNE *Governor*

C W McMAHON *Deputy Governor*

NELSON OF STAFFORD *Director*

R D GALPIN *Chief of Corporate Services*

Banking Act 1979

Annual report by the Bank of England

This report on the exercise by the Bank of the functions conferred on it by the Banking Act 1979 is made in pursuance of Section 4(1) of that Act and covers the financial year of the Bank ended on 28 February 1983.

I New authorisations and authorisations surrendered or revoked

During the year ended 28 February 1983 17 institutions received licences to take deposits and 8 existing licensed companies were granted recognition as banks. 20 institutions ceased to hold any deposit-taking authority. Of these, 13 surrendered their authority since they no longer wished to carry on a deposit-taking business, while 7 had their deposit-taking authority revoked by the Bank under the powers contained in the Act (see section V below).

II Published lists of authorised institutions

As required by Section 4(2) of the Act, a list of recognised banks and licensed deposit-taking institutions at the end of the Bank's financial year is annexed to this report. This list contains 295 recognised banks and 295 licensed deposit-taking institutions. Included within these figures are 274 branches and subsidiaries of overseas companies. The list is regularly kept up to date and the latest version is available from the Bank on request.

III Statutory criteria for authorisation to carry on a deposit-taking business

The interpretation and application of the statutory criteria for authorisation to carry on a deposit-taking business have been kept under review but remain the same as described in the Bank's reports for 1979/80 and 1981/82. The latter report contained a detailed description of the manner in which the Bank determines whether applicants for recognition as a bank meet the criterion of providing a wide range of banking services.

IV Continuing supervision

The Bank's approach to supervision, based on the analysis of statistical information and regular prudential discussions with the management of deposit-taking institutions, was described in last year's report and no material changes have been made in this system during the period. As part of a general review of banking statistics some changes were made to the reporting forms to give the Bank additional information on the profit and loss accounts of deposit-taking institutions incorporated in the United Kingdom and a more detailed maturity analysis of the assets and liabilities of the larger institutions.⁽¹⁾

Importance continues to be attached to ensuring that the capital maintained by each institution is adequate to the size, quality and spread of its business. Although no single level can be fixed as being

(1) A fuller description of the review of banking statistics was given in the March 1983 issue of the Bank's *Quarterly Bulletin* (page 69).

appropriate for all institutions, benchmarks have been developed which are used when assessing the capital adequacy of groups of institutions and of individual institutions within those groups. The Bank has joined with supervisory authorities in other countries in emphasising the importance of maintaining adequate levels of capital and the need to arrest any deterioration in capital ratios from present levels.

Notwithstanding the rapid increase in lending in both the domestic and international markets which has taken place over the last few years, the Bank considers that the capital ratios of British banks and licensed deposit-takers over the last 4 or 5 years have generally been maintained at satisfactory levels. Indeed the capital ratios of major British banks—as measured in accordance with the Bank's paper 'The Measurement of Capital'⁽¹⁾—have, on the whole, improved in recent years. This trend has been aided by a rebuilding of resources after the losses of the 1974–5 period, by releases of accumulated provisions for deferred taxation liabilities to reserves in the light of SSAP 15, and by the issue of subordinated loan capital to supplement equity.

While capital ratios provide a guide to the degree of solvency, the assessment of capital adequacy must also take account of the quality of assets, and the risks inherent in them. In the last year the Bank has been paying particular attention to the quality of banks' assets in the light of the adverse economic conditions in both the international and domestic economies.

International developments

A notable development in 1982 was the sharp increase in the number of countries experiencing debt servicing difficulties. Some fell into arrears or suspended payments of principal on their foreign debt and entered into negotiations to reschedule this debt linked to the provision of new finance and economic adjustment programmes. Some recognised banks have significant exposures to these countries,

but the exposure of UK banks as a whole is not unduly high: at the end of 1982 UK-incorporated banks' consolidated lending to the six largest borrowing countries experiencing debt servicing difficulties (Argentina, Brazil, Mexico, Poland, Venezuela and Yugoslavia) amounted to £16.1 billion. This represented about 30% of their total lending to countries outside the BIS reporting area⁽²⁾ and excluding the offshore centres. By contrast the lending of all banks in the BIS reporting area to the six countries was proportionately, marginally greater. When subsidiaries of foreign banks and consortium banks are excluded (i.e. the calculation relates only to British-owned banks) and adjustment is made for cross border guarantees, the consolidated exposure amounted to £10.7 billion, or the equivalent of 65% of their capital base.

One particular feature of international markets highlighted by recent debt problems has been that the overseas branches of banks from countries experiencing external debt problems have, in some cases, faced liquidity difficulties particularly where, in nervous market conditions, their funding has depended in substantial measure on borrowing at short term in the interbank market. The Bank of England, in co-operation with other central banks, has endeavoured to ensure that lending banks did not withdraw deposits precipitately from banks of the debtor countries, thereby creating liquidity problems which could have spread more widely. The response to the encouragement of the authorities to sustain the position of these banks has on the whole been very positive, not only in London but in other major financial centres.

Domestic developments

Since the end of terms control on hire purchase lending in July of 1982, the Bank has closely monitored the terms being offered by institutions. There is little evidence to date that prudential standards have been threatened by a relaxation of terms in the face of competitive pressures. In a few cases, however, the Bank has expressed concern

(1) Reprinted in the September 1980 issue of the Bank's *Quarterly Bulletin* (page 324).

(2) The BIS reporting area consists of Austria, Belgium, Luxembourg, Canada, Denmark, France, West Germany, Ireland, Italy, Japan, Netherlands, Sweden, Switzerland, the United Kingdom and the United States.

to particular institutions about the prudential implications of their lending policies.

Bad and doubtful debt experience and arrears on domestic commercial lending and on personal instalment credit, in which many licensed institutions specialise, have increased but in general adequate provision for losses incurred and expected appears to have been made. Profitability and capital resources appear adequate currently to meet any further losses that may be sustained and the Bank does not consider that the problems which have led to the revocation of the licences of a few small deposit-taking institutions (described in section V below) have implications for the stability of licensed institutions as a group.

Circular to authorised institutions

A circular was issued to all authorised institutions in April 1983 giving guidance on a number of matters. These were felt to be of particular concern to some smaller institutions, but the circular was sent to all institutions since the principles involved were of general application.

The circular drew attention to the risks attaching to connected lending—loans to companies or persons connected with the lending institution, its managers, directors or controllers. In the Bank's view such lending can be justified only when undertaken for the clear commercial advantage of the lending institution and should be negotiated and agreed on an arm's length basis.

The circular further emphasised the need to keep large loans to individual customers within prudent limits. Exposures (loans, acceptances, guarantees, etc) to one customer or group of customers should not normally exceed a modest proportion of an institution's capital base and, where higher exposures occur, the institution would normally be requested to maintain a level of capital resources significantly higher than that which would otherwise be required. It was also made clear that the Bank expects to receive copies of the annual report and audited accounts of each supervised institution not later than 6 months after the end of the institution's financial

year and preferably within 3 months. Failure by an institution to provide accounts within 6 months of its year-end or to submit prudential returns to the Bank on time may lead the Bank to review whether the institution concerned continues to meet the criteria for authorisation in Schedule 2 of the Act.

The Bank also drew attention to the possible risks to institutions from fraudulent invitations to participate in substantial business. Institutions were urged to be vigilant at all times and the Bank asked to be informed of any questionable offers in order that appropriate warnings might be given to other institutions.

Finally, deposit-taking institutions were reminded that they should not give floating charges over their assets as security for their own borrowing from banks or other sources. Where a lender seeks security in the form of a charge over assets, that charge must either be applied to specific assets or limited to a certain proportion of specified assets in order to ensure that there would always be sufficient unencumbered assets to meet the claims of depositors in a liquidation of the company.

Money funds

A particular development over the past year has been the growth in the establishment of money funds. These are schemes which pool monies for investment in the wholesale and other short-term money markets and thus can offer a higher rate of interest than conventional deposit accounts. There are two types of scheme. The first is operated by a deposit-taking institution which accepts monies in its own name so that they are a liability of the company and appear on its balance sheet. In practice this type of scheme is provided by institutions which are already authorised to accept deposits and so will have satisfied the Bank that they meet the statutory minimum criteria for authorisation. The Bank discourages the description of such on-balance sheet schemes as 'funds' since the assets in which the high yielding deposits have been employed are not segregated from the other assets of the deposit-taking institution.

The second type of scheme is operated by a managing institution which accepts monies under a trust agreement and holds them outside its own balance sheet. Where they are managed in the United Kingdom, these off-balance sheet money funds customarily take the form of a unit trust in which investors participate in a common fund. Unit trusts and other forms of investment in which the subscriber has title to assets of uncertain value do not normally fall within the scope of the Banking Act. However, the definition of a deposit in the Banking Act as 'a sum of money paid on terms under which it will be repaid . . .' means that institutions managing money funds in the United Kingdom which offer capital certainty to investors, in addition to yield, are, in the Bank's view, deposit-taking businesses in terms of the Act and will need to satisfy the minimum criteria for authorisation. The Bank expects managing institutions to observe particular guidelines in relation to such money funds to minimise the risk to depositors. These include confining assets held to nominated low risk, short-term assets; matching of maturities between liabilities and assets; the arrangement of fidelity insurance against breach of trust; and agreement with the Bank on an amount of capital to be available to the fund as a reserve against losses.

The Bank has co-ordinated its policy towards money funds with the Department of Trade, whose interest arises because off-balance sheet funds are unauthorised unit trusts in terms of the Prevention of Fraud (Investments) Act 1958 and whose permission is therefore necessary for any circulars which the managers may wish to issue because of the restrictions in that Act on the distribution to the public of investment circulars.

V Revocation of recognition or a licence

In deciding whether to use its powers to revoke the authorisation of a particular institution, the Bank has to consider the degree to which the interests of existing and future depositors are seriously threatened and whether the problems that the Bank has identified are capable of remedy.

The circumstances that are taken into account in considering revocation include evidence that the capital invested in the business has become inadequate to absorb actual and future losses; that liquidity has become insufficient to meet obligations likely to fall due; that provisions set aside to cover bad and doubtful debts are deficient; or that there is other evidence of imprudence or impropriety on the part of those directing an institution's affairs. The Bank expects directors, managers and controllers to carry out their individual and collective responsibilities with integrity and professional skill. Instances of lack of judgement, recklessness, provision of false information to the Bank, failure to keep proper books and records or undue reliance on a single person in the direction of the business call into question the prudent conduct of the business and the fitness of those responsible to hold their positions.

Where it appears that there are grounds for revocation, the Bank will always have regard to the likelihood of any corrective measures proposed being successful before initiating revocation proceedings. The Bank will also have regard to the risks to which depositors may be exposed during any period of recovery or reconstruction, especially in the light of the maturity structure of assets and liabilities. In some circumstances it may be considered appropriate to revoke a full licence and grant in its place a licence subject to conditions in order to contain these risks while the remedies take effect. Where the grounds for revocation arise from deficiencies in management or control, remedies may be more difficult to construct.

During the year the Bank revoked the licences of seven deposit-taking companies. Two of the seven appealed (under the provisions of Section 11 of the Banking Act) against the Bank's decision but subsequently withdrew their appeals. In one case the Bank revoked the company's licence and granted in its place a licence subject to conditions.

Most of the revocations were of licences which had originally been granted in transitional form. The Act provided that during the initial period after it came into force the Bank might grant transitional licences to institutions already taking deposits, which did not at the time fulfil all the statutory minimum criteria

for the grant of a full licence but which, in the view of the Bank, might reasonably be expected to do so within, at the most, two years of the grant of the licence. This provision was designed to give small deposit-taking businesses which had not previously been subject to the Bank's prudential supervision an opportunity to comply with the provisions of the Act over a period rather than obliging them to cease trading as deposit-taking companies. To obtain such a licence, they had to satisfy the Bank that they could successfully carry through the necessary measures involving, for example, the removal of floating charges over their assets, the reorganisation of group structures, the recruitment of new personnel, the introduction of fresh capital and the remedying of other balance sheet deficiencies. Over fifty transitional licences were granted, the great majority of which were subsequently replaced with full licences. However, five of the seven cases of revocation referred to above were holders of transitional licences. Three of these, Merbro Finance (NI) Limited (formerly Merchant Banking Northern Ireland Limited), First Guarantee Trust Company Limited and Trinity Trust and Savings Limited, have subsequently gone into liquidation (see section VI below) and in each case claims have been made on the Deposit Protection Fund. There are now no institutions holding transitional licences.

The grounds for moving to revoke the licences of the seven institutions referred to above varied but the Bank considered that all had conducted their business without the care and prudence required of a deposit-taking business. Some had suffered considerable losses and had been unable to achieve prudent levels of capital and liquidity; in some cases business was excessively concentrated in loans to associates; some had failed to keep proper records and had been consistently late in filing the quarterly returns with the Bank; and some had misled the Bank about material aspects of their business.

On each occasion that the Bank revoked an institution's licence during the year it also gave directions under Section 8 designed to protect the interests of depositors. The purpose of these directions was to restrict the business of the

institution concerned and to enable the Bank to monitor significant day-to-day developments.

VI Winding up

During the year or shortly afterwards four companies which had formerly held licences to take deposits were wound up by the court. They were Merbro Finance (NI) Ltd, First Guarantee Trust Company Ltd, Goodwin Squires Securities Ltd and Trinity Trust and Savings Ltd. Merbro Finance (NI) Ltd was wound up on a petition by the company itself, whereas the Bank was the petitioner in the other three cases. Section 18 of the Banking Act provides that, on a petition presented by the Bank, the court may wind up an authorised institution or formerly authorised institution which still has deposits outstanding, if either the institution is unable to pay sums due and payable to depositors or the value of the institution's assets is less than the amount of its liabilities.

VII International supervisory committees

During the year the Bank continued to play a full part in international co-operation between supervisory authorities. The Bank participated in

- the Committee on Banking Regulations and Supervisory Practices which meets at the Bank for International Settlements in Basle and brings together supervisors from the Group of Ten major industrialised countries, Luxembourg and Switzerland, and is chaired by Mr W P Cooke, Head of Banking Supervision at the Bank of England.
- the Banking Advisory Committee to the European Commission.
- the Contact Group of Supervisors from the member states of the European Community.

The Basle Supervisors Committee continued to provide an important forum in which supervisors from the main financial centres were able to discuss their approach to the supervision of banks, particularly in the light of the debt servicing difficulties faced by

some borrowing countries referred to earlier. The Committee completed its revision of the paper agreed in 1975, which set out the principles governing supervisory responsibilities in respect of banks' foreign establishments, and which has become known as the Concordat. This revision was published in June 1983. Other areas to which the Committee addressed particular attention included the maturity transformation undertaken by banks in their international business, and various aspects of capital adequacy for banks operating internationally. The Committee continues to build on established relationships with supervisory authorities worldwide and in particular with the Offshore Group of Supervisors and with the Commission of Latin American and Caribbean Supervisory Authorities.

The Bank participated fully during the year in discussions on a number of proposals by the European Commission for directives having implications for credit and financial institutions. In particular, the Commission submitted to the Council of Ministers in February 1983 an amended version of the proposed directive on the supervision of credit institutions on a consolidated basis. The Directive has now been adopted.

Within the European Community, the Bank continued to be involved in work on the construction and refinement of a number of observation ratios, provided for under Article 6 of the First Banking Co-ordination Directive of 12 December 1977. A second trial calculation of ratios comparing the solvency, liquidity and profitability of credit institutions was carried out during 1982.

VIII Administration

By the end of the year under review the number of full-time staff employed on banking supervision had increased from 88 to 101. This enabled the Division to meet the additional workload arising from the

revocation of licences, the introduction of new prudential returns, and the monitoring of the repercussions on the banking system of international debt problems.

IX Orders and regulations

The following orders and regulations were introduced under the Act—

1982 No 1681, The Banking Act 1979 (Excepted Persons) Order 1982

This added the International Bank for Reconstruction and Development and certain other international organisations to the list of persons contained in Schedule 1 to the Act to whom the prohibition in Section 1(1) on the acceptance of a deposit does not apply. The Order came into operation on 17 December 1982.

1982 No 1808, The Deposit Protection Fund (Excluded Institutions) Order 1982

This excluded certain listed institutions from the requirement to contribute to the Deposit Protection Fund, deposits with them becoming removed from the protection afforded by Section 28 in the event of insolvency. The Order came into operation on 10 January 1983.

1983 No 510, The Banking Act 1979 (Exempt Transactions) (Amendment) Regulations 1983

Earlier Regulations prescribed certain transactions to which the prohibition on deposit-taking in Section 1(1) does not apply. These Regulations added to the categories of exempt transactions the acceptance of a deposit in certain specified circumstances by commodity and futures brokers who are members of certain market organisations. In addition, the Regulations added to the categories of exempt transactions the acceptance by certain clearing houses of a deposit made by one of their respective members. These Regulations came into operation on 26 April 1983.

Banking Act 1979

List at 28 February 1983

1 Recognised banks

A P Bank Ltd.
 Alexanders Discount p.l.c.
 Algemene Bank Nederland N.V.
 Allied Arab Bank Ltd.
 Allied Bank International
 Allied Bank of Pakistan Ltd.
 Allied Irish Banks Ltd.
 Allied Irish Investment Bank Ltd.
 American Express International Banking Corporation
 American National Bank and Trust Company of Chicago
 Amex Bank Ltd.
 Amsterdam-Rotterdam Bank N.V.
 Anglo-Romanian Bank Ltd.
 Henry Ansbacher & Co. Ltd.
 Arab Bank Ltd.
 Arbuthnot Latham Bank Ltd.
 Associated Japanese Bank (International) Ltd.
 Atlantic International Bank Ltd.
 Australia & New Zealand Banking Group Ltd.

Banca Commerciale Italiana
 Banca Nazionale del Lavoro
 Banco Central, S.A.
 Banco de Bilbao S.A.
 Banco de la Nación Argentina
 Banco de Santander, S.A.
 Banco de Vizcaya S.A.
 Banco di Roma S.p.A.
 Banco do Brasil S.A.
 Banco do Estado de São Paulo S.A.
 Banco Espírito Santo e Comercial de Lisboa
 Banco Exterior—U.K. S.A.
 Banco Mercantil de São Paulo S.A.
 Banco Nacional de México S.A.
 Banco Português do Atlântico
 Banco Real S.A.
 Banco Totta & Açores E.P.
 Banco Urquijo Hispano Americano Ltd.
 Bancamer, S.A.
 Bangkok Bank Ltd.
 Bank Julius Baer & Co. Ltd.
 Bank Bumiputra Malaysia Berhad
 Bank für Gemeinwirtschaft A.G.
 Bank Hapoalim B.M.
 Bank Leumi (U.K.) p.l.c.
 Bank Mellat
 Bank Melli Iran
 Bank of America International Ltd.
 Bank of America N.T. & S.A.
 Bank of Baroda
 The Bank of California N.A.
 Bank of Ceylon
 Bank of China
 Bank of Cyprus (London) Ltd.
 Bank of India
 The Bank of Ireland
 Bank of London & South America Ltd.
 Bank of Montreal
 The Bank of New York
 Bank of New Zealand
 The Bank of Nova Scotia
 Bank of Scotland
 The Bank of Tokyo, Ltd.
 Bank of Tokyo International Ltd.
 The Bank of Tokyo Trust Company
 The Bank of Yokohama Ltd.
 Bank Saderat Iran
 Bank Sepah
 Bankers Trust Company
 Banque Belge Ltd.
 Banque Belgo-Zairoise S.A.
 Banque Bruxelles Lambert S.A.
 Banque Française de Crédit International Ltd.
 Banque Française du Commerce Extérieur
 Banque Indosuez
 Banque Nationale de Paris p.l.c.
 Banque Paribas
 Barclays Bank p.l.c.
 Barclays Bank International Ltd.
 Barclays Merchant Bank Ltd.
 Baring Brothers & Co. Ltd.
 Bayerische Hypothek und Wechsel—Bank A.G.
 Bayerische Landesbank Girozentrale
 Bayerische Vereinsbank
 The British Bank of the Middle East

The British Linen Bank Ltd.
 Brown, Shipley & Co. Ltd.

Canadian Imperial Bank of Commerce
 Carolina Bank Ltd.
 Cater Allen Ltd.
 Centerre Bank N.A.
 Central Bank of India
 Central Trustee Savings Bank Ltd.
 The Chartered Bank
 Charterhouse Japhet p.l.c.
 Chase Bank (Ireland) Ltd.
 The Chase Manhattan Bank, N.A.
 Chase Manhattan Ltd.
 Chemical Bank
 Chemical Bank International Ltd.
 The Cho-Heung Bank, Ltd.
 The Chuo Trust & Banking Company Ltd.
 Citibank N.A.
 Citicorp International Bank Ltd.
 Clive Discount Company Ltd.
 Clydesdale Bank p.l.c.
 Comerica Bank—Detroit
 Commercial Bank of Korea Ltd.
 The Commercial Bank of the Near East p.l.c.
 Commercial Bank of Wales p.l.c.
 Commerzbank A.G.
 Commonwealth Trading Bank of Australia
 Continental Illinois Ltd.
 Continental Illinois National Bank and Trust Company of Chicago
 Co-operative Bank p.l.c.
 County Bank Ltd.
 Coutts & Co.
 Crédit Industriel et Commercial
 Crédit Lyonnais
 Crédit Suisse
 Credit Suisse First Boston Ltd.
 Creditanstalt—Bankverein
 Credito Italiano
 Crocker National Bank
 The Cyprus Popular Bank

The Dai-Ichi Kangyo Bank, Ltd.
 The Daiwa Bank, Ltd.
 Deutsche Bank A.G.
 Discount Bank (Overseas) Ltd.
 Dresdner Bank A.G.

Euro-Latinamerican Bank Ltd.
 European Arab Bank Ltd.
 European Banking Company Ltd.
 European Brazilian Bank Ltd.

The Fidelity Bank
 First City National Bank of Houston
 First Interstate Bank of California
 The First National Bank of Boston
 The First National Bank of Chicago
 First National Bank of Maryland
 First National Bank of Minneapolis
 First Pennsylvania Bank N.A.
 First Wisconsin National Bank of Milwaukee
 Robert Fleming & Co. Ltd.
 French Bank of Southern Africa Ltd.
 The Fuji Bank, Ltd.

Gerrard & National p.l.c.
 Ghana Commercial Bank
 Antony Gibbs & Sons, Ltd.
 Girard Bank
 Gray Dawes Bank p.l.c.
 Grindlay Brandts Ltd.
 Grindlays Bank p.l.c.
 Guinness Mahon & Co. Ltd.
 Gulf International Bank B.S.C.

Habib Bank A.G. Zurich
 Habib Bank Ltd.
 Hambros Bank Ltd.
 Hanil Bank
 Harris Trust and Savings Bank
 Havana International Bank Ltd.
 Hessische Landesbank—Girozentrale—
 Hill Samuel & Co. Ltd.
 C. Hoare & Co.
 The Hokkaido Takushoku Bank, Ltd.
 The Hongkong and Shanghai Banking Corporation
 Hungarian International Bank Ltd.

The Industrial Bank of Japan, Ltd.
InterFirst Bank Dallas, N.A.
International Commercial Bank p.l.c.
International Energy Bank Ltd.
International Mexican Bank Ltd.
International Westminster Bank p.l.c.
Irving Trust Company
Italian International Bank Ltd.

Japan International Bank Ltd.
Jessel, Toynbee & Gillett p.l.c.
Johnson Matthey Bankers Ltd.
Leopold Joseph & Sons Ltd.

King & Shaxson p.l.c.
Kleinwort, Benson Ltd.
Korea Exchange Bank
Korea First Bank
The Kyowa Bank, Ltd.

Lazard Brothers & Co., Ltd.
Libra Bank Ltd.
Lloyds Bank p.l.c.
Lloyds Bank International Ltd.
Lloyds Bank International (France) Ltd.
London & Continental Bankers Ltd.
London Interstate Bank Ltd.
The Long-Term Credit Bank of Japan, Ltd.

MAIBL p.l.c.
Malayan Banking Berhad
Manufacturers Hanover Ltd.
Manufacturers Hanover Trust Company
Marine Midland Bank N.A.
Mellon Bank, N.A.
Mercantile Bank Ltd.
Merrill Lynch International Bank Ltd.
Midland Bank p.l.c.
The Mitsubishi Bank Ltd.
The Mitsubishi Trust and Banking Corporation
The Mitsui Bank Ltd.
The Mitsui Trust & Banking Company Ltd.
Samuel Montagu & Co. Ltd.
Morgan Grenfell & Co. Ltd.
Morgan Guaranty Trust Company of New York
Moscow Narodny Bank Ltd.
Muslim Commercial Bank Ltd.

NCNB National Bank of North Carolina
National Bank of Abu Dhabi
National Bank of Canada
National Bank of Detroit
National Bank of Greece S.A.
The National Bank of New Zealand Ltd.
National Bank of Pakistan
National Commercial Banking Corporation of Australia Ltd.
National Westminster Bank p.l.c.
Nedbank Ltd.
The Nippon Credit Bank, Ltd.
Noble Grossart Ltd.
Nordic Bank p.l.c.
Northern Bank Ltd.
The Northern Trust Company

Orion Royal Bank Ltd.
Oversea-Chinese Banking Corporation Ltd.
Overseas Union Bank Ltd.

PK Christiania Bank (UK) Ltd.
Page & Gwyther Ltd.
Philippine National Bank
Privatbanken Ltd.
Punjab National Bank

Qatar National Bank S.A.Q.
Gerald Quin, Cope & Co. Ltd.

Rafidain Bank
Rea Brothers p.l.c.
P.S. Refson & Co. Ltd.
RepublicBank Dallas, N.A.
Reserve Bank of Australia
The Riggs National Bank of Washington, D.C.
N.M. Rothschild & Sons Ltd.
The Royal Bank of Canada
The Royal Bank of Scotland p.l.c.
The Royal Trust Company of Canada

The Saitama Bank, Ltd.
The Sanwa Bank, Ltd.
Saudi International Bank
(Al-Bank Al-Saudi Al-Alami Ltd.)
Scandinavian Bank Ltd.
J. Henry Schroder Wagg & Co. Ltd.
Seattle—First National Bank
Secombe Marshall & Campion p.l.c.

Security Pacific National Bank
Shanghai Commercial Bank Ltd.
Singer & Friedlander Ltd.
N.V. Slavenburg's Bank
Smith St. Aubyn & Co. Ltd.
Société de Banque Occidentale
Société Générale
Société Générale Bank Ltd.
Sonali Bank
The Standard Bank p.l.c.
Standard Chartered Bank p.l.c.
Standard Chartered Merchant Bank Ltd.
State Bank of India
The Sumitomo Bank, Ltd.
The Sumitomo Trust and Banking Company Ltd.
Swiss Bank Corporation
Syndicate Bank

The Taiyo Kobe Bank Ltd.
Texas Commerce Bank N.A.
The Thai Farmers Bank Ltd.
The Tokai Bank, Ltd.
The Toronto-Dominion Bank
Toronto Dominion International Bank Ltd.
The Toyo Trust & Banking Company Ltd.
Trade Development Bank

UBAF Bank Ltd.
Ulster Bank Ltd.
Union Bank of Switzerland
The Union Discount Company of London p.l.c.
United Bank Ltd.
The United Bank of Kuwait Ltd.
United Commercial Bank
United Overseas Bank Ltd.

S.G. Warburg & Co. Ltd.
Wells Fargo Bank N.A.
Westdeutsche Landesbank Girozentrale
Westpac Banking Corporation
Williams & Glyn's Bank p.l.c.
Wintrust Securities Ltd.
Württembergische Kommunale Landesbank Girozentrale

The Yasuda Trust and Banking Co., Ltd.
Yorkshire Bank p.l.c.

Zambia National Commercial Bank Ltd.
Zivnostenská Banka National Corporation

2 Licensed deposit-taking institutions

Al (Investment) Ltd
Abbey Finance Co. Ltd.
Afghan National Credit & Finance Ltd.
African Continental Bank Ltd.
Aitken Hume Ltd.
Al Saudi Banque S.A.
The Alliance Trust p.l.c.
Allied Irish Finance Co. Ltd.
Altajir Ltd.
Anglo-Yugoslav (LDT) Ltd.
Arab Bank Investment Co. Ltd.
Arab Banking Corporation B.S.C.
Armada Investments Ltd.
Armco Trust Ltd.
Assemblies of God Property Trust
Associated Credits Ltd.
Associates Capital Corporation Ltd.
Auban Finance Ltd.
Avco Trust Ltd.

B. C. F. Finance Co. Ltd.
BMI (Hampshire) Ltd.
Badische Kommunale Landesbank Girozentrale
Banca Serfin, S.A.
Banco de Jerez S.A.
Banco di Sicilia
Bank Handlowy w Warszawie S.A.
Bank Mees & Hope N.V.
Bank of Credit and Commerce International S.A.
Bank of Ireland Finance Ltd.
Bank of Ireland Finance (N.I.) Ltd.
The Bank of Nova Scotia Trust Company
(United Kingdom) Ltd.
Bank of Oman Ltd.
Bank of Seoul & Trust Co.
Bank Tejarat
Bankers Trust International Ltd.
Banque du Rhone et de la Tamise S.A.
The Baptist Union Corporation Ltd.
Barbados National Bank
Barclays Bank Trust Company Ltd.
Barclays Bank UK Ltd.
Thomas Barlow & Bro. Ltd.

Beaver Investments Ltd.
Beirut Riyad Bank S.A.L.
Beneficial Trust Ltd.
Berliner Bank A.G.
Boston Trust & Savings Ltd.
Bowmaker Ltd.
Bradford Investments
Bremar Holdings Ltd.
Bridgeover Ltd.
Bridgeway Finance Ltd.
British Credit Trust Ltd.
Brook Securities & Co. Ltd.
Buchanan Securities Ltd.
Bucks Land & Building Co. Ltd.
Bunge & Co. Ltd.
Burlington Investments Ltd.
Burns-Anderson Trust Company Ltd.
Business Mortgages Trust p.l.c.
Byblos Bank S.A.L.

Calculus Finance p.l.c.
Canada Permanent Trust Co. (U.K.) Ltd.
Cassa di Risparmio delle Provincie Lombarde
Castle Court Trust Ltd.
Castle Phillips Finance Co. Ltd.
Cattles Holdings Finance Ltd.
Cayzer Ltd.
Cedar Holdings Ltd.
Century Factors Ltd.
Chancellor Finance Ltd.
Chancery Securities Ltd.
Charter Consolidated Financial Services Ltd.
Chartered Trust p.l.c.
Charterhouse Japhet Credit Ltd.
Chesterfield Street Trust Ltd.
CP Choularton, Sons & Partners Ltd.
Citibank Trust Ltd.
City Trust Ltd.
Close Brothers Ltd.
Clydesdale Bank Finance Corporation Ltd.
CE Coates & Co. Ltd.
Cobnar Finance Co. Ltd.
Colonial Bank
Combined Capital Ltd.
Commercial Credit Services Ltd.
Commonwealth Savings Bank of Australia
Consolidated Credits & Discounts Ltd.
The Continental Trust Ltd.
Co-operative Bank (Commercial) Ltd.
Coutts Finance Co.
Craneheath Securities Ltd.
Crédit du Nord
Cross & Bevingtons (Finance) Ltd.
Cue & Co.
Cyprus Credit Bank Ltd.
Cyprus Finance Corporation (London) Ltd.

Dalbeattie Finance Co. Ltd.
Darlington Merchant Credits Ltd.
Dartington & Co. Ltd.
Dawnay, Day & Co. Ltd.
Deutsche Genossenschaftsbank
The Development Bank of Singapore Ltd.
Dryfield Finance Ltd.
Dunbar & Co. Ltd.
Duncan Lawrie Ltd.
Dunsterville Allen p.l.c.

E. T. Trust Ltd.
East Anglian Securities Trust Ltd.
East Midlands Finance Co. Ltd.
Eastcheap Investments Ltd.
Eccles Savings and Loans Ltd.
The English Association Trust Ltd.
Ensign Discount Co. Ltd.
Equatorial Trust Corporation Ltd.
Everett Chettle Associates
Exeter Trust Ltd.

F & C Management Ltd.
FFI (UK Finance) p.l.c.
FIBI Financial Trust Ltd.
Fairmount Trust Ltd.
Family Finance Ltd.
Farmers (WCF) Finance Ltd.
Federated Trust Corporation Ltd.
Finance for Industry p.l.c.
Financial and General Securities Ltd.
James Finlay Corporation Ltd.
Finova Finance Ltd.
First Bank of Nigeria Ltd.
First Co-operative Finance Ltd.
First Indemnity Credit Ltd.
First National Boston Ltd.
First National Securities Ltd.
Fleet National Bank

Ford Financial Trust Ltd.
Ford Motor Credit Co. Ltd.
Forward Trust Ltd.
Robert Fraser & Partners Ltd.

Gillespie Bros. & Company Ltd.
Girozentrale und Bank der österreichischen Sparkassen A.G.
Goldman Sachs Ltd.
Goode Durrant Trust p.l.c.
H. T. Greenwood Ltd.
Greetwell Finance Ltd.
Gresham Trust p.l.c.
Greyhound Guaranty Ltd.
Grindlays Humberclyde Ltd.
Grindlays Industrial Finance Ltd.
Grosvenor Acceptances Ltd.
Gulf Guarantee Trust Ltd.

HFC Trust Ltd.
H. & J. Finance Co. (Midlands) Ltd.
The Hardware Federation Finance Co. Ltd.
Hargrave Securities Ltd.
Harrods Trust Ltd.
Harton Securities Ltd.
The Heritable & General Trust Ltd.
Hobart Securities Ltd.
Holdenhurst Securities Ltd.
Houston Financial Services Ltd.

IBJ International Ltd.
Industrial Finance and Investment Corporation p.l.c.
Industrial Funding Trust Ltd.
The Investment Bank of Ireland Ltd.
Investment Trustees Ltd.
Iran Overseas Investment Corporation Ltd.
Istituto Bancario San Paolo di Torino

Jabac Finances Ltd.
Joliman Finance Ltd.

Keesler Federal Credit Union
Kingsnorth Trust Ltd.
Kintyre Securities Ltd.
Knowsley & Co. Ltd.

Little Lakes Finance Ltd.
Lloyds & Scottish p.l.c.
Lloyds & Scottish Trust Ltd.
Lloyds Bank (LABCO) Ltd.
Lodhi Finance Ltd.
Lombard Acceptances Ltd.
Lombard & Ulster Ltd.
Lombard North Central p.l.c.
Lombard Street Investment Trust Co. Ltd.
London Law Securities Ltd.
London Scottish Finance Corporation p.l.c.
Lordsvale Finance Ltd.

M.H. Credit Corporation Ltd.
McNeill Pearson Ltd.
Mallinshall Ltd.
Manchester Exchange Trust Ltd.
W. M. Mann & Co. (Investments) Ltd.
Edward Manson & Co. Ltd.
Manufacturers Hanover Export Finance Ltd.
Manufacturers Hanover Industrial Finance Ltd.
The Mardun Investment Co. Ltd.
Matheson Trust Co. Ltd.
Medens Trust Ltd.
Meghraj & Sons Ltd.
Mercantile Credit Company Ltd.
Mercury Provident Society Ltd.
Merseyside Finance Ltd.
The Methodist Chapel Aid Association Ltd.
Middle East Bank Ltd.
Midland Bank Finance Corporation Ltd.
Midland Bank Industrial Equity Holdings Ltd.
Midland Bank Trust Company Ltd.
Milford Mutual Facilities Ltd.
Minster Trust Ltd.
Moneycare Ltd.
Moorgate Mercantile Holdings p.l.c.
Mortgage Management & Investments Ltd.
Mount Credit Corporation Ltd.
Multibanco Comermex S.A.
Musket Finance Ltd.
Mynshul Trust Ltd.

N.I.L.B. Group Ltd.
National Bank of Egypt
National Bank of Fort Sam Houston
The National Bank of Kuwait S.A.K.
National Bank of Nigeria Ltd.
National Commercial & Glyns Ltd.
National Guardian Finance Corporation Ltd.
Nederlandsche Middenstandsbank N.V.

New Nigeria Bank Ltd.
M. J. H. Nightingale & Co. Ltd.
The North of Scotland Finance Co. Ltd.
North West Securities Ltd.
Northern Bank Development Corporation Ltd.
Northern Bank Executor & Trustee Company Ltd.
Northern Ireland Industrial Bank (I.O.M.) Ltd.
Norwich General Trust Ltd.

Oriental Credit Ltd.
Overseas Trust Bank Ltd.

PL Investments & Savings Ltd.
PSP & Company (UK) Ltd.
Park Street Securities Ltd.
The People's Trust & Savings Ltd.
Phibrobank A.G.
Pointon York Ltd.
Prestwick Investment Trust p.l.c.
Punjab & Sind Bank

Ralli Investment Company Ltd.
R. Raphael & Sons p.l.c.
Rathbone Bros. & Co.
Reliance Trust Ltd.
Republic National Bank of New York
Rhône Trust Ltd.
Roxburghe Guarantee Corporation Ltd.
The Rural and Industries Bank of Western Australia

S. P. Finance Ltd.
St. Margaret's Trust Ltd.
St. Martin-le-Grand Securities Ltd.
David Sassoon & Co. Ltd.
Saturn Investment Management Co. Ltd.
Savings Bank of South Australia
Schroder Leasing Ltd.
Security Pacific Trust Ltd.
Shawlands Securities Ltd.
The Siam Commercial Bank, Ltd.
Smith & Williamson Securities
South Notts Finance Ltd.

Southsea Mortgage & Investment Co. Ltd.
Spring Gardens Securities p.l.c.
Spry Finance Ltd.
Standard Credit Services Ltd.
Standard Property Investment p.l.c.
State Bank of Victoria
Sterling Trust Ltd.
Swiss Bank Corporation International Ltd.

TCB Ltd.
The Teachers & General Investment Co. Ltd.
Texas Commerce International Ltd.
Thorncliffe Finance Ltd.
Treloan Ltd.
Trucanda Trusts Ltd.
Tullett and Riley Money Management Ltd.
Turkish Bank Ltd.
Tyndall & Co.

Ulster Bank Trust Company
Ulster Investment Bank Ltd.
Union Bank of India
United Dominions Trust Ltd.
Universal Credit Ltd.

Barrie Vanger & Co. Ltd.
Venture Finance Ltd.
Vernons Trust Corporation
Volkskas International Ltd.

Wagon Finance Ltd.
Wallace, Smith Trust Co. Ltd.
Wells Fargo Ltd.
West Riding Securities Ltd.
Western Trust & Savings Ltd.
Whiteaway Laidlaw & Co. Ltd.
Wimbledon & South West Finance Co. Ltd.
N. H. Woolley & Co. Ltd.

Yorkshire Bank Finance Ltd.
H. F. Young & Co. Ltd.