

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 29 February 1984 show an operating profit of £65.3 million, compared with £70.3 million in 1982/83. After a payment in lieu of dividend of £21.7 million (compared with £23.0 million) and a tax charge of £31.8 million, the profit transferred to reserves amounts to £11.8 million, compared with £24.7 million last year.

The current cost accounts, shown on page 30 show a profit before tax and dividend of £57.3 million, some £8.0 million less than in the historical cost accounts.

The *Issue Department* accounts are shown on page 32. 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 £1,198.0 million compared with £1,129.9 million in 1982/83.

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 19 to 31, and the statements of account of the Issue Department on page 32, in accordance with approved Auditing Standards.

In our opinion

- 1 The accounts on pages 19 to 29 give a true and fair view of the state of affairs of the Banking Department at 29 February 1984 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 29 February 1984 and its balances at that date.

- 3 The abridged supplementary current cost accounts of the Banking Department on pages 30 and 31 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
24 May 1984

Banking Department

Profit and loss account for the year ended 29 February 1984

1983 £000			1984 £000
70,309	Operating profit	(Note 2)	65,326
23,000	Payment to the Treasury under Section 1(4) of the Bank of England Act 1946	(Note 4)	21,750
47,309	Profit before taxation		43,576
22,596	Taxation	(Note 5)	31,802
24,713	Profit transferred to reserves	(Note 6)	11,774

The notes on pages 22 to 28 form part of these accounts.

Banking Department

Balance sheet: 29 February 1984

1983 £000			1984 £000
14,553	Capital		14,553
383,970	Reserves	(Note 6)	395,744
<u>398,523</u>			410,297
	Current liabilities		
644,774	Public deposits	(Note 7)	233,487
694,898	Bankers' deposits	(Note 8)	766,960
1,781,231	Other accounts	(Note 9)	1,046,537
23,000	Payable to the Treasury	(Note 4)	21,750
<u>3,143,903</u>			2,068,734
 <u>3,542,426</u>			 <u>2,479,031</u>

The notes on pages 22 to 28 form part of these accounts.

Banking Department

Balance sheet: 29 February 1984

1983 £000			1984 £000	£000
	Liquid assets			
17,227	Notes and coin		12,828	
229,634	Cheques in course of collection		222,898	
1,339,883	Treasury and other bills	(Note 10)	1,113,860	
1,586,744				1,349,586
338,328	Investments	(Note 11)		341,629
1,372,718	Advances and other accounts, less provisions	(Note 9)		540,349
25,309	Subsidiary companies	(Note 12)		25,342
219,327	Premises and equipment	(Note 13)		222,125
3,542,426				2,479,031

R LEIGH-PEMBERTON *Governor*

C W McMAHON *Deputy Governor*

ADRIAN CADBURY *Director*

H C E HARRIS *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 three 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 29 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 in respect of all material timing differences except where it is expected that the relevant timing difference will not reverse in the foreseeable future; tax is provided at corporation tax rates applicable to the year in which the relevant timing differences are expected to reverse.

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, or by an increase in the current contribution rate of, the relevant pension fund.

The Bank of England Pension Fund is reviewed annually and full actuarial valuations are obtained every three years. A full actuarial valuation is taking place as at 29 February 1984 and the results will be available in the Autumn. A full actuarial valuation is obtained yearly in respect of the Court Pension Scheme.

2 Operating profit

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

1983 £ thousands		1984 £ thousands
	Income	
	Interest:	
110,808	Treasury and other bills	95,918
41,885	Securities of, or guaranteed by, the British Government	44,503
14,688	Advances	8,789
	Interest and dividends:	
1,368	Listed securities	1,435
8,067	Unlisted securities	3,405
39,137	Charges for services to the Government	40,131
2,162	Rents	2,383
164	Surplus on disposal of fixed assets	5
	Charges	
67,849	Interest paid to depositors	48,286
424	Directors' emoluments (Note 3)	512
55	Auditors' remuneration	55
82	Hire of computers and other equipment	78
	Depreciation of premises and equipment (Note 1d)	7,125
6,396		

3 Directors' and employees' emoluments

The aggregate emoluments of the Governors and Directors for the year ended 29 February were:

1983 £11,500		1984 £11,500
	Fees	
	Other emoluments, including remuneration of Governors and Executive Directors and contributions to Directors' Pension Scheme	
£412,966		£500,945

In addition an actuarial valuation of the Court Pension Scheme as at 1 March 1983 disclosed an unfunded liability mainly in respect of past service, and a payment of £851,337 was made to the Scheme during the year to maintain a fully funded position.

The Governor's emoluments, excluding pension contributions, totalled £72,545 (1983 £51,980) and comprised £17,878 for Lord Richardson and £54,667 for Mr Leigh-Pemberton. Lord Richardson waived remuneration amounting to £8,988 (1983 £26,965). The emoluments, excluding pension contributions, of the highest paid Director were £64,733 (1983 £56,584).

The following table shows for the year ended 29 February the number of other Directors and of employees of the Bank receiving remuneration in excess of £30,000 (excluding pension contributions), within the bands stated.

1983			1984		
Directors	Employees		Directors	Employees	
12		£0 - £5,000	12		
—	39	£30,001-£35,000	—	46	
—	23	£35,001-£40,000	—	32	
—	21	£40,001-£45,000	—	26	
4	10	£45,001-£50,000	—	11	
—	1	£50,001-£55,000	4	4	

The aggregate remuneration of the employees of the Bank was £60.5 million (1983 £57.5 million).

4 Payment to the Treasury

1983		1984
£ thousands		£ thousands
7,500	Payable 5 April	7,250
15,500	Payable 5 October	14,500
<u>23,000</u>		<u>21,750</u>

5 Taxation

The charge for taxation comprises:

1983		1984
£ thousands		£ thousands
17,290	UK corporation tax at an average rate of 50.166% (1983 52%) based on the profits of the year	14,850
340	Income tax on franked investment income	381
(970)	Prior year adjustment	20
5,936	Deferred tax (see below)	16,551
<u>22,596</u>		<u>31,802</u>

The charge for deferred taxation includes an amount of £11,138,000, being the effect on the balance on the deferred taxation account at 28 February 1983 of the changes in the rates of corporation tax and the withdrawal of first year allowances proposed in the Finance (No. 2) Bill 1984.

The deferred tax liability of £3,100,000 is included under Other accounts (1983 Advances and other accounts) and is comprised as follows:

1983		1984
£ thousands		£ thousands
(13,400)	Short-term timing differences	(6,500)
—	Accelerated capital allowances	9,600
<u>(13,400)</u>		<u>3,100</u>

The potential liability for deferred taxation in respect of capital gains on unrealised revaluation surpluses less deficits, which is not provided in the accounts, is £16,100,000.

6 Reserves

	General reserve	Revaluation surplus	£ thousands
			Total
Balance at 1 March 1983	222,787	161,183	383,970
Profit of the year retained	11,774	—	11,774
Balance at 29 February 1984	<u>234,561</u>	<u>161,183</u>	<u>395,744</u>

7 Public deposits

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

8 Bankers' deposits

1983		1984
£ thousands		£ thousands
436,070	Cash ratio deposits	500,120
258,828	Other deposits	266,840
<u>694,898</u>		<u>766,960</u>

9 Other accounts

The large reduction in other accounts mainly arises from substantial transfers made during the year out of the Algerian escrow account.

10 Treasury and other bills

1983		1984	
£ thousands		£ thousands	
82,125	British Government Treasury bills	91,593	
1,257,758	Other bills	1,022,267	
<u>1,339,883</u>		<u>1,113,860</u>	

11 Investments

1983		1984	
£ thousands		£ thousands	
Book value	Valuation	Book value	Valuation
315,791	382,819	319,093	398,526
7,487	32,487	7,487	32,877
15,050	40,754	15,049	48,473
<u>338,328</u>	<u>456,060</u>	<u>341,629</u>	<u>479,876</u>

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

1983		1984
Percentage held		Percentage held
	Over 20%	
27	Agricultural Mortgage Corporation p.l.c. shares of £1 Share capital and reserves as at 31 March 1983 £27,272,000 Profit for the year ended 31 March 1983 £5,688,000	27
29	Portals Holdings p.l.c. ordinary stock Share capital and reserves as at 31 December 1982 £67,274,000 Profit for the year ended 31 December 1982 £14,794,000	29

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

	Commonwealth Development Finance Company Limited:	
1	'A' ordinary shares of £1 (10p paid)	1
93	'B' ordinary shares of £1 (50p paid)	93
42	Percentage of total nominal equity held Share capital and reserves as at 31 March 1983 £25,049,000 Profit for the year ended 31 March 1983 £2,014,000	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.

All the above companies are incorporated in Great Britain.

	Under 20%	
15	Investors in Industry p.l.c. shares of £1 (Incorporated in Great Britain)	15
10	Bank for International Settlements shares of 2500 Swiss gold francs (25% paid) (Incorporated in Switzerland)	10

12 Subsidiary companies

This comprises:

1983		1984
£ thousands		£ thousands
16,982	Investments in subsidiary companies	16,982
8,327	Amounts owing by subsidiary companies	8,360
<u>25,309</u>		<u>25,342</u>

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.

The net aggregate profits of the subsidiary companies attributable to the Bank, which have not been dealt with in the accounts of the Banking Department, and which are stated by reference to audited accounts are as follows:

1983		1984
£ thousands		£ thousands
1,280	For the year ended 29 February 1984	1,457
<u>9,136</u>	Since acquisition	<u>10,593</u>

Included within Current liabilities is a total of £1,448,000 (1983 £1,924,000) due, in the normal course of business, to subsidiary companies.

13 Premises and equipment

£ thousands

	Freehold premises	Leasehold premises		Equipment	Total
		(50 years and over unexpired)	(under 50 years unexpired)		
Cost or valuation					
At 1 March 1983	120,406	84,305	1,973	24,533	231,217
Acquisitions	2,870	1,123	214	5,759	9,966
Disposals	—	—	—	(189)	(189)
Adjustment in respect of fully depreciated assets	—	—	—	(1,275)	(1,275)
At 29 February 1984	123,276	85,428	2,187	28,828	239,719
Accumulated depreciation					
At 1 March 1983	2,170	1,197	17	8,506	11,890
Charge for the year	2,229	1,223	97	3,576	7,125
On disposals	—	—	—	(146)	(146)
Adjustment in respect of fully depreciated assets	—	—	—	(1,275)	(1,275)
At 29 February 1984	4,399	2,420	114	10,661	17,594
Net book value at 29 February 1984	118,877	83,008	2,073	18,167	222,125
Net book value at 28 February 1983	118,236	83,108	1,956	16,027	219,327
Cost or valuation at 29 February 1984 comprised:					
At 1982 valuation	117,815	82,415	30	—	200,260
At cost	5,461	3,013	2,157	28,828	39,459
	123,276	85,428	2,187	28,828	239,719

Contracts for capital expenditure authorised by the Directors and outstanding at 29 February 1984 totalled £14,828,000 (1983 £2,687,000). Further capital expenditure authorised at that date, but not contracted for, is estimated at £2,511,000 (1983 £971,000).

14 Transactions with Directors

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	140

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.

15 Charitable donations

Charitable donations during the year amounted to £84,000; no political contributions were made.

16 Contingent liabilities

Contingent liabilities, offset by corresponding obligations of third parties, arise in the normal course of business. In addition there are forward contracts for the purchase and sale of foreign currencies. It is not envisaged that any irrecoverable liability will arise from these transactions.

There are further contingent liabilities, including uncalled capital on UK investments, of £63 million (1983 £67 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 29 February 1984 was £222 million (1983 £226 million).

17 Date of approval

The Court of Directors approved the accounts on pages 19 to 31 on 24 May 1984.

Banking Department

Statement of source and application of funds for the year ended 29 February 1984

1983 £000		1984 £000
Source of funds		
70,309	Operating profit	65,326
	Adjustment for items not involving the movement of funds:	
5,257	Provision for losses in respect of Other securities	30
6,232	Depreciation, less profits on disposal of fixed assets	7,121
<hr/> 81,798	Funds generated by operations	<hr/> 72,477
	Funds from other sources:	
1,297	Disposal of Other securities	2
307	Disposal of premises and equipment	48
<hr/> 83,402		<hr/> 72,527
Application of funds		
22,011	Payment of taxation	18,989
18,000	Payment to the Treasury	23,000
7,560	Purchase of Other securities	30
11,184	Purchase of premises and equipment	9,966
24,647	Increase in working capital (see below)	20,542
<hr/> 83,402		<hr/> 72,527
Analysis of increase in working capital		
691,821	Current assets	(233,855)
202,972	Advances and other accounts	(818,873)
(42)	Advances to subsidiary companies	33
<hr/> 894,751		<hr/> (1,052,695)
	Less:	
870,104	Current liabilities, excluding taxation and payment to the Treasury	(1,073,237)
<hr/> 24,647		<hr/> 20,542

Banking Department

Current cost profit and loss account for the year ended 29 February 1984

1983 £ millions			1984 £ millions
70.3	Operating profit as in historical cost accounts		65.3
	Current cost adjustments:		
0.9	Additional depreciation charge	(Note 2)	1.2
6.2	Monetary working capital	(Note 3)	6.8
63.2	Current cost operating profit		57.3
23.0	Payment to the Treasury under Section 1(4) of the Bank of England Act 1946		21.7
40.2	Current cost profit before taxation		35.6
22.6	Taxation		31.8
17.6	Current cost profit transferred to revenue reserve		3.8

Current cost balance sheet: 29 February 1984

1983 £ millions			1984 £ millions
14.5	Capital		14.5
223.3	Revenue reserve		227.1
216.3	Current cost reserve	(Note 4)	239.8
454.1			481.4
3,143.9	Current liabilities		2,068.7
3,598.0			2,550.1
1,586.8	Liquid assets		1,349.6
389.1	Investments		400.5
1,372.7	Advances		540.3
25.3	Subsidiary companies		25.3
224.1	Premises and equipment	(Note 5)	234.4
3,598.0			2,550.1

The notes on page 31 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 22 and 23.

(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 revisions of value as at 29 February 1984 and having regard to appropriate professional advice.

Equipment—The majority of the figures for 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 are stated at cost less provision; other securities are at market or Directors' valuation.

Other assets and liabilities—These are stated 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

1983 £ millions		1984 £ millions
201.8	Balance at 1 March 1983	216.3
8.3	Surplus on revaluation of premises, equipment and investments	16.7
6.2	Monetary working capital adjustment	6.8
216.3	Balance at 29 February 1984	239.8

5 Premises and equipment

1983 £ millions			1984 £ millions	
Net		Gross	Depreciation	Net
203.3	Premises	211.9	—	211.9
20.8	Equipment	49.5	27.0	22.5
224.1		261.4	27.0	234.4

Issue Department

Account for the year ended 29 February 1984

1983 £000		1984 £000	1984 £000
	Income and profits:		
242,116	Securities of, or guaranteed by, the British Government	475,437	
930,332	Other securities	748,145	
—	Other receipts	19,515	1,243,097
	Expenses:		
29,510	Cost of production of Bank notes	30,068	
11,991	Cost of issue, custody and payment of Bank notes	12,185	
1,049	Other expenses	2,851	45,104
1,129,898	Payable to the Treasury		1,197,993

Statement of balances: 29 February 1984

1983 £000		1984 £000	1983 £000		1984 £000
	Notes issued:		11,015	Government debt	11,015
11,007,915	In circulation	11,457,345		Other securities of, or guaranteed by, the British Government	2,001,111
17,085	In Banking Department	12,655	3,285,996	Other securities	9,457,874
			7,727,989		
11,025,000		11,470,000	11,025,000		11,470,000

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 28 February 1984.
- The Court of Directors approved the above statements of account on 24 May 1984.

R LEIGH-PEMBERTON *Governor*

C W McMAHON *Deputy Governor*

ADRIAN CADBURY *Director*

H C E HARRIS *Chief of Corporate Services*

Banking Act 1979

Annual report by the Bank of England 1983/84

*Presented to the Chancellor of the Exchequer, and by him to
Parliament, pursuant to Section 4 of the Banking Act 1979*

Annual report by the Bank

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1. New authorisations and authorisations surrendered or revoked

The Bank considered proposals for a wide range of institutions from the United Kingdom and abroad for the establishment of deposit-taking businesses in the United Kingdom. During the year twenty six institutions were granted deposit-taking licences of which thirteen were overseas banks. Sixteen hundred three such licences were surrendered or revoked during the year. These included licences for deposit-taking banks and for a number of institutions which were granted recognition as banks.

Foreign institutions, including banks and non-bank companies, wished to take up deposit-taking activities. These of their institutions had then deposit-taking authority granted in their home countries. The remaining twelve institutions were authorised only because they had been asked to carry on a deposit-taking business in the United Kingdom. These institutions were granted licences to take up deposit-taking activities in the United Kingdom. The remaining twelve institutions were authorised only because they had been asked to carry on a deposit-taking business in the United Kingdom.

The Bank's interpretation and application of the Banking Act 1979 is set out in the following sections of the report.

The Bank's interpretation and application of the Banking Act 1979 is set out in the following sections of the report. The Bank's interpretation and application of the Banking Act 1979 is set out in the following sections of the report.

2. Developments in the banking system

The year ending 31 December 1979 was a year of rapid change in the banking system. The Bank's interpretation and application of the Banking Act 1979 is set out in the following sections of the report. The Bank's interpretation and application of the Banking Act 1979 is set out in the following sections of the report.

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 29 February 1984.

I New authorisations and authorisations surrendered or revoked

The Bank considered proposals by a wide range of institutions from the United Kingdom and abroad for the establishment of deposit-taking businesses in the United Kingdom. During the year twenty-six institutions were granted deposit-taking licences of which thirteen were overseas banks opening branches, three were subsidiaries of overseas banks and one was a joint venture owned by two overseas banks. Three licensed institutions were granted recognition as banks.

Fifteen institutions, five recognised banks and ten licensed companies, ceased to hold any deposit-taking authority. Three of these institutions had their deposit-taking authority revoked by the Bank. The remaining twelve surrendered their authority, either because they no longer wished to carry on a deposit-taking business or because they were acquired by, or merged with, institutions already holding deposit-taking authority. Included in these twelve were two overseas banks which closed their branches and four subsidiaries of overseas banks. Two previously recognised banks were granted licences.

The Bank's interpretation and application of the statutory criteria for authorisation to carry on a

deposit-taking business are covered in section V of this report.

II Published list of authorised institutions

A list of recognised banks and licensed institutions at the end of the Bank's financial year is appended to this report. The changes which occurred during the year are also shown. The list contains 290 recognised banks and 308 licensed institutions. Of these authorised institutions, 240 are overseas banks with UK branches, 63 are subsidiaries of overseas banks and 24 are joint ventures between overseas, and in some cases UK, banks. The list is regularly brought up to date and is available from the Bank on request.

III Developments in the banking system

International lending

The debt servicing difficulties experienced by a number of major borrowing countries continued to be a significant factor in international markets during the year. To help meet these difficulties, the rescheduling of maturing loans, and in some cases the provision of new money, was agreed or was under negotiation with over twenty countries, generally in conjunction with International Monetary Fund adjustment programmes. The Bank was in touch with other central banks regarding these developments and, in some instances, with the advisory committees representing commercial banks in negotiations with borrowers. In particular, it maintained close contact with UK banks involved in the negotiations. The UK banks played their full part in the support packages that were agreed.⁽¹⁾

(1) A more detailed account of developments in international banking markets during 1983 is to be found in the March 1984 issue of the Bank's *Quarterly Bulletin* (page 43).

At the end of 1983, lending⁽¹⁾ by bank groups incorporated in the United Kingdom to the eight largest borrowing countries experiencing debt servicing difficulties (Argentina, Brazil, Chile, Mexico, Philippines, Poland, Venezuela and Yugoslavia) was \$29 billion compared with \$28 billion a year earlier. When consortium banks and subsidiaries of foreign banks are excluded (that is, the calculation relates only to British owned banks) the consolidated exposure was \$21 billion (or the equivalent of 75% of their aggregate capital base) compared with \$20 billion (73% of their capital base) a year earlier.

It is likely that some of the major debtor countries will face problems in managing their external debt for some time to come. The Bank considers, however, that the action taken by the banks in the past year to set aside provisions and to sustain capital adequacy has strengthened their balance sheets and leaves them better placed to participate in the management of the debt problem in the period ahead. A summary of the Bank's monitoring of provisions and capital adequacy is contained in section IV of this report.

Developments in UK financial markets

The year also saw what is widely considered to be the start of a radical change in the structure of the UK financial sector. Hitherto, financial institutions have tended to specialise in particular areas of activity, and the provision of different kinds of services within a single company or group has on the whole been discouraged by supervisory authorities. The pressure for change has, however, grown considerably in recent years, stimulated by a more competitive climate in the United Kingdom and by the example of other countries where large financial institutions offer their customers a wide range of financial services from a single source.

The Bank considers it desirable that UK banks should be able to meet this challenge. However, the combination of banking and other financial activities within a single entity raises important

prudential questions regarding the identification and control of the additional risks which can arise and, in particular, their compatibility with the prudent employment of depositors' funds.

One significant development during the year was the decision of The Stock Exchange to abolish its rules on minimum commissions. This is expected to have important consequences for the structure and workings of the market. Since 1981 The Stock Exchange has permitted non-members to acquire equity holdings of up to 29.9% in member firms. More recently, The Stock Exchange has proposed the abolition of this limit and also the ending of the single capacity broking/jobbing system. With these changes in prospect several banks have already acquired strategic stakes in stock exchange firms and many others are considering their future role in the securities markets.

The Bank will be giving further consideration to these issues during the coming year and will be discussing them with the institutions concerned and with other supervisory authorities.

IV Continuing supervision

The Bank's general approach to supervision, based on the analysis of statistical information and regular discussions with the management of deposit-taking institutions, remains on the basis described in the report for 1981/82.

Discount houses

The description in the report for 1981/82 did not cover the arrangements made for the supervision of the specialist money-market institutions, the discount houses. The principles governing their supervision are essentially the same as those for other authorised institutions, although their application reflects the particular characteristics of these specialist institutions. In the main, the houses hold short-term marketable assets, which embody little or no credit risk; but their liabilities are of even shorter maturity, a considerable proportion being

(1) The aggregate figures shown for the banks' lending to the major country debtors have been calculated after allowing for transfers of risk which arise when a loan is made to a borrower in one country with a guarantee from a third country.

at call, reflecting the function of the discount houses in providing liquidity to the rest of the banking system. The main exposure of the houses is therefore to investment risk—the possibility that the market value of their assets might decline. The basis for monitoring these risks was revised in the course of 1982. Under these new arrangements,⁽¹⁾ assets are classified mainly by their term to maturity, which experience suggests reflects the degree of investment risk. All but the shortest assets are assigned an 'added risk' weighting; the longer the maturity of the assets in each class, the higher the weighting. Total assets are then adjusted in the light of these weightings. The Bank requires each discount house to observe certain maximum ratios between this adjusted figure and the size of its capital base, a measure of the house's ability to absorb losses.

Provisions

During the year the Bank monitored closely the extent of international lending by UK banks and the amount of provisions set aside against such exposures.

Each bank has the primary responsibility for recognising and acting on any deterioration in the quality of its assets. Its auditors have a duty to review and report on the directors' judgment. The Bank reviews individual banks' policies in the light of their particular circumstances. If it considers a bank's response is inadequate, it will seek to promote some improvement.

In addition to their established procedures for assessing the quality of loans to commercial borrowers, banks have had to develop and refine their assessment of large scale lending to the public sector in other countries, as well as the extra dimension of risk associated with cross-border commercial lending to countries experiencing external payments difficulties.

A particular problem for banks is to determine the level of provisions needed against loans to countries

which have rescheduled, or are in the course of rescheduling, their external debt. This is a recent problem for the banks in terms of scale and significance, and is further complicated by the need for the banks to consider how far they should continue to lend in order to assist the countries concerned to undertake the necessary external payments adjustments.

A number of banks have established substantial specific provisions in respect of their exposures arising from commercial lending, and in some cases from sovereign lending, to certain debtor countries. Banks have found it difficult to reach a firm judgment, however, about the prospects of several large sovereign borrowers experiencing problems and such specific provisions that have been made against these particular exposures have tended to be limited. In recognition of this, sizable general provisions have been made by the banks to reflect the deterioration in the quality of their assets during the past two years.

There may well continue to be a need for banks to set aside provisions and to increase financial resources from retained profits and the raising of new capital to serve as protection against international lending of uncertain value. Prudential assessment of the adequacy of provisioning by individual banks must be considered alongside their capital resources and the Bank will be keeping these aspects under review in the period ahead.

Capital trends

The Bank has continued to pay close attention to the capital adequacy of the institutions which it supervises. Notwithstanding some improvement in the domestic economy, banks have had to provide continuing support to customers experiencing strains in the aftermath of the recession—a familiar cyclical development; and, as already indicated, banks with international exposure have had to face the consequences of the recession worldwide. These pressures have underlined the need for banks to

(1) The system is described in greater detail in the June 1982 issue of the Bank's *Quarterly Bulletin* (pages 209–11).

maintain and improve their capital ratios, both to afford protection against any further deterioration in the quality of their assets and to provide a sound basis for continued prudent expansion in other areas. Banks in a number of countries have enhanced their capital resources both by improving profits and by raising additional funds in the capital markets. In the United Kingdom capital ratios have generally been well sustained and in many cases strengthened, although further improvement is desirable.

In his recent Budget statement the Chancellor of the Exchequer announced changes in the investment allowances available for purchases of capital equipment. The changes materially affect the tax position of companies, including deposit-taking companies, which undertake leasing business. Where a need arises to reconstitute deferred tax provisions, there will be an impact, in some cases substantial, on the companies' capital positions. A number of banks have already made announcements about the effect of the changes on their own positions. However, taking account of the improvements in capital ratios which took place during 1983, the Bank is satisfied that the deposit-taking institutions principally affected by the Budget changes are able to sustain their capital resources at adequate levels.

Holdings of subordinated loan capital

The banking system both in the United Kingdom and overseas has come to place increasing reliance on issues of subordinated debt to supplement equity as part of its capital resources. Such issues have been a significant element in the enhancement of banks' capital resources referred to above.

The holders of this debt are often investors outside the banking system but certain banks have built up holdings, including issues of subordinated floating-rate notes, to levels which are significant in relation to their own capital resources. The Bank has become concerned at this build up of banks' holdings of other banks' subordinated debt, believing that the same capital should not be used

by more than one institution to support its liabilities. It has therefore reminded the banking industry of its established policy of deducting such holdings from capital resources in computing capital adequacy ratios.

Deduction can have a severe effect on the ratios of those banks which perform an important role in the primary and secondary markets in such securities. The Bank recognises that a properly functioning market in such debt is necessary for the continued provision of this form of capital from outside the banking system. It is therefore considering further how the circumstances of banks which make markets in these issues can be reconciled with its general policy in this area.

Liquidity

During the year the Bank held discussions with a large number of institutions on the management of their liquidity. The Bank's approach to the prudential supervision of liquidity was described in its paper *The Measurement of Liquidity*,⁽¹⁾ which provided the framework for these meetings. It was confirmed that individual institutions' needs for liquidity vary considerably, depending on the nature of their activities and their role in the markets. Informed by these discussions, the Bank will now be seeking to form and agree guidelines for liquidity appropriate to individual institutions or groups of institutions.

Supervision of overseas banks' UK branches

The difficulties experienced by a number of countries in servicing their international debts led to liquidity pressures on their banks, some of which maintain branches in London (as well as in other international financial centres). These pressures eased gradually during the year and the banks concerned have been able to continue their day-to-day operations in the London market.

In the light of this experience and its shared responsibility for the supervision of branches of overseas banks, the Bank has been increasing the

(1) Reprinted in the September 1982 issue of the Bank's *Quarterly Bulletin* (page 324).

frequency of its discussions with the management of London branches. This will enable the branches' liquidity and the spread of their assets to be examined in more detail. Initially the Bank has directed most attention to branches of the smaller overseas banks, particularly those from countries with debt servicing problems.

Later in 1984, it is proposed to extend the range of statistical information collected from branches of overseas banks, bringing it more into line with that collected from UK-incorporated institutions.

Circular to authorised institutions

In April 1983 the Bank issued a circular to authorised institutions giving guidance on connected lending and large loans to individual customers, and reminding them that they should not give floating charges over their assets as security for their own borrowing. Institutions were also reminded of the importance attached to the prompt submission of their annual report and audited accounts to the Bank—preferably within three months and certainly no later than six months after a company's year end. A full description of the circular was given in section IV of the report for 1982/83.

Changes in the ownership of authorised institutions

Section 14 of the Banking Act requires that a licensed institution must notify the Bank in writing within twenty-one days of any change of its controllers (as well as of its directors and managers). In practice, the Bank expects any institution, whether it is a recognised bank or licensed institution, to consult it in good time before any change of the shareholder controllers takes place. It also generally expects depositors to be notified of changes of ownership.

The Bank will discuss with the proposed new shareholder controllers their intentions for the future development of the business. Should it not have had sufficient opportunity to satisfy itself in advance of a change of control, so that there is doubt as to whether the minimum criteria in Schedule 2 to the Act will continue to be fulfilled,

the Bank may seek surrender of the institution's licence. If this is not forthcoming the Bank will consider whether grounds exist for exercising its powers under Section 7 of the Act to revoke the licence outright or to replace it with a licence subject to conditions.

V Interpretation and application of the Banking Act 1979

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

The grant of deposit-taking authority requires the Bank to be satisfied that the relevant minimum criteria in Schedule 2 to the Act are fulfilled with respect to the applicant institution. This is also a continuing requirement as the Bank's powers under Section 7 to revoke recognition or a licence become exercisable if it appears to the Bank that any of the criteria which apply to the institution concerned are not being, or have not been, fulfilled.

The interpretation and application of the criteria have been kept under review during the year. They remain the same as described in previous reports. The Bank believes, however, that it may help prospective applicants and existing authorised institutions to learn in greater detail how the Bank interprets some of the criteria. The Bank's interpretation of the 'fit and proper person' criterion, and the requirements that an institution's business must be effectively directed by at least two individuals and be conducted in a prudent manner, are set out below.

(i) The 'fit and proper person' criterion

Paragraph 7 of Schedule 2 to the Act provides that every director, controller and manager—as defined in Section 49—of a licensed institution must be a fit and proper person to hold that position. Although it is not set out as an explicit provision, this criterion is also encompassed within the requirements for recognition as a bank (paragraph 3 of Schedule 2). In considering whether a person fulfils the criterion the Bank has regard to a number of general considerations, while always taking account of the particular circumstances of the person and institution concerned.

With regard to a person who is a director, executive controller or manager of the institution itself, the Bank includes among the relevant considerations whether he has sufficient skills, knowledge, experience and application properly to undertake and fulfil his particular duties and responsibilities.

In addition, the Bank takes into account the person's reputation and character, including such matters as whether he has a criminal record.⁽¹⁾ Convictions for dishonesty are especially relevant, but the Bank also has regard to other types of offence since it is vital that a person responsible for managing a deposit-taking institution is of the highest integrity.

In the case of existing licence holders, the Bank has regard to the performance of the person in the exercise of his duties. Thus, imprudence in the conduct of an institution's business or anything which has threatened, without necessarily having damaged, the interests of existing or future depositors will reflect adversely on those responsible, whether the matters of concern have arisen through the way they have acted or their failure to act in an appropriate manner. The Bank takes a 'cumulative' approach, so that it may determine that a person does not fulfil the criterion on the basis of several instances of such conduct which taken individually would not lead to that conclusion.

The standards demanded are more onerous for those with prime responsibility for an institution's affairs, though they will vary according to the scale and nature of the business concerned. In all cases, the Bank looks for a firmly based understanding of the institution's business and a clear conception of its future development, and also for evidence of sound judgment regarding both commercial and administrative matters relevant to the business.

With regard to shareholder controllers, the Bank takes account, *inter alia*, of their business record,

their other business interests, their financial soundness and strength and, in the case of bodies corporate, the nature and scope of their business.

To assist the Bank in making these judgments in the case of applications for deposit-taking authority, the person concerned is asked to complete a questionnaire relating to his background, business record and experience, and the institution is asked to submit a programme of operations so that account can be taken of the particular circumstances of its business. The Bank also makes enquiries of outside sources about the person. Following authorisation, it is a requirement that new directors, controllers, and managers submit completed questionnaires on, or shortly after, their appointment;⁽²⁾ and that existing occupants of offices undertake to inform the Bank of any material changes in their circumstances since completing their questionnaires.

(ii) The 'four eyes' criterion

Paragraphs 4 and 8 of Schedule 2 to the Act provide that at least two individuals must effectively direct the business of an authorised institution. In the case of a body corporate, it is expected that the individuals concerned will be either executive directors or persons granted executive powers by, and reporting immediately to, the board; and in the case of a partnership, the Bank will look for at least two general or active partners.

These provisions are designed to ensure that at least two minds are applied both to the formulation and implementation of the policy of the institution. The Bank would not regard it as sufficient for the second person to make some, albeit significant, decisions relating only to a few specific aspects of the business. Both must demonstrate the qualities and application to influence strategy, day-to-day policy and their implementation, and both must actually do so in practice. Both persons' judgments must be

(1) In this connection the Bank is permitted by Section 43(2) of the Act to have regard to 'spent' convictions.

(2) As stated in section IV of this report, the Bank expects to be consulted in advance of changes in an institution's shareholder controllers.

engaged in order that major errors leading to difficulties for the business as a whole are less likely to occur. Both persons must have sufficient experience and knowledge of the business and the necessary personal qualities to detect and resist any imprudence, dishonesty or other irregularities by the other person.

(iii) The 'prudent manner' criterion

Paragraph 10 of Schedule 2 to the Act requires that a licensed institution must carry on its business in a prudent manner. Sub-paragraphs (a), (b) and (c) of paragraph 10 specify particular requirements; namely, adequate capital resources, adequate liquidity and adequate provisions in relation to bad and doubtful debts. There are clearly other elements, however, not specified in terms in paragraph 10 which are included in this concept and on which the applicant institution must therefore satisfy the Bank before a licence can be granted. In considering whether an institution fulfils the criterion, the Bank therefore has regard to a number of considerations, while always taking account of the particular circumstances of the institution concerned.

As noted in (i) above, the Bank requires all applicant institutions to submit a programme of operations based on clearly defined and realistic objectives. In considering whether this programme is likely to be implemented in a prudent manner, the Bank pays particular attention to the quality, experience, balance and organisation of the management team in relation to the programme. The Bank may also seek specific undertakings on the future conduct of the business such as the mix and type of assets to be acquired.

The Bank's experience since the Act came into operation in 1979 has been that newly-formed institutions, which are not directly associated with an established and proven deposit-taking institution, can be susceptible to early difficulties. These difficulties have on the whole arisen from lack of relevant expertise and judgment, particularly in lending, or from ill-constructed and insufficiently tested business strategies. The Bank may therefore

find it difficult to be satisfied that an applicant institution which is not supported by an established deposit-taking institution will carry on a deposit-taking business in a prudent manner, unless the institution has already for some time been carrying on successfully a business similar to that planned (even if on a lesser scale) but financed either by bank borrowing or from other sources not involving the acceptance of deposits from the public.

The Bank expects to be consulted in good time before an institution subsequently amends or departs significantly from the programme of operations submitted in support of its application for authorisation.

Once an institution has been licensed, the Bank will keep under review whether the criterion continues to be fulfilled. In addition to the specific requirements of sub-paragraphs (a), (b) and (c) of paragraph 10 referred to above, the Bank includes among the relevant considerations the amount of connected business an institution undertakes; whether or not it keeps within prudent limits the size of exposures to individual customers and any exposures to movements in the value of foreign currencies or in interest rates; and whether the institution's administration, its lending procedures and control systems, its record keeping, and its management and financial accounting systems and controls are adequate for the type and scale of business which it undertakes. This list of considerations is not exhaustive as the relevant matters will depend on the particular circumstances of the institution concerned.

In making these judgments, the Bank draws on its experience in prudential supervision of institutions' business; its approach to supervision is described in the report for 1981/82 and further in section IV of this report.

In cases where the Bank becomes concerned that an institution may not be conducting its business in a prudent manner or that depositors' interests may

otherwise be threatened, the Bank will consider whether to exercise its powers, under Section 16 of the Act, to require the institution to provide information relevant to its concerns; or to allow the Bank to examine the institution's books and papers. Alternatively, where it is considered desirable in the interests of depositors, the Bank may exercise its powers, under Section 17 of the Act, to appoint inspectors, usually from a firm of chartered accountants, to investigate and report on the state and conduct of the institution's business.

Conditional licences

Section 7(1)(b) of the Act provides that where the Bank's powers to revoke recognition or a licence are exercisable, it may, *inter alia*, revoke the existing authorisation of the institution concerned and grant in its place a licence subject to conditions. The Bank has discretion to impose such conditions as it considers necessary to protect depositors with the institution. These may include limitations on the acceptance or soliciting of deposits, the granting of credit and the making of investments, or require the removal of any director, controller or manager of an institution. The term of a conditional licence may not exceed one year.

The Bank would consider using its powers to substitute a conditional licence for a full licence where it was of the view that there existed a sound and viable programme for recovery of the business and its future development and that the particular difficulties experienced by the institution could be rectified within a short period, or where the institution was winding down in an orderly manner and the Bank considered that the interests of its depositors would best be served by allowing some, possibly limited, deposit-taking activity to continue in the meantime. In addition, a conditional licence might be issued in the circumstances described in section IV of this report.

Revocations

During the year the Bank revoked one recognition, two full licences and one conditional licence. In two

of these cases the Bank granted the institution concerned a licence subject to conditions.

The reasons for the Bank taking steps to revoke authorisation varied. They included failure to maintain adequate levels of capital and liquidity; excessive levels of lending to associated companies which had threatened the interests of depositors; serious deficiencies in internal controls and administration; breaches of conditions; and the Bank's finding that those responsible for the running of the business were not fit and proper to hold their respective positions.

In the two instances where the Bank revoked deposit-taking authority outright it also imposed directions under Section 8 of the Act designed to protect the interests of depositors.

Appeals

On 8 February 1983 St.Martin-le-Grand Securities Ltd. appealed under the provisions of Section 11 of the Act to the Chancellor of the Exchequer against the Bank's decision of 19 January to revoke the company's licence. The appeal was heard over eight days during June and July. The Chancellor confirmed the Bank's decision on 14 November. The persons appointed by the Chancellor to hear the appeal directed that no publicity should be given to it before it was determined.

On 15 June 1983 David Sassoon & Co. Ltd. appealed to the Chancellor against the Bank's decision on 26 May to revoke its deposit-taking authority. The appeal was subsequently withdrawn. At a preliminary hearing on 26 July the persons appointed to hear the appeal directed that the hearing should be in public.

The Bank had given directions under Section 8 of the Act to both institutions at the time it gave notice of its intention to revoke, and these remained in force during the course of the appeals. The directions concerned were designed to protect the interests of existing and future depositors and, in

both cases, included a prohibition on advertising for further deposits.

Windings up

During the year three companies which had formerly held deposit-taking licences were subject to winding-up orders by the court while they still had deposit liabilities outstanding. They were Chancellor Finance Ltd., Goodwin Squires Securities Ltd. and Trinity Trust and Savings Ltd. Chancellor Finance Ltd. was subject to a creditors' voluntary winding up. The other two companies were subject to compulsory winding-up orders by the court on the petition of the Bank under Section 18 of the Act. The provisions of Section 18 of the Act were described in section VI of the report for 1982/83.

Shortly after the end of the year, St.Martin-le-Grand Securities Ltd. was subject to a compulsory winding-up order by the court on a creditor's petition.

Prosecutions

During the year the Bank initiated criminal proceedings in respect of offences under Section 1 of the Act against a principal of a former licensed institution which is now in liquidation.

A prosecution for an offence committed under the Act may only be brought in England and Wales by, or with the consent of, the Bank or the Director of Public Prosecutions. (Similar arrangements obtain in Northern Ireland.) The Bank and the Director have agreed that it would be appropriate for the Director to be responsible for oversight of the prosecution of the more serious criminal cases. In Scotland, prosecutions are brought by Procurators Fiscal without formal reference to the Bank, though the Bank stands ready to provide such assistance as may be required.

Aide-memoire to licensed dealers in securities

In April 1983 the Department of Trade announced the details of new Conduct of Business Rules and Licensing Regulations for licensed dealers in securities which were being introduced under the Prevention of Fraud (Investments) Act 1958. In view of this development, in May 1983 the Bank sent an aide-memoire to all licensed dealers in securities which were not authorised to accept deposits, reminding them that in handling clients' money they need to have regard to the provisions of Section 1 of the Banking Act as well as to the Conduct of Business Rules.

Commodity brokers

HM Treasury introduced a regulation⁽¹⁾ during the year exempting certain commodity and futures brokers in certain prescribed circumstances from the prohibition imposed by Section 1 of the Act on the acceptance of deposits. In brief, the exemption applies to margin and certain other moneys accepted by members of specified market organisations in connection with commodity and other futures contracts subject to the rules of a futures exchange.

The Bank held discussions during the year with a number of brokers which were not in a position to take advantage of the exemption, to ensure that they were not in breach of the Act. In certain cases where suitable arrangements could not be made, the Bank sought undertakings from the firms concerned that they had ceased accepting deposits.

VI Advertising

In December 1983 HM Government announced that it proposed to introduce regulations under Section 34 of the Act in respect of advertisements in the United Kingdom inviting deposits to be made outside the United Kingdom and other member states of the European Communities. It was also announced that advertising practices would be kept

(1) See section X of this report.

under review and the scope of the regulations widened if necessary. The Bank subsequently issued a consultative paper. The principal proposal was that such advertisements should include a prominent statement that deposits would be made outside the United Kingdom and would not be covered by any UK deposit protection arrangements. Advertisements would also be required to state, *inter alia*, the name of the deposit-taking institution, the value of its net assets and the currency in which the deposit would be denominated.

It is expected that the regulations will be introduced in the course of the current year. They will supersede the regulations made under the Protection of Depositors Act 1963 and the equivalent Northern Ireland legislation, and at the same time therefore those two statutes will be repealed. Section 39 of the Banking Act will also be brought into force, making it a criminal offence fraudulently or recklessly to induce a person to make a deposit. This Section will replace similar provisions in Section 1 of the 1963 Act and in the equivalent Northern Ireland legislation.

Concern has been expressed from time to time over the content of advertisements soliciting moneys for off balance sheet money funds⁽¹⁾ and high-interest deposit accounts and, in particular, over the way in which interest rates are specified in such advertisements. The Bank has shared some of these concerns and has therefore welcomed an agreement during the year between the institutions concerned to establish guidelines governing their advertisements.

VII Representative offices of overseas deposit-taking institutions

An overseas deposit-taking institution which carries on a deposit-taking business outside, but not in, the United Kingdom is required by Section 40 of the Act to notify the Bank within one month of its establishing a representative office in the United Kingdom. A representative office for the purposes

of the Act is premises from which an institution promotes or assists its deposit-taking business or other of its banking activities.

The Act gives the Bank no powers to authorise or prohibit the establishment of representative offices. Nevertheless, in the context of its general responsibilities for supervising the UK banking system, the Bank expects to be consulted by overseas banks in advance of a representative office being set up in the United Kingdom, and to be assured that this move has been undertaken with the knowledge of the parent supervisory authority. Such offices are not authorised to conduct a deposit-taking business and the Bank expects them to restrict themselves to representative activities in a narrow sense.

Section 36(9) of the Act provides that an overseas deposit-taking institution which has a representative office in the United Kingdom may use its 'banking name' here provided the words 'representative office' are used in immediate conjunction and are given at least equal prominence.

VIII 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 and Luxembourg. The Committee is chaired by Mr W P Cooke, an Associate Director of the Bank of England.
- the Banking Advisory Committee to the European Commission.
- the Contact Group of Supervisors from the member states of the European Communities.

(1) For a discussion of money funds, see section IV of the report for 1982/83.

During the year the Basle Supervisors Committee considered a wide range of supervisory issues and continued its efforts to improve the effectiveness of supervisory authorities' surveillance of international banking business. As noted in last year's report, in June 1983 the Committee issued a revised version of the paper first issued in 1975 and known as the Basle Concordat, which sets out the principles governing supervisory responsibilities for banks' foreign establishments. The main changes were to incorporate the principle of consolidated supervision, while emphasising that this did not imply any lessening of host authorities' responsibilities, and to propose further ways of preventing gaps in the supervisory network. Against the background of the current international debt difficulties, the Committee devoted particular attention to the issues raised by provisioning against problem international loans, and to examining aspects of the measurement of banks' capital adequacy. The Committee strengthened its links with other supervisory groupings, in particular the Commission of Latin American and Caribbean Supervisory and Inspection Organisations and the Offshore Group of Supervisors, and with supervisory authorities around the world.

In February 1984 a statement was issued by the International Federation of Accountants, in the joint names of itself and the Basle Supervisors Committee, which outlined the procedures to be used by banks' internal and external auditors in obtaining independent confirmation of financial and business relationships with other banks.

During the year the Bank participated in discussions on a number of proposals by the European Commission for measures applying to credit and financial institutions. Work also continued, particularly in the Contact Group, on the construction and refinement of a number of observation ratios comparing the solvency, liquidity and profitability of credit institutions, as provided for under Article 6 of the First Banking Co-ordination Directive of 12 December 1977. Also, as noted in the report for 1982/83, a directive

on the supervision of credit institutions on a consolidated basis was adopted in June 1983. The Bank has always supported the principle of consolidated supervision and is now discussing with individual institutions the steps necessary to adapt its present system of supervision to meet fully the provisions of the directive.

In addition to its more formal contacts with other supervisory authorities through the supervisory groupings described above, the Bank continued to have frequent informal contacts with individual supervisory authorities overseas to discuss particular cases where there is a shared supervisory responsibility. These discussions help in resolving difficulties that arise in relation to individual institutions and in ensuring that no deposit-taking establishment falls outside the supervisory network.

IX Administration

By the end of the year the number of staff working on banking supervision had increased from 103 to 120 (87 of these were engaged directly in supervisory work and 33 in a supporting role). The additional resources were required to enable the Bank to continue to fulfil its obligations under the Act, and to respond to a greatly increased volume of non-routine supervisory work arising from developments in the financial system both at home and abroad, many of which have been referred to earlier in this report.

The responsibility for supervision of the discount houses, discussed in section IV of this report, rests with the Money Markets Division of the Bank, (which also has responsibility for the Bank's money market operations). The Division comprises seven people, who are not included in the numbers of staff shown above.

X Orders and regulations

The following orders and regulations were introduced under the Act—

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.

1983 No 1100, The Deposit Protection Fund (Excluded Institutions) Order 1983

This added the State Bank of New South Wales to the list of institutions which are exempt from the requirement to contribute to the Deposit Protection Fund and whose deposit liabilities are not covered by the protection afforded by Section 28 in the event of insolvency. This Order came into operation on 1 September 1983.

1983 No 1865, The Banking Act 1979 (Exempt Transactions) Regulations 1983

These regulations consolidated, with amendments, the Banking Act 1979 (Exempt Transactions) Regulations 1979 as amended, which prescribed certain transactions to which the prohibition on

deposit-taking in Section 1(1) does not apply. There were two amendments of substance. The first amended former Regulation 11 (now Regulation 8). Previously this applied only to co-operative industrial and provident societies conducting retail or service business, or to industrial and provident societies 90% of the shares in which were held by other societies conducting such business. The amendment allows shares held by registered friendly societies to be taken into account when calculating this percentage. The other amendment of substance concerned the list (now in Schedule 3) of public bodies which are allowed to accept deposits from each other. The list was brought up to date by the addition of The Civil Aviation Authority and The Northern Ireland Transport Holding Company and the deletion of British Aerospace, The British Transport Docks Board and The National Freight Corporation. These revised regulations came into operation on 10 January 1984.

1984 No 396, The Banking Act 1979 (Exempt Transactions) (Amendment) Regulations 1984

These regulations added The London Meat Futures Exchange Ltd. to the list of market organisations whose members are exempt in certain circumstances from the prohibition in Section 1(1) on the acceptance of deposits. These regulations came into operation, shortly after the end of the year, on 11 April 1984.

Appendix

List of institutions recognised or licensed at 29 February 1984

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
 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.N.C.
 Banco Português do Atlântico
 Banco Real S.A.
 Banco Totta & Açores E.P.
 Banco Urquijo Hispano Americano Ltd.
 Bancomer, S.N.C.
 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 Francaise 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 Hypotheken—und Wechsel—Bank A.G.
 Bayerische Landesbank Girozentrale
 Bayerische Vereinsbank
 Berliner Bank A.G.

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.
 Center Bank N.A.
 Central Bank of India
 Central Trustee Savings Bank Ltd.
 The Chartered Bank
 Chaterhouse 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 Lyonnais Bank Nederland N.V.
 Crédit Suisse
 Crédit 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
 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.

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.

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 Christiana Bank (UK) Ltd.
Philippine National Bank
Postipankki (UK) Ltd.
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.
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
The Toyo Trust & Banking Company Ltd.
Trade Development Bank

UBAF Bank Ltd.
Ulster Bank Ltd.
Ulster Investment 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.
Wardley London 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.
Adam & Company p.l.c.
Afghan National Credit & Finance Ltd.
African Continental Bank Ltd.
Aitken Hume Ltd.
Ak International Ltd.
Al Baraka International Ltd.
Al Saudi Banque S.A.
The Alliance Trust p.l.c.
Allied Banking Corporation
Allied Irish Finance Co. Ltd.
Altajir Ltd.
Anglo-Yugoslav (LDT) Ltd.
Arab African International Bank
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.
Aubank Finance Ltd.
Avco Trust Ltd.

B.A.I.I. p.l.c.
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 Liban et d'Outre-Mer
Banque du Rhone et de la Tamise S.A.

Banque Internationale pour l'Afrique Occidentale 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.
 Boston Trust & Savings 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.
 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.
 Canara Bank
 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.
 Chancery Securities p.l.c.
 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.
 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.
 Cr dit Commercial de France
 Cr dit 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.
 Den Danske Bank af 1871 Aktieselskab
 Deutsche Genossenschaftsbank
 The Development Bank of Singapore Ltd.
 The Dorset, Somerset & Wilts Investment Society Ltd.
 Dryfield Finance Ltd.
 Dunbar & Co.Ltd.
 Duncan Lawrie Ltd.
 Dunsterville Allen p.l.c.

E.T.Trust Ltd.
 Eagil Trust Co.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.
 Enskilda Securities-Skandinaviska Enskilda Ltd.
 Equatorial Trust Corporation Ltd.
 Everett Chettle Associates
 Exeter Trust Ltd.

F&C Management Ltd.
 FIBI Financial Trust Ltd.
 Fairmount Trust Ltd.
 Family Finance Ltd.
 Farmers (WCF) Finance Ltd.
 Federated Trust Corporation Ltd.
 FennoScandia Ltd.
 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  sterreichischen Sparkassen A.G.
 Goldman Sachs Ltd.
 Goode Durrant Trust p.l.c.
 Granville Finance Ltd.
 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 & Savings Ltd.
 H. & J.Finance Co. (Midlands) Ltd.
 The Hardware Federation Finance Co.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.
 Investors in Industry p.l.c.
 Investors in Industry Group p.l.c.
 Iran Overseas Investment Corporation Ltd.
 Istituto Bancario San Paolo di Torino

Jabac Finances Ltd.

K.S.Consumer Credit 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 Bank (LABCO) Ltd.
 Lloyds Bowmaker Ltd.
 Lodhi Finance Ltd.
 Lombard Acceptances Ltd.
 Lombard & Ulster Ltd.
 Lombard North Central p.l.c.
 Lombard Street Investment Trust Co.Ltd.
 London and Arab Investments Ltd.
 London Law Securities Ltd.
 London Scottish Finance Corporation p.l.c.
 Lordvale Finance Ltd.

M.H.Credit Corporation Ltd.
 McNeill Pearson Ltd.
 Mallinhal Ltd.
 Manchester Exchange Trust Ltd.
 W.M.Mann & Co. (Investments) Ltd.
 Edward Manson & Co.Ltd.
 Manufacturers Hanover Export 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.
 Millford Mutual Facilities Ltd.
 Minster Trust Ltd.
 Moneycare Ltd.
 Moorgate Mercantile Holdings p.l.c.
 Mortgage Management & Investments Ltd.
 Mount Credit Corporation Ltd.
 Multibanco Comermer S.N.C.
 Musket Finance Ltd.
 Muslim Commercial Bank Ltd.
 Mynshul Trust Ltd.

N.I.I.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.
 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.

Oppenheimer Money Management Ltd.
 Oriental Credit Ltd.
 Overseas Trust Bank Ltd.

PL Investments & Savings 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
 Rhone Trust Ltd.
 Riyad Bank
 Roxburghe Guarantee Corporation Ltd.
 The Rural and Industries Bank of Western Australia

S.P.Finance Ltd.
 St.Margaret's Trust 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 New South Wales
 State Bank of Victoria
 State Street Bank and Trust Company
 Sterling Trust Ltd.
 Svenska International 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.
 Türkiye İş Bankası A.Ş.
 Tyndall & Co.

Ulster Bank Trust Company
 Union Bank of India
 Union Bank of Nigeria Ltd.
 United Dominions Trust Ltd.
 United Mizrahi Bank 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.
 Welbeck Finance p.l.c.
 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.

Changes to the list

The following changes were made during the year to the list of authorised institutions.

Additions

1 Recognised banks

Berliner Bank A.G.
Postipankki (UK) Ltd. (formerly PSP & Company (UK) Ltd.)
Ulster Investment Bank Ltd.

2 Licensed deposit-taking institutions

Adam & Company p.l.c.
Ak International Ltd.
Allied Banking Corporation
Arab African International Bank
B.A.I.I. p.l.c. (formerly Gray Dawes p.l.c.)
Banque du Liban et d'Outre-Mer
Banque Internationale pour l'Afrique Occidentale S.A.
Canara Bank
Crédit Commercial de France
Den Danske Bank af 1871 Aktieselskab
The Dorset, Somerset & Wilts Investment Society Ltd.
Eagil Trust Co. Ltd.
Enskilda Securities - Skandinaviska Enskilda Ltd.
FennoScandia Ltd.
Granville Finance Ltd.
K.S. Consumer Credit Finance Ltd.
Lloyds Bowmaker Ltd.
Muslim Commercial Bank Ltd.
Riyad Bank
State Bank of New South Wales
State Street Bank and Trust Company
Svenska International Ltd.
Türkiye İş Bankası A.Ş.
Union Bank of Nigeria Ltd.
United Mizrahi Bank Ltd.
Welbeck Finance p.l.c.

Deletions

1 Recognised banks

Amex Bank Ltd.
Banque Française de Crédit International Ltd.
Girard Bank
Gray Dawes Bank p.l.c.
Muslim Commercial Bank Ltd.
Page & Gwyther Ltd.
Toronto Dominion International Bank Ltd.

2 Licensed deposit-taking institutions

Berliner Bank A.G.
Bowmaker Ltd.
Chancellor Finance Ltd.
Colonial Bank
Dawnay Day & Co. Ltd.
Joliman Finance Ltd.
Lloyds & Scottish Trust Ltd.
Manufacturers Hanover Industrial Finance Ltd.
M.J.H. Nightingale & Co. Ltd.
PSP & Company (UK) Ltd.
St. Martin-le-Grand Securities Ltd.
David Sassoon & Co. Ltd.
Ulster Investment Bank Ltd.

Name changes

1 Recognised banks

Bancomer, S.A.	to	Bancomer, S.N.C.
Banco Nacional de Mexico S.A.	to	Banco Nacional de Mexico S.N.C.
Antony Gibbs & Sons, Ltd.	to	Wardley London Ltd.
MAIBL p.l.c.	to	Standard Chartered Merchant Bank Ltd. ⁽¹⁾
PSP & Company (UK) Ltd.	to	Postipankki (UK) Ltd.
N.V. Slavenburg's Bank	to	Credit Lyonnais Bank Nederland N.V.

2 Licensed deposit-taking institutions

Burlington Investments Ltd.	to	London and Arab Investments Ltd.
Chancery Securities Ltd.	to	Chancery Securities p.l.c.
FFI (UK Finance) p.l.c.	to	Investors in Industry p.l.c.
Finance for Industry p.l.c.	to	Investors in Industry Group p.l.c.
Gray Dawes p.l.c.	to	B.A.I.I. p.l.c.
Hargrave Securities Ltd.	to	Al Baraka International Ltd.
HFC Trust Ltd.	to	HFC Trust & Savings Ltd.
Multibanco Comermex S.A.	to	Multibanco Comermex S.N.C.
Saturn Investment Management Co. Ltd.	to	Oppenheimer Money Management Ltd.

(1) The former Standard Chartered Merchant Bank Ltd. ceased to be a recognised bank.

Addresses and telephone numbers

London	Head Office	Threadneedle Street London EC2R 8AH	01-601 4444 ⁽¹⁾
	Registrar's Department	New Change London EC4M 9AA	01-601 4444
	Clearing Centre	161 City Road London EC1V 1PA	01-601 4444
	Printing Works	Langston Road Loughton Essex IG10 3TN	01-508 6221
Branches	Birmingham	PO Box 3 55 Temple Row Birmingham B2 5EY	021-643 8571
	Bristol	PO Box 10 Wine Street Bristol BS99 7AH	0272 277251
	Leeds	King Street Leeds LS1 1HT	0532 441711
	Liverpool	PO Box 76 31 Castle Street Liverpool L69 2AZ	051-236 7092
	Manchester	PO Box 301 Faulkner Street Manchester M60 2HP	061-228 1771
	Newcastle	PO Box 2BE Pilgrim Street Newcastle upon Tyne NE99 2BE	0632 611411
	Southampton	PO Box 20 31-33 High Street Southampton SO9 7AZ	0703 39421
Glasgow Agency		25 St Vincent Place Glasgow G1 2EB	041-221 7973

(1) Enquiries relating to this *Report* or to the *Quarterly Bulletin* may be made on 01-601 4030.