Contents

2 Governor’s Foreword
6 The Court of Directors
8 Governance and Accountability
10 Organisation Overview
12 The Executive and Senior Management
14 The Bank’s Core Purposes
15 Review of Performance against Objectives and Strategy
28 Monetary Policy Committee Processes
35 Objectives and Strategy for 2000/01
36 Financial Framework for 2000/01
40 Personnel, Community Activities and Technical Assistance
45 Remuneration of Governors, Directors and MPC Members
50 Report from Members of Court
56 Report by the Non-Executive Directors
58 Report of the Auditors
60 The Bank’s Financial Statements
60 Banking Department Profit and Loss Account
61 Banking Department Balance Sheet
62 Banking Department Cash Flow Statement
63 Notes to the Banking Department Financial Statements
85 Issue Department Statements of Account
86 Notes to the Issue Department Statements of Account
88 Addresses and Telephone Numbers

Report of the Auditors

TO THE GOVERNOR AND COMPANY OF THE BANK OF ENGLAND

We have audited the financial statements of the Banking Department on pages 60 to 84, and the statements of account of the Issue Department on pages 85 to 87.

RESPECTIVE RESPONSIBILITIES OF THE MEMBERS OF COURT AND AUDITORS

The Members of Court are responsible for preparing the Annual Report, including as described on page 52, the financial statements and the statements of account. We have taken our responsibilities, as independent auditors, to be those which would have applied if they had been established primarily by the United Kingdom Companies Acts, and those applied by the Auditing Practices Board of the United Kingdom, and our profession's ethical guidance.

We report to you our opinion as to whether the financial statements of the Banking Department give a fair presentation and are properly prepared on the basis of note 1 (a). We also report to you our opinion as to whether the statements of account of the Issue Department give a fair presentation, and are properly prepared on the basis described on page 86. Furthermore, we report to you if, in our opinion, the Report from Members of Court on pages 50 to 55 is not consistent with the financial statements and the statements of account, if the Bank has not kept proper accounting records or if we have not received all the information and explanations we require for our audit.

We read the other information contained in the Annual Report and consider the implications for our report if we become aware of any apparent misstatements or material inconsistencies with the financial statements or the statements of account.

BASIS OF OPINION

We conducted our audit in accordance with Auditing Standards issued by the Auditing Practices Board. An audit includes examination, on a test basis, of evidence relevant to the amounts and disclosures in the financial statements and the statements of account. It also includes an assessment of the significant estimates and judgements made by the Members of Court in the preparation of the financial statements and the statements of account, and of whether the accounting policies are appropriate to the Bank's circumstances, consistently applied and adequately disclosed.

We planned and performed our audit so as to obtain all the information and explanations which we considered necessary in order to provide us with sufficient evidence to give reasonable assurance that the financial statements and the statements of account are free from material misstatement, whether caused by fraud or other irregularity or error. In forming our opinion, we also evaluated the overall adequacy of the presentation of information in the financial statements of the Banking Department, the basis of which is described in note 1(a) and the statements of account of the Issue Department, the basis of which is described on page 86.

OPINION

In accordance with the Bank of England Act 1998, the financial statements of the Banking Department have been prepared on the basis set out in note 1(a) to comply with the requirements of Schedule 9 to the Companies Act 1985 and applicable Accounting Standards in the United Kingdom except in so far as the Bank has not considered it appropriate to do so having regard to its functions.

In our opinion

1/ The financial statements on pages 60 to 84 present fairly, on the basis referred to above, the state of affairs of the Banking Department at 29 February 2000 and the profit and cash flows for the year then ended.

2/ The statements of account on pages 85 to 87 present fairly, on the basis described on page 86, the outcome of the transactions of the Issue Department for the year ended 29 February 2000 and its balances at that date.

PRICEWATERHOUSECOOPERS
Chartered Accountants and Registered Auditors

London
17 May 2000

Banking Department

Profit and loss account for the year ended 29 February 2000

	Notes	2000 £m	*1999 £m*
Profit after provisions and before tax	2	123	*172*
Payable to HM Treasury under Section 1(4) of the Bank of England Act 1946	5	(50)	*(70)*
Tax on profit on ordinary activities	6	(23)	*(32)*
Retained profit for the year	20	**50**	***70***

There is no material difference between the retained profit for the year disclosed above, and its historical cost equivalent.

Statement of total recognised gains and losses for the year ended 29 February 2000

		2000 £m	*1999 £m*
Profit transferred to reserves		50	*70*
Unrealised surplus/(deficit) on revaluation of property	13	3	*(3)*
Total recognised gains and losses for the year		**53**	***67***

Balance sheet as at 29 February 2000

	Notes	**2000 £m**	*1999 £m*
Assets			
Cash		5	*8*
Items in course of collection		405	*217*
Treasury and other eligible bills	8	11	*18*
Due from central banks in respect of TARGET	9	13,652	*7,949*
Loans and advances to banks, the money market and customers	9	5,415	*7,773*
Debt securities	10	3,496	*3,715*
Equity shares and participating interest	11	27	*26*
Shares in group undertakings	12	18	*18*
Tangible fixed assets	13	358	*353*
Prepayments, accrued income and other assets		511	*316*
Total assets		**23,898**	***20,393***
Liabilities			
Due to central banks in respect of TARGET	9	13,583	*7,349*
Deposits by central banks	14	2,959	*2,187*
Deposits by banks and building societies	15	1,812	*1,890*
Customer accounts	16	1,497	*7,280*
Euro bills	17	2,121	*–*
Other liabilities	18	584	*398*
		22,556	***19,104***
Capital	19	15	*15*
Revaluation reserves	20	242	*239*
Profit and loss account	20	1,085	*1,035*
Shareholder's funds	21	1,342	*1,289*
Total liabilities		**23,898**	***20,393***

E A J George	Governor
D C Clementi	Deputy Governor
Sheila Masters	Director
G Midgley	Finance Director

Cash flow statement for the year ended 29 February 2000

	Notes	2000 £m	*1999 £m*
Net cash (outflow)/inflow from operating activities	22	(173)	*162*
Corporation tax paid		(22)	*(41)*
Net receipt from financial investment		–	*39*
Purchases (net of sales) of premises and equipment		(18)	*(5)*
Capital expenditure and financial investment	22	(18)	*34*
		(213)	***155***
Payment to HM Treasury under Section 1(4) of the Bank of England Act 1946		(70)	*(70)*
(Decrease)/increase in cash	22	**(283)**	***85***

Notes to the Banking Department financial statements

1/ ACCOUNTING POLICIES

a/ Form of presentation of the financial statements

Under the Bank of England Act 1998, the Bank, in preparing the financial statements of the Banking Department, is subject to requirements corresponding to the Companies Acts requirements relating to a banking company. The Bank may, however, disregard a requirement to the extent that it considers it appropriate to do so having regard to its functions. The financial statements have, therefore, been prepared so as to present fairly the state of affairs of the Banking Department and its profit, cash flows and total recognised gains and losses and in accordance with the requirements of Section 255 of, and Part 1 of Schedule 9 to the Companies Act 1985 and applicable Accounting Standards in the United Kingdom in so far as they are appropriate having regard to its functions: that is, in particular, with the limitations explained below. This basis for preparing the financial statements has been followed for a number of years.

In exceptional circumstances, as part of its central banking functions, the Bank may act as “lender of last resort” to financial institutions in difficulty in order to prevent a loss of confidence spreading through the financial system as a whole. In some cases, confidence can best be sustained if the Bank’s support is disclosed only when conditions giving rise to potentially systemic disturbance have improved. Accordingly, although the financial effects of such operations will be included in the Banking Department’s financial statements in the year in which they occur, these financial statements may not explicitly identify the existence of such support. However, the existence of such support will be disclosed in the Annual Report when the need for secrecy or confidentiality has ceased.

As a result, the Bank’s financial statements disclose less detail of the constituent elements of the profit and loss account, particularly of interest income and expense and any provisions for bad and doubtful debts, together with consequential restrictions in detailed disclosures in the balance sheet, cash flow statement and the notes to the financial statements than would be required under the Companies Acts and applicable Accounting Standards.

The financial statements have been prepared on the historical cost basis of accounting, modified to include the revaluation of land and buildings. The accounting policies set out below have been applied consistently.

The Bank of England has no branches or operations abroad. The Members of Court consider that the activities of the Banking Department constitute a single business conducted in the United Kingdom and, accordingly, that no further analysis by business unit or geographic segment is appropriate for financial reporting purposes.

b/ Treasury and other eligible bills

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

c/ Debt securities, equity shares and participating interest

British government securities are held as investment securities and are stated at cost adjusted for the amortisation of premiums or discounts on a straight-line basis over the period to maturity; income includes the amortisation of premiums or discounts.

The treatment of securities of foreign governments or other institutions held for the purposes of the TARGET settlement system is described in (d) below.

Reverse repurchase agreements (repos) are accounted for as advances.

Equity shares and the participating interest are held as investments and stated in the balance sheet at cost less any provision for impairment where necessary. The cost of the participating interest in the European Central Bank is its original cost in foreign currency, translated at the exchange rate ruling at the date of acquisition.

d/ Securities held for the purposes of the TARGET portfolio and the matching funding

Securities of foreign governments or other institutions are held for repo contracts used to provide intra-day liquidity to the TARGET settlement system. They are held as investment securities and are recorded at cost, in euro, adjusted for the amortisation of premiums or discounts on a straight-line basis over the period to maturity. They are translated into sterling at the exchange rates ruling at the balance sheet date.

This portfolio is funded by a combination of currency swaps and Bank bills issued in euro. These bills are specifically issued to fund the TARGET portfolio. Accordingly, the bills and swaps are treated as hedging the foreign exchange exposure of the securities.

A net unrealised gain arising from exchange rate movements on this portfolio and the swaps and bills used to hedge it is taken to an investment securities revaluation reserve; a net unrealised loss is taken to the profit and loss account.

e/ Tangible fixed assets

The Bank's properties are stated at a professional valuation as at 28 February 1997 plus the cost of subsequent additions and less depreciation. No account is taken of any liability to taxation which could arise if the properties were disposed of at their revalued amounts, except in respect of properties which are available for sale. One leasehold property is classified as an investment property and in accordance with SSAP 19 is revalued annually as at end-February and stated at a professional valuation on an open market basis. The surplus or deficit on revaluation is transferred to a revaluation reserve. No depreciation is charged on this property. The requirement of the Companies Act 1985 is to depreciate all properties, but this requirement conflicts with the generally accepted accounting principle set out in SSAP 19. The Members of Court consider that it is necessary to adopt SSAP 19 in order to present a fair view and accordingly the investment property has been revalued and not depreciated. If this policy had not been adopted, the profit for the year would have been reduced by depreciation on this property of £5 million *(1999 £5 million)*.

Freehold land is not depreciated.
Equipment is stated at cost less depreciation.

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

Freehold buildings	over the estimated future lives which range from ten to thirty years
Leasehold land and buildings	over the period of the lease of twenty years
Plant within buildings	over periods ranging from five to twenty years
Computers	over periods ranging from three to five years
Other equipment	over periods ranging from three to twenty years

f/ Bad and doubtful debts

Provision for bad and doubtful debts is made as considered necessary having regard to both specific and general factors. The general element arises in relation to existing losses which, although not separately identified, are known from experience to be present in any portfolio of bank advances. Provision made (less amounts released) during the year is charged against profits.

g/ Foreign currency translation

Monetary assets and liabilities denominated in foreign currencies are translated into sterling at the exchange rates ruling at the balance sheet date. Other assets denominated in foreign currency when held for the long term are stated at cost, being the sterling equivalent of the foreign currency at the date of acquisition of the asset. Income and expenditure are translated into sterling at the exchange rate ruling at the time of the transaction. The forward legs of foreign exchange swaps used in money market operations are translated at market rates. Currency and foreign exchange swaps used to finance specific assets denominated in foreign currency are translated at the exchange rates ruling at the balance sheet date.

h/ Commitments on behalf of HM Treasury

Commitments on behalf of HM Treasury in foreign currencies and gold, or on a gold basis, arising in the course of operating the Exchange Equalisation Account, are not included in these financial statements as the Bank is concerned in such transactions only as agent.

j/ Deferred tax

Deferred tax is provided, at the estimated rates at which future taxation will become payable, on all material timing differences where it is probable that a liability to taxation or an asset will crystallise in the foreseeable future.

k/ Group undertakings

Shares in group undertakings are stated in the balance sheet at cost less provision for permanent impairment in value. Dividends from group undertakings are included as income when declared.

l/ Leasing

Operating lease rentals are charged to the profit and loss account as incurred.

m/ Retirement benefits

The cost of pensions is assessed in accordance with the advice of an independent actuary and accounted for on the basis of charging the cost to the profit and loss account, on a systematic basis, over the employees' service lives using the projected unit method. Variations from the regular cost are spread over the remaining service lives of the members of the scheme.

Other post-retirement benefits, principally healthcare for certain pensioners, are accounted for on a basis similar to that used to account for pension obligations. A deferred tax asset has been recognised in full in respect of this liability under UITF 6.

2/ PROFIT AFTER PROVISIONS AND BEFORE TAX

	2000 **£m**	*1999* *£m*
Profit after provisions and before tax is stated after:		
i/ Staff costs (inc. Governors and Executive Directors):		
- wages and salaries	80	*84*
- social security costs	7	*7*
- pension costs and other post-retirement benefits	12	*6*
- cost of severance schemes	10	*6*
ii/ Income:		
- charges for services to HM Government, including charges to the Issue Department in respect of the Note Issue	78	*71*
- rents	13	*13*
iii/ Charges:		
- operating lease rentals	2	*2*
- depreciation of premises and equipment	18	*21*

The auditors' remuneration was £133,000 *(1999 £147,000)*.
The auditors' remuneration for non-audit work was £126,000 *(1999 £333,000)*.
For subsidiary companies which are not consolidated, the auditors' remuneration was £20,000 *(1999 £51,500)* and fees for non-audit work were £72,000 *(1999 £90,000)*.

More details of the Bank's operations during the year are given in the Annual Report.

3/ EMOLUMENTS OF GOVERNORS AND DIRECTORS

	2000	*1999*
	£	*£*
Remuneration of Governors and Directors	709,011	*794,691*
Payment in respect of notional benefits of travel on Bank business	1,797	*4,901*
	710,808	***799,592***
Pension costs in respect of - current executive members of Court	234,600	*68,200*
- former executive members of Court	210,502	*404,729*
	1,155,910	***1,272,521***

Further details of the remuneration (including pension arrangements) of Governors and Directors, including the highest paid Member of Court, are given in the Remuneration Report on pages 45-49.

4/ PENSION COSTS AND OTHER POST-RETIREMENT BENEFITS

The Bank operates defined benefit pension schemes providing benefits based on final pensionable pay. The assets of the schemes are held separately by the Bank in independent trustee-administered funds. The Bank also provides other post-retirement benefits, principally healthcare, for certain pensioners.

The main pension scheme, the Bank of England Pension Fund, is valued every three years by an independent qualified actuary. The latest actuarial valuation was as at 28 February 1999, used the projected unit method and showed that the actuarial value of the Fund's assets represented 110% of the benefits that had accrued to members at that date, after allowing for future increases in earnings and pensions in payment. The market value of the Fund's assets at that time was £1,677 million and the required future service contribution rate for the year to 29 February 2000 was 23.3% *(1999 21.6%)* of pensionable earnings. The principal assumptions used in the valuation were that, over the long term, the return on new investments would exceed the rate of increase in salaries by 2.75% and the rate of increase in pensions by 4.5%. It was also assumed that the equity dividend growth would exceed the rate of future pension increases by 0.5%. The rate of inflation used in the valuation was consistent with the Bank's target rate. The actuarial surplus is being spread over the average remaining service lives of the current employees, which is assessed at 12 years. The Bank has no need to make a contribution and accordingly has not done so.

The other post-retirement benefits are unfunded and provision, based on actuarial advice, is made for the liability in the financial statements. The principal assumption used in determining the required provision was that the rate of increase in medical costs would exceed the rate of inflation by 3%.

£10 million *(1999 £15 million)*, representing the excess of the pension amounts funded over the cost, is included in other assets. £107 million *(1999 £103 million)* representing the provision in respect of other post-retirement benefits is included in other liabilities. The total cost of all post-retirement benefits for the year was £12 million *(1999 £6 million)*.

5/ PAYABLE TO HM TREASURY UNDER SECTION 1(4) OF THE BANK OF ENGLAND ACT 1946

	2000	*1999*
	£m	*£m*
Payable 5 April	24	*32*
Payable 5 October	26	*38*
	50	***70***

6/ TAX ON PROFIT ON ORDINARY ACTIVITIES

	2000	*1999*
	£m	*£m*
United Kingdom corporation tax at an average rate of 30.1% *(1999 31%)*	27	*33*
Prior year - corporation tax	–	*(1)*
- deferred tax	1	*1*
Deferred taxation	(5)	*(1)*
	23	***32***

The charge for taxation is computed on the residual profit on ordinary activities after deduction of the amount payable to HM Treasury.

The deferred tax asset of £11 million *(1999 £7 million)*, included in other assets, is comprised as follows:

	2000	*1999*
	£m	*£m*
Accelerated capital allowances	2	*2*
Other timing differences	(13)	*(9)*
	(11)	***(7)***

The movement on the balance for deferred taxation is as follows:

	£m
At 1 March 1999	(7)
Profit and loss account	(4)
At 29 February 2000	**(11)**

Tax of £1 million *(1999 £1 million)* has not been provided in respect of further accelerated capital allowances as the provision at 29 February 2000 is considered adequate.

7/ ASSETS AND LIABILITIES

a/ Sterling/non-sterling analysis of assets and liabilities

	2000 £m	*1999 £m*
Assets:		
Denominated in sterling	2,500	*4,880*
Denominated in currencies other than sterling	21,398	*15,513*
	23,898	***20,393***
Liabilities:		
Denominated in sterling	5,157	*10,405*
Denominated in currencies other than sterling	18,741	*9,988*
	23,898	***20,393***

An analysis by currency of the assets and liabilities denominated in foreign currency is given in table (d) below.

b/ Derivatives and other financial instruments

The Bank uses foreign exchange swaps as a technique for its open market operations. The Bank also uses cross-currency, foreign exchange and interest rate swaps to hedge the securities held in relation to TARGET, which are predominantly financed via euro bills. Further information about the Bank's use of financial instruments and the management of the associated risks is given in the Annual Report. In particular, market risk is covered on pages 54 to 55. The effect of these instruments is shown in the interest rate repricing and currency analysis tables. These tables include short-term debtors and creditors.

c/ Interest rate repricing

The following table summarises the Bank's interest rate exposure in the form of an interest rate repricing table. This shows when the interest rate earned or charged on assets and liabilities can change. The table can therefore be used as the basis for an assessment of the sensitivity of the Bank's net income to interest rate movements.

Year ended 29 February 2000

	Not more than 3 months £m	More than 3 months but not more than 6 months £m	More than 6 months but not more than 1 year £m	More than 1 year but not more than 5 years £m	More than 5 years £m	Non-interest bearing £m	Total £m
Assets:							
Treasury and other eligible bills	11	–	–	–	–	–	11
Due from central banks in respect of TARGET	13,652	–	–	–	–	–	13,652
Loans and advances to banks, the money market and customers	5,176	192	40	3	3	1	5,415
Debt securities and equity shares (excluding TARGET)	55	10	5	527	799	27	1,423
TARGET securities	–	–	135	1,965	–	–	2,100
Other assets:-							
financial	–	–	–	–	–	900	900
non - financial	–	–	–	–	–	397	397
Total assets	**18,894**	**202**	**180**	**2,495**	**802**	**1,325**	**23,898**
Liabilities:							
Due to central banks in respect of TARGET	13,583	–	–	–	–	–	13,583
Deposits by central banks	2,701	191	40	–	–	27	2,959
Deposits by banks and building societies	144	–	–	–	–	1,668	1,812
Customer accounts	1,051	–	–	–	–	446	1,497
Euro bills	1,579	542	–	–	–	–	2,121
Other liabilities:-							
financial	–	–	–	–	–	379	379
non - financial	–	–	–	–	–	205	205
Shareholder's funds	–	–	–	–	–	1,342	1,342
Total liabilities	**19,058**	**733**	**40**	**–**	**–**	**4,067**	**23,898**
Off-balance sheet items	1,904	331	(132)	(1,946)	–	(157)	–
Interest rate repricing gap	1,740	(200)	8	549	802	(2,899)	
Cumulative gap	1,740	1,540	1,548	2,097	2,899		

A positive repricing gap means that more assets than liabilities reprice in this period. Subject to the broad time bands above and the mix of currencies involved, a positive repricing gap means that the Bank's net interest income would benefit in the short term as a result of an increase in interest rates.

Year ended 28 February 1999

	Not more than 3 months	More than 3 months but not more than 6 months	More than 6 months but not more than 1 year	More than 1 year but not more than 5 years	More than 5 years	Non-interest bearing	Total
	£m	£m	£m	£m	£m	£m	£m
Assets:							
Treasury and other eligible bills	18	–	–	–	–	–	18
Due from central banks in respect of TARGET	7,949	–	–	–	–	–	7,949
Loans and advances to banks, the money market and customers	7,100	530	39	3	3	98	7,773
Debt securities and equity shares (excluding TARGET)	142	20	28	500	662	26	1,378
TARGET securities	–	–	–	2,363	–	–	2,363
Other assets:-							
financial	–	–	–	83	–	437	520
non - financial	–	–	–	–	–	392	392
Total assets	**15,209**	**550**	**67**	**2,949**	**665**	**953**	**20,393**
Liabilities:							
Due to central banks in respect of TARGET	7,349	–	–	–	–	–	7,349
Deposits by central banks	1,594	530	37	–	–	26	2,187
Deposits by banks and building societies	657	–	–	–	–	1,233	1,890
Customer accounts	7,238	–	–	–	–	42	7,280
Other liabilities:-							
financial	–	–	–	–	–	222	222
non - financial	–	–	–	–	–	176	176
Shareholder's funds	–	–	–	–	–	1,289	1,289
Total liabilities	**16,838**	**530**	**37**	**–**	**–**	**2,988**	**20,393**
Off-balance sheet items	1,405	–	–	(1,405)	–	–	–
Interest rate repricing gap	(224)	20	30	1,544	665	(2,035)	
Cumulative gap	(224)	(204)	(174)	1,370	2,035		

d/ Currency exposure year ended 29 February 2000

	Foreign currency monetary assets and liabilities				
	US dollar	Gold	Euro	Other	Total
	£m	£m	£m	£m	£m
Assets:					
Due from central banks in respect of TARGET	–	–	13,652	–	13,652
Loans and advances to banks, money market and customers	4,186	542	629	47	5,404
TARGET securities	–	–	2,100	–	2,100
Equity shares and participating interest	–	–	25	2	27
Other assets	–	–	215	–	215
	4,186	**542**	**16,621**	**49**	**21,398**
Liabilities:					
Due to central banks in respect of TARGET	–	–	13,583	–	13,583
Deposits by central banks	1,566	542	561	44	2,713
Deposits by banks and building societies	–	–	66	–	66
Customer accounts	124	–	34	3	161
Euro bills	–	–	2,121	–	2,121
Other liabilities	–	–	97	–	97
	1,690	**542**	**16,462**	**47**	**18,741**
Net	**2,496**	**–**	**159**	**2**	**2,657**
Off-balance sheet items	**(2,496)**	**–**	**(126)**	**–**	**(2,622)**

The functional currency of all operations is sterling.

Included in assets are US dollar deposits placed of £2,496 million *(1999 £3,000 million)* arising from swap transactions and on which no significant exchange exposure arises. The forward leg of the transactions is translated at market rates and the difference from the contract rates is included in other assets or other liabilities, as appropriate. The principal amount is shown as an off-balance sheet item. These swaps have been undertaken as part of the Bank's operations in the money market.

Included in assets denominated in euro are securities and deposits held in relation to TARGET. At 29 February 2000, these assets were predominantly matched by euro bills together with currency, foreign exchange and interest rate swaps, which are off-balance sheet, so that no significant currency exposure exists. At 28 February 1999 these assets were matched by currency and foreign exchange swaps, which were off balance sheet, so that no significant currency exposure existed.

Currency exposure year ended 28 February 1999

	Foreign currency monetary assets and liabilities				
	US dollar	**Gold**	**Euro**	**Other**	**Total**
	£m	**£m**	**£m**	**£m**	**£m**
Assets:					
Due from central banks in respect of TARGET	–	–	7,949	–	7,949
Loans and advances to banks, money market and customers	3,767	561	721	43	5,092
TARGET securities	–	–	2,363	–	2,363
Equity shares and participating interest	–	–	25	1	26
Other assets	–	–	83	–	83
	3,767	**561**	**11,141**	**44**	**15,513**
Liabilities:					
Due to central banks in respect of TARGET	–	–	7,349	–	7,349
Deposits by central banks	636	561	627	40	1,864
Deposits by banks and building societies	–	–	596	–	596
Customer accounts	131	–	46	2	179
	767	**561**	**8,618**	**42**	**9,988**
Net	**3,000**	**–**	**2,523**	**2**	**5,525**
Off-balance sheet items	**(3,000)**	**–**	**(2,497)**	**–**	**(5,497)**

e/ Fair values of financial assets, financial liabilities and derivatives

The table below compares the book value and fair value of financial assets, financial liabilities and derivatives where there is a fair value which can be ascertained. No meaningful fair values can readily be obtained for the other assets and liabilities, in the absence of appropriate and liquid markets.

	2000		*1999*	
	Book value	**Fair value**	*Book value*	*Fair value*
	£m	**£m**	*£m*	*£m*
Assets				
Treasury and other eligible bills	11	11	*18*	*18*
TARGET debt securities (hedged)	2,100	2,051	*2,363*	*2,363*
Other debt securities	1,396	1,597	*1,352*	*1,668*
	3,507	**3,659**	***3,733***	***4,049***
Liabilities				
Euro bills	2,121	2,120	*–*	*–*
	2,121	**2,120**	***–***	***–***
Derivative financial instruments				
US dollar foreign exchange swaps	(46)	(46)	*(50)*	*(50)*
Euro securities				
-Cross currency interest rate swaps	106	139	*(11)*	*38*
-Foreign exchange swaps	–	–	*28*	*33*
-Interest rate swaps	58	73	*–*	*–*
	118	**166**	***(33)***	***21***

Notes:

i/ Market values have been used to determine the fair values for Treasury and other eligible bills, debt securities and euro bills.

ii/ TARGET debt securities denominated in euro, and foreign exchange swaps are translated into sterling at the rates ruling at the balance sheet date.

iii/ The forward legs of the transactions, which hedge the currency exposure, are translated at the same exchange rates as the underlying positions.

iv/ The fair value of the swaps is based on the discounted cash flows.

f/ Unrecognised gains and losses on hedging instruments

As explained above, the Bank uses currency, foreign exchange and interest rate swaps to hedge exposures in relation to TARGET securities and the euro bills. These swaps are accounted for on an accruals basis in line with the underlying items being hedged. Any gains or losses that would occur if these items were carried at market value are therefore not recognised.

At 29 February 2000, the unrecognised gains on financial instruments used for hedging were £48 million *(1999 £54 million)*. Net gains arising in the year to 28 February 1999 and recognised in the year to 29 February 2000 amounted to £34 million. Net gains of £28 million arose in the year to 29 February 2000 but were not recognised in the year. Of the unrecognised gains of £48 million at 29 February 2000, £26 million of net gains are expected to be recognised in the year to 28 February 2001 and the remainder in subsequent years.

8/ TREASURY AND OTHER ELIGIBLE BILLS

	2000	*1999*
	£m	*£m*
British government Treasury bills	**11**	***18***

9/ TARGET BALANCES AND LOANS AND ADVANCES TO BANKS, THE MONEY MARKET AND CUSTOMERS

a/ TARGET balances

These balances, denominated in euro, arise from the operation of the TARGET settlement system. This system, which links the real-time settlement systems in all countries of the European Union (EU), enables payments to be made across borders within the EU. Such payments result in claims arising between the central banks in the member countries and with the European Central Bank. For operational purposes, it is the net position of each central bank against the other members that is relevant. The balances with individual central banks are not, however, subject to any legal netting or set-off arrangement. Accordingly the TARGET balances are shown gross in the balance sheet.

The overall position at 29 February 2000 was as follows:

	2000		*1999*	
	£m	**€m**	*£m*	*€m*
Due from central banks in respect of TARGET	13,652	22,384	*7,949*	*11,601*
Due to central banks in respect of TARGET	(13,583)	(22,270)	*(7,349)*	*(10,726)*

b/ Loans and advances to banks, the money market and customers

	2000	*1999*
	£m	*£m*
Remaining maturity:		
Loans and advances		
- over 5 years	3	*3*
- 5 years or less but over 1 year	3	*3*
- 1 year or less but over 3 months	233	*569*
- 3 months or less	4,918	*6,660*
- Repayable on demand	258	*538*
	5,415	*7,773*

Included in the above is:

	2000	*1999*
	£m	*£m*
Gross amount due from subsidiary, before provisions (note 12)	–	***114***

10/ DEBT SECURITIES

	2000 Balance sheet £m	**2000** Market value £m	*1999* Balance sheet £m	*1999* Market value £m
Investment securities:				
- British government securities, listed on a recognised UK exchange	1,396	1,597	*1,352*	*1,668*
- Foreign government securities, listed on recognised exchanges	2,093	2,045	*2,357*	*2,357*
- Other foreign securities, listed on recognised exchanges	7	6	*6*	*6*
	3,496	3,648	***3,715***	***4,031***
Due within one year	205	205	*190*	*192*
Due one year and over	3,291	3,443	*3,525*	*3,839*
	3,496	**3,648**	***3,715***	***4,031***

Movements in debt securities were as follows:

	Cost £m	Discounts and (premiums) £m	Carrying value £m
British government securities:			
At 1 March 1999	1,249	103	1,352
Amortisation of discounts		12	12
Amortisation of premiums		(4)	(4)
Purchases	208	(1)	207
Redemptions	(162)	(9)	(171)
At 29 February 2000	**1,295**	**101**	**1,396**

	2000 £m	*1999* £m
Unamortised discounts on British government securities	55	*67*
Unamortised (premiums) on British government securities	(44)	*(21)*
	11	***46***

Foreign securities

	Cost £m	Discounts and (premiums) £m	Carrying value £m
At 1 March 1999	2,374	(11)	2,363
Purchases	29		29
Amortisation of premiums		(43)	(43)
Acquired on exchange of securities	901	–	901
Sold on exchange of securities	(909)	17	(892)
Foreign currency revaluation effects	(258)	–	(258)
At 29 February 2000	**2,137**	**(37)**	**2,100**

	2000 £m	*1999* £m
Unamortised (premiums) on foreign securities	**(49)**	***(205)***

The portfolio of foreign government and other securities, all denominated in euro, is held to enable the Bank to provide liquidity in the TARGET settlement system (note 9).

11/ EQUITY SHARES AND PARTICIPATING INTEREST

	2000		*1999*	
	Balance sheet-cost	**Members of Court valuation**	*Balance sheet-cost*	*Members of Court valuation*
	£m	**£m**	*£m*	*£m*
Investment securities - unlisted equity shares	2	77	1	72
Participating interest - unlisted	25	25	25	25
	27	**102**	***26***	***97***

The Bank acquired 200 shares in CrestCo Limited during the year.

a/ Investment securities

The principal holding of equity shares included in investment securities is as follows:

	Percentage held	
	2000	*1999*
Bank for International Settlements shares of 2,500 Swiss gold francs (25% paid) (Incorporated in Switzerland)	**9.2**	***9.2***

b/ Participating interest

The European Central Bank

This is the sterling cost of the Bank's contribution of €36.7 million to the capital of the European Central Bank (ECB). This contribution, which is not refundable, represents 5% of the capital contribution of the UK's full share (of the ECB's capital) that would have been payable had the UK participated in monetary union. This contribution has been accounted for as an investment.

12/ SHARES IN GROUP UNDERTAKINGS

	2000	*1999*
	£m	*£m*
Cost of shares in group undertakings (all of which are subsidiaries)	**18**	***18***
In addition, gross advances to a subsidiary, before provisions, included under loans and advances to banks, the money market and customers (note 9) amount to	–	***114***

The financial statements of the subsidiaries detailed below have not been consolidated with those of the Banking Department because, in the opinion of the Members of Court, the effect of including their assets, liabilities and results with those of the Banking Department would not be material.

a/ The NMB Group plc

On 28 January 2000, the Bank sold the entire issued share capital of 75 million £1 ordinary shares in The NMB Group plc (NMB), which is incorporated in Great Britain. The investment in this company was included in the Bank's balance sheet at a nominal £1 and was sold for the same sum. The Bank had also made a loan to NMB and a provision in respect of an indemnity against losses on NMB's asset portfolio. Recoveries on NMB's loan book during the year, and on sale, enabled NMB to reduce this loan from £114 million at 28 February 1999 to £67 million, which was offset against the indemnity from the Bank. The Bank's loss was therefore crystallised at £67 million, £5 million less than previously estimated and provided for. This release of provision has been included in the profit for the year.

NMB was one of several institutions supported by the Bank in 1991/92, in an operation designed to prevent liquidity problems facing a few small banks from spreading more widely through the banking system. The acquisition of NMB by the Bank in September 1994 changed the form of the Bank's support, but not the substance.

The provision in relation to support operations had been reduced to £74 million at 28 February 1999, of which £72 million related to NMB. This follows reductions from £115 million as at 28 February 1993 to £105 million at 28 February 1994, to £95 million at 29 February 1996 and 28 February 1997 and £85 million at 28 February 1998.

The consolidated financial statements of The NMB Group plc as at 28 February 1999, which bore an unqualified audit report, showed:

The NMB Group plc

	£m
Mortgage loans	63
Current assets	51
	114
Creditors:	
Bank of England	(114)
	nil
Equity share capital	75
Accumulated deficit	(75)
	nil

b/ Minories Finance Ltd

Throughout the year ended 29 February 2000, the Bank held the entire issued share capital of 12.5 million £1 ordinary shares in Minories Finance Ltd (MFL), which is incorporated in Great Britain. The investment in this company is included in the Bank's balance sheet at 29 February 2000 at £13 million *(1999 £13 million)*. As a condition of reductions in capital in June 1987 and November 1996, the Bank gave indemnities whereby any future deficit in MFL's shareholders' funds would be made good by the Bank up to a maximum of £63 million in total.

MFL's financial statements as at 31 December 1999 bear an unqualified audit report. The company has continued its principal activity of realisation of loans and other non-liquid assets, which, with income generating monetary assets, comprise its remaining assets. MFL will continue to pursue repayment of its remaining outstanding loans and advances. A dividend of £0.3mn has been declared and reflected in the Bank's financial statements.

The financial statements of MFL show:

Profit for the year to 31 December 1999	£0.3 million
Accumulated reserves as at 31 December 1999 after provision for dividends	£7 million
Net assets at 31 December 1999 after provision for dividends	£19 million

c/ Other group undertakings

Investments in other group undertakings, all of which are wholly owned and incorporated in Great Britain, are stated in the Bank's balance sheet at an aggregate cost of £5 million and include the following subsidiaries:

Debden Security Printing Ltd	100,000 shares of £1
B.E. Property Holdings Ltd (Non-trading)	5,000,000 shares of £1

The aggregate net assets of these subsidiary companies are £6 million.

The net result of the trading subsidiary company attributable to the Bank has been dealt with in the financial statements of the Banking Department.

13/ TANGIBLE FIXED ASSETS

	Freehold land and buildings	Leases of 50 years or more unexpired	Lease of less than 50 years unexpired	Equipment	Total £m
Cost or valuation					
At 1 March 1999	183	154	2	114	453
Reclassification	3	–	–	(3)	–
Additions	19	–	–	3	22
Disposals	–	(1)	–	(3)	(4)
Revaluation	–	3	–	–	3
At 29 February 2000	**205**	**156**	**2**	**111**	**474**
Accumulated depreciation					
At 1 March 1999	20	–	–	80	100
Charge for the year	9	–	–	9	18
On disposals	–	–	–	(2)	(2)
At 29 February 2000	**29**	**–**	**–**	**87**	**116**
Net book value at 29 February 2000	**176**	**156**	**2**	**24**	**358**
Net book value at 28 February 1999	***163***	***154***	***2***	***34***	***353***
Cost or valuation at 29 February 2000 comprised:					
At 2000 valuation	–	156	–	–	156
At 1997 valuation	171	–	2	–	173
At cost	34	–	–	111	145
	205	**156**	**2**	**111**	**474**

Included in leasehold premises (50 years and over) is an investment property held at open market value of £156 million *(1999 £153 million)* which was valued by Insignia Richard Ellis, Chartered Surveyors, as at 29 February 2000. The figures for other property interests reflect a professional valuation, on an existing use value basis, of Bank freehold and leasehold properties as at 28 February 1997.

The Bank occupies a small proportion of the investment property for its own purposes. The Bank occupies its other properties for its own purposes with the exception of an immaterial proportion.

Contracts for capital expenditure authorised by the Members of Court and outstanding at 29 February 2000 totalled £15 million *(1999 £3 million)*.

14/ DEPOSITS BY CENTRAL BANKS

	2000 £m	*1999 £m*
Remaining maturity:		
- 1 year or less but over 3 months	231	*567*
- 3 months or less but not repayable on demand	2,428	*1,259*
- Repayable on demand	300	*361*
	2,959	***2,187***

15/ DEPOSITS BY BANKS AND BUILDING SOCIETIES

	2000 £m	*1999 £m*
Cash ratio deposits	1,292	*1,206*
Euro deposits repayable on demand	66	*596*
Other deposits repayable on demand	454	*88*
	1,812	***1,890***

Cash ratio deposits are computed on the basis of banks' and building societies' eligible liabilities. Any change in the amount due, as a result of either becoming or ceasing to be an eligible institution for the purpose of the Bank of England Act 1998, the twice yearly recalculation of deposits or a change in the percentage used for calculation, is payable immediately. Under the Bank of England Act 1998, the percentage used in calculating the cash ratio deposits is set by HM Treasury, having regard to the financial needs of the Bank and subject to the approval of both Houses of Parliament.

16/ CUSTOMER ACCOUNTS

	2000 £m	*1999 £m*
Remaining maturity:		
3 months or less but not repayable on demand:		
- Public deposits	17	*9*
Repayable on demand:		
- Public deposits	495	*330*
- Deposit by Issue Department	668	*6,623*
- Other deposits	317	*318*
	1,497	***7,280***

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

17/ EURO BILLS

Original maturity of bills in issue

	2000 £m	*1999 £m*
1 month	122	*–*
3 months	911	*–*
6 months	1,088	*–*
	2,121	***–***

These bills are issued by the Bank and denominated in euro. They form a regular rolling programme on the Bank's balance sheet and fund the TARGET securities (note 10). Of the above, £1,579 million are due within 3 months or less.

18/ OTHER LIABILITIES

	2000 £m	*1999 £m*
Include:		
Payable to HM Treasury	50	*70*
Due to subsidiaries	27	*13*
Provision for post-retirement benefits (note 4)	107	*103*

19/ CAPITAL

The entire capital comprising £14,553,000 of Bank Stock is held by the Treasury Solicitor on behalf of Her Majesty's Treasury.

20/ RESERVES

£m

	Profit and loss account	Revaluation reserve	Investment property revaluation reserve	Total
Balance at 1 March 1999	1,035	124	115	1,274
Retained profit for the year	50	–	–	50
Surplus on revaluation of property	–	–	3	3
Balance at 29 February 2000	**1,085**	**124**	**118**	**1,327**

21/ STATEMENT OF RECONCILIATION OF SHAREHOLDER'S FUNDS

	2000 £m	*1999 £m*
Shareholder's funds at 1 March	1,289	*1,222*
Retained profit for the year	50	*70*
Surplus/(deficit) on revaluation of property	3	*(3)*
Shareholder's funds at 29 February	**1,342**	***1,289***

22/ CASH FLOW STATEMENT

a/ Reconciliation of operating profit to net cash (outflow)/inflow from operating activities

	2000 £m	*1999 £m*
Profit after provisions and before tax	123	*172*
Decrease/(increase) in interest receivable and prepaid expenses	89	*(22)*
(Decrease)/increase in interest payable and accrued expenses	(60)	*55*
Depreciation	18	*21*
Profit on sale of tangible fixed assets	(1)	*(3)*
Effect of other deferrals and accruals on cash flow	47	*(20)*
Net inflow from euro bills	2,264	*–*
Decrease/(increase) in net TARGET balances with central banks	530	*(600)*
Net (outflow)/inflow of euro deposits	(508)	*547*
Net increase in foreign currency deposits	828	*1,026*
Net decrease in other deposits	(5,353)	*(2,338)*
Net increase in foreign currency advances to banks (including swaps)	(317)	*(940)*
Net decrease/(increase) in Treasury and other eligible bills	7	*(14)*
Net decrease in advances to banks and customers (including reverse repurchase agreements)	2,394	*4,699*
Purchase of foreign securities	(30)	*(2,502)*
Redemption of debt securities	170	*19*
Purchase of debt securities	(188)	*–*
Net decrease in other assets	2	*1*
(Increase)/decrease in items in course of collection	(188)	*61*
Net cash (outflow)/inflow from operating activities	**(173)**	***162***

b/ Capital expenditure and financial investment

	2000 £m	*1999 £m*
Repayment of Bank's capital contribution by the European Monetary Institute	–	*64*
Payment of Bank's contribution to the European Central Bank	–	*(25)*
Purchases of premises and equipment	(21)	*(15)*
Proceeds from sales of premises and equipment	3	*10*
	(18)	***34***

c/ Analysis of cash balances

	At 1 March 1999 £m	Cashflows £m	**At 29 February 2000 £m**
Cash	*8*	(3)	5
Advances to banks repayable on demand	*538*	(280)	258
	546	**(283)**	**263**

d/ The cash flow statement has been prepared under FRS1. The definition of cash in the Standard is not wholly appropriate to the Bank. The Bank requires a stock of liquidity for operational purposes and regards advances to the money market and banks, Treasury and other eligible bills, and reverse repurchase agreements as a pool of assets for these purposes. The allocation of this liquidity between the components depends upon prevailing market conditions. The Bank's total liquidity position at 29 February 2000 was as follows:

	At 1 March 1999 £m	Cashflows £m	**At 29 February 2000 £m**
Cash	*8*	(3)	5
Advances to money market and certain banks (including reverse repurchase agreements)	*5,511*	(3,061)	2,450
Treasury and other eligible bills	*18*	(7)	11
	5,537	**(3,071)**	**2,466**

23/ RELATED PARTIES

a/ HM Government

The Bank provides several services to its shareholder, HM Treasury, and to other Government departments and bodies.

The main services during the year to 29 February 2000 were:

- provision of banking services, including holding the principal accounts of the Government

- provision of registration services in respect of gilt-edged stocks

- management of the Exchange Equalisation Account

- management of the Note Issue, including printing of notes

- operation of sanctions against specific countries.

The aggregate balances on HM Treasury and other public sector accounts are disclosed in note 16 as public deposits. The total charges made to the Government are disclosed in note 2.

b/ Group undertakings

All material transactions and balances between the Bank and its subsidiaries are disclosed in note 12.

c/ Governors, Directors and Officers

The following particulars relate to loans given or arranged by the Bank of England to Governors, Directors and Officers of the Bank and persons connected with them:

	2000		*1999*	
	Total amount outstanding £000	**Number**	*Total amount outstanding £000*	*Number*
Governors and Directors	–	–	*–*	*–*
Officers	1,291	15	*1,237*	*14*

There were no other transactions that would be required to be shown under the provisions of the Companies Act 1985. None of the Governors, Directors or Officers 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.

The above information concerning Officers is presented only in respect of those employees of the Bank who would be considered as managers, either within the meaning of the Banking Act 1987 or as defined under Financial Reporting Standard 8. The Executive Directors are included under Officers.

d/ The Bank's pension schemes

The Bank provides the Secretariat, the investment management and some custodial services to the Bank's pension schemes. In the year to 29 February 2000 a charge of £1.3 million *(1999 £1.4 million)* was made for these services. These activities are undertaken on behalf of, and under the supervision of, the trustees of the schemes. There were no other material transactions between the Bank and the pension schemes during the year to 29 February 2000.

e/ Other entities with links to the Bank

In the normal course of its activities as a central bank, the Bank has relationships, involving some representation at management level and participation in funding, with international and domestic institutions. The Bank does not consider these institutions to be related parties.

24/ GENERAL

a/ Operating lease commitments

	2000		*1999*	
	Land and buildings £m	**Computer and other equipment £m**	*Land and buildings £m*	*Computer and other equipment £m*
At the year end, annual commitments under non-cancellable operating leases were:				
- expiring within one year	–	1	*–*	*1*
- expiring in five years or more	1	–	*1*	*–*
	1	**1**	***1***	***1***

b/ Average number of employees

The average number of persons employed by the Bank during the year was made up as follows:

	2000	*1999*
Governors and Executive Directors	6	*6*
Managers and analysts	403	*434*
Clerical staff	1,114	*1,407*
Technical/other	958	*963*
	2,481	***2,810***

25/ CONTINGENT LIABILITIES

Contingent liabilities and commitments, some of which are offset by corresponding obligations of third parties, arise in the normal course of business, including contingent liabilities in respect of guarantees and indemnities in connection with liquidity support operations. There are also forward contracts for the purchase and sale of foreign currencies. Provision is made for any estimated irrecoverable liability that may arise from these transactions.

As part of its normal business, the Bank acts as custodian of its customers' assets and fulfils an agency role. No significant irrecoverable liability arises from these transactions.

In 1993 and 1994, writs were issued against the Bank by certain depositors in the Bank of Credit and Commerce International SA claiming substantial but unquantified damages. On 30 July 1997, Mr (now Lord) Justice Clarke dismissed all the claims against the Bank. On 4 December 1998, the Court of Appeal upheld his judgment. This decision is subject to an appeal to the House of Lords by the Plaintiffs. The first part of the appeal, relating to the legal test for liability, was heard on 24 to 27 January 2000 and judgment is expected shortly. The Bank's Members of Court are of the opinion that the Bank has a strong defence against the claim and will oppose it vigorously. Accordingly no provision is made in these financial statements.

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 at the balance sheet date was £155 million *(1999 £150 million)*.

26/ DATE OF APPROVAL

The Members of Court approved the financial statements on pages 60 to 84 on 17 May 2000.

Issue Department

Account for the year ended 29 February 2000

	Notes	2000 £m	*1999 £m*
Income and profits:			
Securities of, or guaranteed by, the British Government		791	*958*
Other securities and assets		591	*751*
Other income		1	*55*
		1,383	***1,764***
Expenses:	2		
Cost of production of Bank notes		41	*35*
Cost of issue, custody and payment of bank notes		18	*20*
Other expenses		7	*4*
		66	***59***
Payable to HM Treasury		**1,317**	***1,705***

Statement of balances: 29 February 2000

	Notes	2000 £m	*1999 £m*
Assets			
Securities of, or guaranteed by, the British Government	3	3,763	*3,015*
Other securities and assets including those acquired under reverse repurchase agreements	4	21,377	*21,785*
Total assets		**25,140**	***24,800***
Liabilities			
Notes issued:			
In circulation	5	25,135	*24,792*
In Banking Department		5	*8*
Total liabilities		**25,140**	***24,800***

E A J George Governor
D C Clementi Deputy Governor
Sheila Masters Director
G Midgley Finance Director

Notes to the Issue Department Statements of Account

1/ ACCOUNTING POLICIES

The statements of account are prepared in accordance with the requirements of the Currency and Bank Notes Act 1928 and the National Loans Act 1968. All profits of the note issue are payable to the National Loans Fund.

a/ The statements of account are prepared on the basis of amounts received and paid as modified by the effects of the revaluation of securities.

b/ All securities are revalued and are stated in the balance sheet at this valuation. Longer-dated stocks are valued at mid-market prices. Bills are valued at an average price approximating to market price. The last valuation was made at 28 February 2000.

c/ If the revaluation of securities shows a net gain this is included in income. A deficit is not taken against income but is settled by a transfer from the National Loans Fund.

2/ EXPENSES

The expenses shown represent charges from the Banking Department for costs incurred in relation to the Note Issue.

3/ SECURITIES OF, OR GUARANTEED BY, THE BRITISH GOVERNMENT

	2000	*1999*
	£m	*£m*
British Government Stocks	183	*205*
Ways and Means advance to the National Loans Fund	3,580	*2,810*
	3,763	***3,015***

4/ OTHER SECURITIES AND ASSETS INCLUDING THOSE ACQUIRED UNDER REVERSE REPURCHASE AGREEMENTS

	2000	*1999*
	£m	*£m*
Commercial bills	929	*1,140*
Deposit with Banking Department	668	*6,623*
Reverse repurchase agreements	19,780	*14,022*
	21,377	***21,785***

5/ NOTES IN CIRCULATION

	2000	*1999*
	£m	*£m*
£5	1,045	*1,111*
£10	5,683	*5,966*
£20	13,198	*11,414*
£50	4,195	*3,962*
Other notes (a)	1,014	*2,339*
	25,135	***24,792***

a/ Includes higher value notes used internally in the Bank, for example as cover for the note issues of banks in Scotland and Northern Ireland in excess of their permitted issues.

6/ ASSETS AND LIABILITIES

a/ Interest rate exposure

As the liabilities of Issue Department are interest free, the income of Issue Department is directly exposed to movements in interest rates. With the exception of the British Government stocks, all the assets of Issue Department have a maturity of 3 months or less.

b/ Currency exposure

All the assets and liabilities of Issue Department are denominated in sterling.

7/ DATE OF APPROVAL

The Members of Court approved the statements of account on pages 85 to 87 on 17 May 2000.

Addresses and Telephone Numbers

HEAD OFFICE

Threadneedle Street
London EC2R 8AH
020 7601 4444*

REGISTRAR'S DEPARTMENT

Southgate House
Southgate Street
Gloucester GL1 1UW
01452 398080

PRINTING WORKS

Langston Road
Loughton
Essex IG10 3TN
020 8508 6221

REGIONAL AGENCIES

The South East and East Anglia

a/ London

1 New Change
London EC4M 9AA
020 7601 4335

b/ Cambridge

24 Newmarket Road
Cambridge CB5 8EW
01223 368256

Greater London

1 New Change
London EC4M 9AA
020 7601 5001

Central Southern England

PO Box 793
Notebeme House
84 High Street
Southampton SO14 2SU
023 80 231060

South West

Redcliff Quay
120 Redcliff Street
Bristol BS1 6HU
0117 927 7251

Wales

Emperor House
Scott Harbour
Pierhead Street
Cardiff CF10 4WA
029 20 453600

West Midlands

Cornwall Court
19 Cornwall Street
Birmingham B3 2DT
0121 200 2599

East Midlands

3 College Street
Nottingham NG1 5AQ
0115 947 4577

Yorkshire and the Humber

King Street
Leeds LS1 1HT
0113 242 0355

Northern Ireland

Harvester House
4/8 Adelaide Street
Belfast BT2 8GD
028 9024 1692

North West

a/ Manchester

PO Box 301
82 King Street
Manchester M60 2HP
0161 834 6199

b/ Liverpool

Lancaster House
Mercury Court
Tithebarn Street
Liverpool L2 2QP
0151 227 2553

North East and Cumbria

Alderman Fenwick's House
PO Box 2BE
98-100 Pilgrim Street
Newcastle Upon Tyne
NE99 2BE
0191 261 1411

Scotland

19 St Vincent Place
Glasgow G1 2DT
0141 221 7972

* General enquiries relating to the Bank may be made on 020 7601 4878 or by e-mail on enquiries@bankofengland.co.uk Information about the Bank and its publications and additional telephone numbers and e-mail addresses are available on the Bank's website at http://www.bankofengland.co.uk There is a page on the Bank's website dedicated to euro-related information and publications at http://www.bankofengland.co.uk/euro

Enquiries relating to the *Bank of England Quarterly Bulletin and Inflation Report* may be made on 020 7601 4030; *Financial Stability Review* on 020 7601 5010; and *Bank of England: Monetary and Financial Statistics* on 020 7601 5353.

Bank of England 2000
ISSN 1467-016x

designed by cairnes london
Photography by Stephen Bond
Printed in England by
Park Communications Limited