

CREDIT LYONNAIS CAPITAL MARKETS PLC
DIRECTORS' REPORT AND FINANCIAL STATEMENTS
YEAR ENDED 31 DECEMBER 1993

Registered Company Number 378410



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A05 RECEIPT DATE: 30/08/94

CREDIT LYONNAIS CAPITAL MARKETS PLC

DIRECTORS AND THEIR INTERESTS

The names of the directors holding office during the year were as follows:

Sir Kenneth Couzens (Chairman) +	
F C Melul (Managing Director)	
J M G Andrews +	
B F Armstrong	
J L E Blamonti	(Resigned 16 July 1993)
W Bradwell	
M A L Camoin +	(Resigned 5 March 1993)
I F H Davison +	
M S Evans	(Resigned 5 March 1993)
J-Y H Haberer +	(Resigned 10 November 1993)
M J Harty	(Resigned 30 June 1993)
M N C Kerr-Dineen	
C Lanchon +	
R S Leighton	
G C Mordaunt	
R A S Moser	
P Walter +	
B L G Darmayan +	(Appointed 5 March 1993)
P Tausig	(Appointed 5 March 1993)
J Theveneau +	(Appointed 5 March 1993)

+ Non-executive

Throughout the year BF Armstrong held 1 ordinary share as trustee for Credit Lyonnais (Investments) Limited.

Except as noted above, none of the directors had an interest in the shares of the company at 31 December 1993.

EMPLOYEES

Throughout the group, consultative procedures are in operation to enable management and other employees to discuss matters of mutual interest. The group gives full and fair consideration to applications for employment from disabled persons and gives those disabled persons in employment opportunities for training, career development and promotion consistent with their capabilities.

DONATIONS

The group made charitable donations of £23,570 (1992: £6,510) in the UK during the year.

SHARE CAPITAL

There were no changes during the year in the company's authorised or issued share capital.

CREDIT LYONNAIS CAPITAL MARKETS PLC

FIXED ASSETS

Movements in fixed assets are disclosed in notes 6 and 7 of the financial statements.

STATEMENT OF DIRECTORS' RESPONSIBILITY

The directors are required by the Companies Act 1985 to prepare financial statements for each financial year which give a true and fair view of the state of affairs of the company as at the end of the financial year and of the profit or loss for the financial year.

The directors consider that in preparing the financial statements on pages 5 to 25, the company has used appropriate accounting policies, consistently applied and supported by reasonable and prudent judgements and estimates, and that all accounting standards which they consider to be applicable have been followed.

The directors have the responsibility for preparing the financial statements on a going concern basis, where this is considered appropriate.

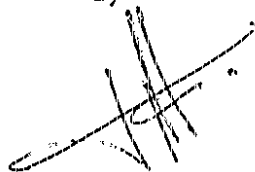
The directors have responsibility for ensuring that the company keeps accounting records which disclose with reasonable accuracy the financial position of the company and which enable them to ensure that the financial statements comply with the Companies Act 1985.

The directors have general responsibility for taking such steps as are reasonably open to them to safeguard the assets of the company and to prevent and detect fraud and other irregularities.

AUDITORS

The auditors, Price Waterhouse, have indicated their willingness to continue in office and resolutions relating to their reappointment and remuneration will be submitted to the Annual General Meeting.

By Order of the Board



F C Melul
Director

7 March 1994

Price Waterhouse



AUDITOR'S REPORT TO THE MEMBERS OF CREDIT LYONNAIS CAPITAL MARKETS PLC FOR THE YEAR ENDED 31 DECEMBER 1993

We have audited the financial statements on pages 5 to 25 which have been prepared under the historical cost convention and the accounting policies set out on pages 9 to 11.

Respective responsibilities of directors and auditors

As described on page 3 the Company's directors are responsible for the preparation of financial statements. It is our responsibility to form an independent opinion, based on our audit, on those statements and to report our opinion to you.

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. It also includes an assessment of the significant estimates and judgments made by the directors in the preparation of the financial statements, and of whether the accounting policies are appropriate to the Company'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 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.

Opinion

In our opinion the financial statements give a true and fair view of the state of affairs of the Company and the Group as at 31 December 1993, of the profit of the Company and the Group and of the cash flows of the Group for the year then ended and have been properly prepared in accordance with the Companies Act 1985.

PRICE WATERHOUSE
Chartered Accountants
and Registered Auditors
London

7 March 1994

CREDIT LYONNAIS CAPITAL MARKETS PLC

PROFIT AND LOSS ACCOUNT FOR THE YEAR ENDED 31 DECEMBER 1993

	<u>Notes</u>	THE GROUP		THE COMPANY	
		<u>1993</u> £m	<u>1992</u> £m	<u>1993</u> £m	<u>1992</u> £m
TURNOVER	2	226.1	265.4	17.6	7.9
Operating expenses	4	(110.9)	(83.5)	(1.7)	(0.6)
Operating profit before interest		115.2	181.9	15.9	7.3
Interest receivable and similar income		41.3	31.1	9.0	8.5
Interest payable and similar charges		(125.0)	(201.1)	(6.6)	(4.7)
		31.5	11.9	18.3	11.1
Increase in net assets of subsidiaries		—	—	8.0	0.1
PROFIT ON ORDINARY ACTIVITIES BEFORE TAXATION		31.5	11.9	26.3	11.2
Taxation on profit on ordinary activities	5	(6.7)	(1.3)	(1.4)	—
PROFIT ON ORDINARY ACTIVITIES AFTER TAXATION AND RETAINED PROFIT FOR THE FINANCIAL YEAR	15	24.8	10.6	24.9	11.2

The notes on pages 9 to 25 form an integral part of these financial statements.

CREDIT LYONNAIS CAPITAL MARKETS PLC

STATEMENT OF TOTAL RECOGNISED GAINS AND LOSSES FOR THE YEAR ENDED 31 DECEMBER 1993

	THE GROUP		THE COMPANY	
	<u>1993</u>	<u>1992</u>	<u>1993</u>	<u>1992</u>
	£m	£m	£m	£m
PROFIT ON ORDINARY ACTIVITIES AFTER TAXATION	24.8	10.6	24.9	11.2
Exchange differences on translation of the results and net assets of foreign subsidiaries	<u>0.1</u>	<u>0.6</u>	<u>---</u>	<u>---</u>
TOTAL RECOGNISED GAINS AND LOSSES	<u>24.9</u>	<u>11.2</u>	<u>24.9</u>	<u>11.2</u>

There have been no revaluations of assets which were previously stated at historical cost in the financial statements.

The notes on pages 9 to 25 form an integral part of these financial statements.

CREDIT LYONNAIS CAPITAL MARKETS PLC

BALANCE SHEETS AS AT 31 DECEMBER 1993

	Notes	THE GROUP		THE COMPANY	
		1993 £m	1992 £m	1993 £m	1992 £m
FIXED ASSETS					
Tangible assets	6	9.5	9.5	-	-
Investments	7	<u>3.4</u>	<u>2.8</u>	<u>95.0</u>	<u>80.7</u>
		<u>12.9</u>	<u>12.3</u>	<u>95.0</u>	<u>80.7</u>
CURRENT ASSETS					
Marketable securities	8	1,626.4	2,517.4	-	-
Debtors	9	1,551.3	1,216.6	309.5	105.7
Cash and deposits	10	<u>878.1</u>	<u>235.4</u>	<u>54.7</u>	<u>0.4</u>
		<u>4,055.8</u>	<u>3,969.4</u>	<u>364.2</u>	<u>106.1</u>
CREDITORS (amounts falling due within one year)					
Bank and other borrowings	11	2,651.4	3,128.2	295.2	48.1
Marketable securities, short positions		171.0	31.0	-	-
Other creditors	12	<u>1,087.4</u>	<u>692.7</u>	<u>8.2</u>	<u>11.7</u>
		<u>3,909.8</u>	<u>3,851.9</u>	<u>303.4</u>	<u>59.8</u>
NET CURRENT ASSETS		<u>146.0</u>	<u>117.5</u>	<u>60.8</u>	<u>46.3</u>
Total assets less current liabilities		<u>158.9</u>	<u>129.8</u>	<u>155.8</u>	<u>127.0</u>
CREDITORS (amounts falling due after one year)					
Deferred taxation	13	7.0	2.8	3.9	-
TOTAL ASSETS LESS LIABILITIES		<u>151.9</u>	<u>127.0</u>	<u>151.9</u>	<u>127.0</u>
CAPITAL AND RESERVES					
Called up share capital	14	130.0	130.0	130.0	130.0
Reserves	15	<u>21.9</u>	<u>(3.0)</u>	<u>21.9</u>	<u>(3.0)</u>
SHAREHOLDERS' FUNDS	22	<u>151.9</u>	<u>127.0</u>	<u>151.9</u>	<u>127.0</u>

Approved by the board of directors on 7 March 1994.

Sir Kenneth Couzens

F C Melui
Directors

The notes on pages 9 to 25 form an integral part of the financial statements.

CREDIT LYONNAIS CAPITAL MARKETS PLC

GROUP CASHFLOW STATEMENT FOR THE YEAR ENDED 31 DECEMBER 1993

	<u>Notes</u>	<u>1993</u>	<u>1992</u>
		£m	£m
NET CASH INFLOW/(OUTFLOW) FROM OPERATING ACTIVITIES	18	1,216.3	(1,143.7)
RETURNS ON INVESTMENTS AND SERVICING OF FINANCE			
Interest received		34.5	31.3
Interest paid		(126.1)	(201.1)
NET CASH OUTFLOW FROM RETURNS ON INVESTMENTS AND SERVICING OF FINANCE		(91.6)	(169.8)
TAXATION			
UK Corporation tax received		0.3	0.1
Overseas tax paid		(0.4)	(0.3)
TAX PAID		(0.1)	(0.2)
INVESTING ACTIVITIES			
Purchasing of tangible fixed assets		(5.4)	(3.5)
Purchase of investments held as fixed assets		(0.8)	(0.1)
Sale of tangible fixed assets		1.1	1.3
Sale of investments held as fixed assets		<u>0.1</u>	<u>0.1</u>
NET CASH OUTFLOW FROM INVESTING ACTIVITIES		<u>(5.0)</u>	<u>(2.2)</u>
NET CASH INFLOW/(OUTFLOW) BEFORE FINANCING		1,119.6	(1,315.9)
FINANCING	21		
Net new unsecured short term loans		640.3	381.6
Net new secured short term loans		-	1,041.6
Net repayment of amounts borrowed		(1,176.7)	-
Net new other borrowings		<u>45.9</u>	<u>-</u>
NET CASH INFLOW/(OUTFLOW) FROM FINANCING		<u>(490.5)</u>	<u>1,423.2</u>
INCREASE IN CASH AND CASH EQUIVALENTS	19	<u>629.1</u>	<u>107.3</u>

The notes on pages 9 to 25 form an integral part of the financial statements.

CREDIT LYONNAIS CAPITAL MARKETS PLC

NOTES TO THE FINANCIAL STATEMENTS FOR THE YEAR ENDED 31 DECEMBER 1993

1 ACCOUNTING POLICIES

(1) Accounting convention

The financial statements have been prepared under the historical cost convention as modified by the valuation of subsidiaries at the company's share of the net assets of the subsidiaries and the valuation at market prices of trading positions in securities; and in accordance with applicable accounting standards.

The prior year comparatives have in some cases been reclassified to be consistent with the current year's presentation.

(2) Basis of consolidation

The consolidated profit and loss account and balance sheet incorporate the accounts of Credit Lyonnais Capital Markets PLC and its subsidiary companies to 31 December 1993.

The results of those companies acquired or disposed of during the year are included in the group accounts from or to their effective dates of acquisition or disposal.

(3) Translation of foreign currencies into sterling

The results of overseas subsidiaries are translated into sterling at the monthly weighted average rates of exchange ruling during the year. Foreign currency balances outstanding at the balance sheet date are translated into sterling at the exchange rates ruling at the balance sheet date. Exchange gains and losses arising on consolidation are taken directly to reserves; other exchange movements are taken to profit and loss account.

(4) Deferred taxation

Deferred taxation is provided at the anticipated tax rates on timing differences arising from the inclusion of income and expenditure in taxation computations in periods different from those in which they are included in the financial statements to the extent that it is probable that a liability or asset will crystallise in the future.

(5) Goodwill

Goodwill arising on the acquisition of subsidiary undertakings and the purchase of businesses is written off directly to reserves in the year it arises.

CREDIT LYONNAIS CAPITAL MARKETS PLC

NOTES TO THE FINANCIAL STATEMENTS FOR THE YEAR ENDED 31 DECEMBER 1993

(6) Tangible fixed assets and depreciation

Tangible purchased fixed assets are stated at cost to the group. Assets held under finance leases are capitalised at fair value and depreciated on the same basis as purchased assets.

Leasehold improvements are amortised on a straight line basis over the lesser of the estimated useful life of the improvement or the term of the lease.

Depreciation on other tangible fixed assets is provided to write off the cost less estimated residual values, mainly on a straight line basis, over their estimated useful lives. The principal rates of depreciation used by the group are 10% and 20% per annum.

(7) Fixed asset investments

Fixed asset investments are stated at the lower of cost or directors' valuation, other than investments in subsidiaries. Investments in subsidiaries are stated at the company's share of the net assets of the subsidiaries.

(8) Marketable securities

Marketable securities are valued at the balance sheet date on the following bases:

- (i) Trading positions in securities are valued at market bid prices for long positions and market offer prices for short positions. In so far as the valuation of these positions at market value represents a departure from current statutory requirements of lower of cost and net realisable value, the directors consider it necessary for the accounts to show a true and fair view. The effects of this departure have not been quantified since the present accounting policy conforms to the industry standard.
- (ii) Bills discounted and certificates of deposit, subject to (iii) below, are stated at maturity value less provision for finance costs at market rates from the balance sheet date to maturity.
- (iii) Bills discounted and certificates of deposit which are subject to matched financing arrangements, and listed and unlisted redeemable securities which it is intended to hold until maturity, are valued to give effect to the amortisation of premiums and discounts on purchases over the period to redemption and no account is taken of fluctuations in the market value.
- (iv) Other positions in securities for which a market price is available are stated at the lower in aggregate of cost and market value other than positions outside normal market dealing size which are stated at the lower in aggregate of cost and directors' valuation, where a market price is not available they are stated at the lower in aggregate of cost and directors' valuation.
- (v) Other investments are stated at the lower in aggregate of cost and directors' valuation.

CREDIT LYONNAIS CAPITAL MARKETS PLC

NOTES TO THE FINANCIAL STATEMENTS FOR THE YEAR ENDED 31 DECEMBER 1993

(vi) Assets leased to customers

Assets leased to customers are written off over the primary lease period. Income from leased assets is taken to the profit and loss account in proportion to the net funds invested in those assets during each accounting period, after allowance for appropriate tax relief.

(vii) Pensions

The Group operates two funded pensions schemes, the CLCM Group Pension Scheme and the Alexanders Laing & Cruickshank Pension Scheme No.1. The CLCM Group Pension Scheme provides either defined benefit or defined contribution plans. The Alexanders Laing & Cruickshank Pension Scheme No.1 is a defined benefit plan. For all the Schemes, the assets are held separately from those of the company in separate Trustee administered funds.

In the case of the defined contribution plans, the pension charge to the profit and loss account represents contributions payable by the participating companies to the plans for the year.

In the case of the defined benefit plans, the pension charge to the profit and loss account is designed to spread the cost over the period of pensionable employment of members. The contributions are determined by an independent qualified actuary on the basis of triennial valuations using the projected unit credit method at what is expected to be a constant proportion of pensionable pay.

CREDIT LYONNAIS CAPITAL MARKETS PLC

NOTES TO THE FINANCIAL STATEMENTS FOR THE YEAR ENDED 31 DECEMBER 1993

2 TURNOVER

Revenues of the group are principally commissions, fees and dealing income, which are brought into account on a transaction date basis, dividends and interest from securities. Revenues of the company consist of income from shares in group companies.

3 INFORMATION REGARDING DIRECTORS AND EMPLOYEES

(1) Staff costs	THE GROUP		THE COMPANY	
	<u>1993</u>	<u>1992</u>	<u>1993</u>	<u>1992</u>
	£m	£m	£m	£m
Wages and salaries	32.9	29.6	0.7	0.7
Other emoluments	27.4	12.7	0.2	0.1
Social Security costs	3.7	3.2	0.1	0.1
Other pension costs	<u>1.8</u>	<u>1.7</u>	<u>0.1</u>	<u>0.1</u>
	<u>65.8</u>	<u>47.2</u>	<u>1.1</u>	<u>1.0</u>

CREDIT LYONNAIS CAPITAL MARKETS PLC

NOTES TO THE FINANCIAL STATEMENTS FOR THE YEAR ENDED 31 DECEMBER 1993

3 INFORMATION REGARDING DIRECTORS AND EMPLOYEES (Continued)

(2) Directors' emoluments

	<u>1993</u> £'000	<u>1992</u> £'000
Fees	10	10
Other emoluments	6,788	3,412
Pension contributions	1,363	372
Payments in respect of compensation for loss of office	<u>100</u>	<u>-</u>
	<u>8,261</u>	<u>3,794</u>

Emoluments of directors of the company, other than those who discharge their duties outside the United Kingdom and excluding contributions paid under pension schemes, were:

	<u>1993</u> £	<u>1992</u> £
Chairman	65,001	50,000
Highest paid director	2,310,267	687,724

The other directors received emoluments in the following ranges:

£	£	<u>No</u>	<u>No</u>
0	- 5,000	7	7
5,001	- 10,000	1	1
50,001	- 55,000	-	2
60,000	- 65,000	1	-
110,001	- 115,000	-	1
125,000	- 130,000	1	-
130,001	- 135,000	-	1
135,001	- 140,000	-	1
140,001	- 145,000	-	1
145,001	- 150,000	-	1
150,001	- 155,000	-	1
155,001	- 160,000	1	-
165,001	- 170,000	1	-
175,001	- 180,000	1	1
210,001	- 215,000	-	1
270,001	- 275,000	1	-
305,001	- 310,000	1	-
340,001	- 345,000	1	-
345,001	- 350,000	-	1
420,001	- 425,000	-	1
565,001	- 570,000	1	-
575,001	- 580,000	-	1
2,225,001	- 2,230,000	1	-

CREDIT LYONNAIS CAPITAL MARKETS PLC

NOTES TO THE FINANCIAL STATEMENTS FOR THE YEAR ENDED 31 DECEMBER 1993

4 OPERATING COSTS

	THE GROUP		THE COMPANY	
	1993	1992	1993	1992
	£m	£m	£m	£m
Depreciation of owned assets	4.3	3.5	-	-
Auditors' remuneration				
- audit fees	0.2	0.2	-	-
- other fees	0.5	0.5	0.1	-
Staff costs (see note 3)	65.8	47.2	1.1	1.0
Operating leases				
- other assets	0.8	0.3	-	-
- land and buildings	4.6	3.9	0.2	0.2
Other operating expenses	<u>34.7</u>	<u>27.9</u>	<u>0.3</u>	<u>(0.6)</u>
	<u>110.9</u>	<u>83.5</u>	<u>1.7</u>	<u>0.6</u>

5 TAXATION

	1993	1992	1993	1992
	£m	£m	£m	£m
Amounts (charged)/credited:				
On the results of the period:				
UK Corporation tax	(3.8)	(1.2)	2.2	-
Overseas tax	(0.5)	(0.3)	-	-
Deferred taxation	<u>(3.3)</u>	<u>(0.3)</u>	<u>(3.0)</u>	<u>-</u>
	(7.6)	(1.8)	(0.8)	-
In respect of prior periods:				
UK Corporation tax	0.4	0.1	0.3	-
Deferred taxation	<u>(0.5)</u>	<u>0.4</u>	<u>(0.9)</u>	<u>-</u>
	(7.7)	(1.3)	(1.4)	-
Advance Corporation tax	<u>1.0</u>	<u>-</u>	<u>-</u>	<u>-</u>
	<u>(6.7)</u>	<u>(1.3)</u>	<u>(1.4)</u>	<u>-</u>

UK Corporation tax has been calculated at 33% (1992 : 33%)

CREDIT LYONNAIS CAPITAL MARKETS PLC

NOTES TO THE FINANCIAL STATEMENTS FOR THE YEAR ENDED 31 DECEMBER 1993

6 TANGIBLE FIXED ASSETS

	Property £m	THE GROUP Equipment £m	Total £m
Cost			
At 1 January 1993	0.4	20.0	20.4
Additions	0.1	5.3	5.4
Disposals	---	(3.2)	(3.2)
At 31 December 1993	<u>0.5</u>	<u>22.1</u>	<u>22.6</u>
Accumulated Depreciation			
At 1 January 1993	0.1	10.8	10.9
Charge for the year	0.2	4.1	4.3
Disposals	---	(2.1)	(2.1)
At 31 December 1993	<u>0.3</u>	<u>12.8</u>	<u>13.1</u>
Net book value			
At 31 December 1993	<u>0.2</u>	<u>9.3</u>	<u>9.5</u>
At 31 December 1992	<u>0.3</u>	<u>9.2</u>	<u>9.5</u>

	Property £m	THE COMPANY Equipment £m	Total £m
Cost			
At 1 January 1993	-	0.3	0.3
At 31 December 1993	<u>---</u>	<u>0.3</u>	<u>0.3</u>
Depreciation			
At 1 January 1993	---	0.3	0.3
At 31 December 1993	<u>---</u>	<u>0.3</u>	<u>0.3</u>
Net book value			
At 31 December 1993	<u>---</u>	<u>---</u>	<u>---</u>
At 31 December 1992	<u>---</u>	<u>---</u>	<u>---</u>

Property comprises improvements to short leasehold premises.

CREDIT LYONNAIS CAPITAL, MARKETS PLC

NOTES TO THE FINANCIAL STATEMENTS FOR THE YEAR ENDED 31 DECEMBER 1993

7 INVESTMENTS HELD AS FIXED ASSETS

THE GROUP

	Unlisted <u>Investments</u> £m
At 1 January 1993	2.8
Additions	0.8
Disposals	(0.1)
Provision	(0.1)
At 31 December 1993	<u>3.4</u>

In the opinion of the directors the value to the group of its unlisted investments at 31 December 1993 was not less than the value shown in the balance sheet.

THE COMPANY

	<u>Subsidiary companies</u> £m	<u>Other unlisted investments</u> £m	<u>Total</u> £m
At 1 January 1993	80.4	0.3	80.7
Additions	3.9	-	3.9
Transfers from group companies	3.3	-	3.3
Increase in net assets of subsidiaries	8.0	-	8.0
Disposals	(0.7)	(0.2)	(0.9)
At 31 December 1993	<u>94.9</u>	<u>0.1</u>	<u>95.0</u>

A list of the principal subsidiaries is provided on page 25.

CREDIT LYONNAIS CAPITAL MARKETS PLC

NOTES TO THE FINANCIAL STATEMENTS FOR THE YEAR ENDED 31 DECEMBER 1993

8 MARKETABLE SECURITIES

	THE GROUP	
	<u>1993</u>	<u>1992</u>
	£m	£m
Trading positions at market value	306.7	115.5
Other positions in listed securities at lower of cost and market value	0.1	0.1
Bills discounted	364.1	1,785.4
Certificates of deposit	954.4	613.7
Other unlisted investments at lower of cost and directors' valuation	1.1	2.7
	-----	-----
	1,626.4	2,517.4
	=====	=====

In the opinion of the directors the value of other unlisted investments at 31 December 1993 was not significantly different from balance sheet value.

9 DEBTORS

	THE GROUP		THE COMPANY	
	<u>1993</u>	<u>1992</u>	<u>1993</u>	<u>1992</u>
	£m	£m	£m	£m
Receivable from clients and counterparties	1,114.6	633.4	-	-
Amounts owed by group companies	-	-	299.3	102.6
Amounts owed by fellow subsidiaries and ultimate holding company	28.9	19.5	9.6	0.2
Finance lease receivables	8.5	10.9	-	-
Prepayments and accrued income	13.2	9.4	0.1	2.8
Tax recoverable	1.9	0.9	-	-
Other debtors	384.2	542.5	0.5	0.1
	-----	-----	-----	-----
	1,551.3	1,216.6	309.5	105.7
	=====	=====	=====	=====

CREDIT LYONNAIS CAPITAL MARKETS PLC

NOTES TO THE FINANCIAL STATEMENTS FOR THE YEAR ENDED 31 DECEMBER 1993

9 DEBTORS (Continued)

Included above are amounts receivable due after one year, comprising finance lease receivables of £6.3m (1992: £8.4m).

Amounts owed by group companies include £108.7m (1992: £58.7m) of subordinated loans of which £53.7m are repayable within one year.

10 CASH AND DEPOSITS

Group cash and deposits include balances with the ultimate holding company and fellow subsidiaries totalling £433.1m (1992: £132.2m); company cash and deposits comprise balances with the ultimate holding company and fellow subsidiaries totalling £54.7m (1992: £0.4m).

11 BANK AND OTHER BORROWINGS

	THE GROUP		THE COMPANY	
	<u>1993</u>	<u>1992</u>	<u>1993</u>	<u>1992</u>
	£m	£m	£m	£m
Amounts due within one year:				
Unsecured bank overdrafts	40.9	27.2	-	-
Unsecured short term loans	1,460.6	820.3	295.2	48.1
Secured short term loans	1,104.0	2,280.7	-	-
Other borrowing	<u>45.9</u>	<u>-</u>	<u>-</u>	<u>-</u>
	2,651.4	3,128.2	295.2	48.1
	=====	=====	=====	=====

Group bank and other borrowings due within one year include balances of £1,186.9m (1992: £662.7m) with the ultimate holding company and fellow subsidiaries.

Company unsecured short term loans due within one year comprise balances of £295.2m (1992: £48.1m) with the ultimate holding company and fellow subsidiaries.

CREDIT LYONNAIS CAPITAL MARKETS PLC

NOTES TO THE FINANCIAL STATEMENTS FOR THE YEAR ENDED 31 DECEMBER 1993

12 OTHER CREDITORS

	THE GROUP		THE COMPANY	
	<u>1993</u>	<u>1992</u>	<u>1993</u>	<u>1992</u>
	£m	£m	£m	£m
Payable to clients, counterparties and suppliers	958.8	645.8	-	-
Amounts owed to group companies	-	-	7.1	10.1
Amounts owed to fellow subsidiaries and ultimate holding company	78.0	16.0	-	-
Taxation	5.5	0.5	-	-
Social security and other taxes	1.2	1.1	-	-
Accrued charges	32.8	20.9	0.8	1.0
Other creditors	11.3	7.5	0.3	0.6
	-----	-----	-----	-----
	1,087.4	692.7	8.2	11.7
	=====	=====	=====	=====

13 DEFERRED TAXATION

	THE GROUP		THE COMPANY	
	<u>1993</u>	<u>1992</u>	<u>1993</u>	<u>1992</u>
	£m	£m	£m	£m
The balance comprises:				
Accelerated capital allowances	0.9	0.7	-	-
Unrealised appreciation on investments	(0.3)	0.5	-	-
Leased assets	1.8	2.4	-	-
Other timing differences	4.7	(0.4)	3.9	-
Advance corporation tax	(0.1)	(0.4)	-	-
	-----	-----	-----	-----
	7.0	2.8	3.9	-
	=====	=====	=====	=====
Movements during the year:				
At 1 January 1993	2.8	2.9	-	-
Charge/(credit) for the year on ordinary activities	3.8	(0.1)	3.9	-
Transfer from ACT recoverable	<u>0.4</u>	-----	-----	-----
At 31 December 1993	<u>7.0</u>	<u>2.8</u>	<u>3.9</u>	-----

CREDIT LYONNAIS CAPITAL MARKETS PLC

NOTES TO THE FINANCIAL STATEMENTS FOR THE YEAR ENDED 31 DECEMBER 1993

14 SHARE CAPITAL

	<u>1993</u> £m	<u>1992</u> £m
Authorised:		
24,440,645,050 ordinary shares of 1p each	244.4	244.4
21,374,198 deferred ordinary shares of 25p each	5.3	5.3
250,000 3.75% redeemable cumulative preference shares of £1 each	0.3	0.3
	-----	-----
	250.0	250.0
	=====	=====
Allotted and fully paid		
12,440,645,050 ordinary shares of 1p each	124.4	124.4
21,374,198 deferred ordinary shares of 25p each	5.3	5.3
250,000 3.75% redeemable cumulative preference shares of £1 each	0.3	0.3
	-----	-----
	130.0	130.0
	=====	=====

The preference shares as a whole, but not in part, may be redeemed at £1.025 per share at the option of the company at any time subject to a minimum of three months notice.

CREDIT LYONNAIS CAPITAL MARKETS PLC

NOTES TO THE FINANCIAL STATEMENTS FOR THE YEAR ENDED 31 DECEMBER 1993

15 RESERVES

	<u>Merger Reserve</u> £m	<u>Profit & Loss Account</u> £m	<u>Total</u> £m
The group			
At 1 January 1993	31.8	(34.8)	(3.0)
Profit for the year	-	24.8	24.8
Exchange differences on translation	-	0.1	0.1
	<u>31.8</u>	<u>(9.9)</u>	<u>21.9</u>
At 31 December 1993	<u>31.8</u>	<u>(9.9)</u>	<u>21.9</u>
The company			
At 1 January 1993	-	(3.0)	(3.0)
Profit for the year	-	24.9	24.9
At 31 December 1993	<u>-</u>	<u>21.9</u>	<u>21.9</u>

The merger reserve arose from a group reorganisation in 1989.

16 PENSIONS

As a result of a significant reduction in the number of members of the schemes, the actuarial valuation shows a surplus, part of the benefit of which, on the basis of actuarial advice, is being taken by suspending regular contributions to the defined contribution scheme from 1 August 1992 to 31 December 1992 and to the defined benefit scheme from 1 August 1992 to mid 1994. This has resulted in the reduction of the regular funding cost of the schemes which otherwise would have amounted to £1.510m (1992 : £1.176m) and £1.053m (1992 : £1.282m) respectively.

The pension cost for the year comprised:

	<u>1993</u> £m	<u>1992</u> £m
Contributions payable to defined contribution plans	1.8	0.7
Cost of defined benefit plans	-	1.0
	<u>1.8</u>	<u>1.7</u>

CREDIT LYONNAIS CAPITAL MARKETS PLC

NOTES TO THE FINANCIAL STATEMENTS FOR THE YEAR ENDED 31 DECEMBER 1993

16 PENSIONS (Continued)

The most recent valuation of the Schemes was made as at 1 May 1992. The assumptions which have the most significant effect on the result of the valuation are those relating to the rate of return on investments and the rates of increase in salaries and pensions. It was assumed that the investment returns for all the schemes would be 9% per annum, that salary increases would average 6.5% per annum and that present and future pensions would increase at the rate of 3% per annum.

At the last valuation date, the market values of the assets of the defined benefit plans were approximately £29.0m (CLCM Group Pension scheme), and £7.3m (Alexanders Laing & Cruickshank Pension Scheme No.1).

The actuarial value of these assets were sufficient to cover 119% of the benefits that had accrued to members in the CLCM Group Pension Scheme, and 181% of the benefits that had accrued to members in the Alexanders Laing & Cruickshank Pension Scheme No.1, after allowing for expected future increases in earnings in each case. Any excess or deficiency in respect of accrued service in the Schemes is taken into consideration by the actuary when calculating the funding rate required for the Schemes, which will be payable over the working lifetimes of their respective members. This is approximately 16 years for both the CLCM Group Pension Scheme and the Alexanders Laing and Cruickshank Pension Scheme No.1.

Since the last valuation date, contributions to the final salary plans of the pension schemes have been paid at the following rates:-

	Period 2 May 1992 to 31 July 1992	Period 1 August 1992 to 31 December 1992
CLCM Group Pension Scheme	10.7%	0.0%
Alexanders Laing and Cruickshank Pension Scheme No.1	0.0%	0.0%

CREDIT LYONNAIS CAPITAL MARKETS PLC

NOTES TO THE FINANCIAL STATEMENTS FOR THE YEAR ENDED 31 DECEMBER 1993

17 CONTINGENT LIABILITIES AND FINANCIAL COMMITMENTS

There existed at 31 December 1993 contingent liabilities which arose in the ordinary course of business including:

- (1) forward contracts for the sale and purchase of physical commodities;
- (2) forward commodity swap transactions based on physical commodities; and
- (3) acceptances and endorsement of bills.

These are not expected to give rise actual liabilities beyond those currently recognised in the balance sheet and accordingly no provision is considered necessary.

Capital expenditure contracted for but not provided at 31 December 1993 in the group accounts amounts to £nil (1992: £nil).

The group had annual commitments under non-cancellable operating leases as set out below:

	<u>1993</u>		<u>1992</u>	
	<u>Land & buildings</u>	<u>Other</u>	<u>Land & buildings</u>	<u>Other</u>
	£m	£m	£m	£m
Operating leases which expire:				
In the second to fifth years inclusive	0.1	0.1	0.1	0.1
	===	===	===	===
After more than five years	0.1	-	0.1	-
	===	===	===	===

18 RECONCILIATION OF OPERATING PROFIT TO NET CASH INFLOW/(OUTFLOW) FROM OPERATING ACTIVITIES

	<u>1993</u>	<u>1992</u>
	£m	£m
OPERATING PROFIT	115.2	181.9
Depreciation charges	4.3	3.5
Profit on sale of fixed assets	-	(0.2)
Increase in debtors	(325.2)	(392.3)
Increase in creditors	390.8	57.0
Decrease/(increase in marketable securities not included in cash equivalents	891.2	(958.4)
Increase/(decrease) in short positions	<u>140.0</u>	<u>(35.2)</u>
	<u>1,216.3</u>	<u>(1,143.7)</u>

CREDIT LYONNAIS CAPITAL MARKETS PLC

NOTES TO THE FINANCIAL STATEMENTS FOR THE YEAR ENDED 31 DECEMBER 1993

19 ANALYSIS OF CHANGES IN CASH AND CASH EQUIVALENTS

Analysis of changes in cash and cash equivalents during the year may be summarised as follows:

	<u>1993</u> £m	<u>1992</u> £m
Balance at 1 January	209.3	102.0
Net cash inflow/(outflow)	<u>629.1</u>	<u>107.3</u>
Balance at 31 December	<u>838.4</u>	<u>209.3</u>

20 ANALYSIS OF THE BALANCES OF CASH AND CASH EQUIVALENTS AS SHOWN IN THE BALANCE SHEET

	<u>1993</u> £m	<u>1992</u> £m	Change in year £m
Cash and deposits	878.1	235.4	642.7
Bank overdrafts	(40.9)	(27.2)	(13.7)
Cash equivalents	<u>1.2</u>	<u>1.1</u>	<u>0.1</u>
	<u>838.4</u>	<u>209.3</u>	<u>629.1</u>

21 ANALYSIS OF CHANGES IN FINANCING DURING THE YEAR

	<u>Share Capital</u> £m	<u>Unsecured Short term loans</u> £m	<u>Secured Short term loans</u> £m	<u>Other Borrowings</u> £m
As at 1 January 1993	130.0	820.3	2,280.7	-
Net new loans	-	640.3	-	45.9
Net repayments of amounts borrowed	-	-	(1,176.7)	-
As at 31 December 1993	<u>130.0</u>	<u>1,460.6</u>	<u>1,104.0</u>	<u>45.9</u>

22 RECONCILIATION OF MOVEMENT IN SHAREHOLDERS' FUNDS

	THE GROUP		THE COMPANY	
	<u>1993</u> £m	<u>1992</u> £m	<u>1993</u> £m	<u>1992</u> £m
Profit for financial year	24.8	10.6	24.9	11.2
Exchange differences on translation	<u>0.1</u>	<u>0.6</u>	-	-
Net addition to shareholders' funds	24.9	11.2	24.9	11.2
Opening shareholders' funds	<u>127.0</u>	<u>115.8</u>	<u>127.0</u>	<u>115.8</u>
Closing shareholders' funds	<u>151.9</u>	<u>127.0</u>	<u>151.9</u>	<u>127.0</u>

CREDIT LYONNAIS CAPITAL MARKETS PLC

NOTES TO THE FINANCIAL STATEMENTS FOR THE YEAR ENDED 31 DECEMBER 1993

23 HOLDING COMPANIES

The company's ultimate holding company is Credit Lyonnais SA, a company registered in France. Group financial statements can be obtained from 19 boulevard des Italiens, 75002 Paris, France.

24 SEGMENTAL REPORTING

The directors consider that the group has only one class of business, namely that of capital markets products. This business arises principally in the United Kingdom.

PRINCIPAL OPERATING COMPANIES

UK

Alexanders Discount p.l.c.+
Credit Lyonnais Euro-Securities Ltd
Credit Lyonnais Rouse Ltd +
Credit Lyonnais Rouse Derivatives Plc
Credit Lyonnais Securities *
Laing C. Druckshank Investment Management Ltd +

Singapore

Credit Lyonnais Rouse (Pte) Ltd

USA

Credit Lyonnais Rouse (USA) Ltd

All companies are wholly owned indirect subsidiaries, unless otherwise indicated, and are incorporated in the countries under which they appear.

+ Direct subsidiary of Credit Lyonnais Capital Markets PLC

* Credit Lyonnais Securities is an unlimited liability company.