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BANKERS TRUST
INTERNATIONAL LIMITED

DIRECTORS' REPORT AND ACCOUNTS

31 DECEMBER 1983



BANKERS TRUST INTERNATIONAL LIMITED

DIRECTORS' REPORT AND ACCOUNTS - 31 DECEMBER 1983

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BANKERS TRUST INTERNATIONAL LIMITED

DIRECTORS

NON EXECUTIVE CHAIRMAN

Bankers Trust Company

David O. Beim (USA)

Executive Vice President,
Corporate Finance Dept. New York

MANAGING DIRECTOR

Gerald E. Solomon (Indian)

Vice President,
Corporate Finance Dept. London

OTHER BOARD MEMBERS

Robert L. Barbanell (USA)

Senior Vice President,
Corporate Finance Dept. New York

Jan R. Brumm (USA)

Senior Vice President,
International Dept. London

Garret G. Thunen (USA)

Senior Vice President,
Resources Management Dept. London

Allen D. Wheat (USA)

Senior Vice President,
Corporate Finance Dept. London

COMPANY SECRETARY

James Curren

REGISTERED OFFICE

Dashwood House
69 Old Broad Street, London EC2P 2EE

AUDITORS

Price Waterhouse, Chartered Accountants
Southwark Towers, 32 London Bridge Street, London SE1 9SY

BANKERS TRUST INTERNATIONAL LIMITED

1. REPORT OF THE DIRECTORS

The directors present, with this report, the audited accounts of the company for the year ended 31 December 1983.

2. PRINCIPAL ACTIVITY

The principal activity of the company is the business of banking.

3. RESULTS FOR THE YEAR

The net profit for the year amounted to £1,180,136 as shown in the profit and loss account.

The accumulated surplus, amounting to £9,150,083 was carried forward at 31 December 1983.

4. DIRECTORS

The present members of the board are shown on Page 1.

Appointments made since 1 January 1983

Gerald E. Solomon	31 January 1983
Harold J. Meyerman	27 April 1983
Jan R. Brumm	27 April 1983
Robert L. Barbanell	27 April 1983
Allen D. Wheat	30 May 1984

Resignations since 1 January 1983

Martin G. Smith	31 January 1983
Alexander T. Liu	27 April 1983
Michael G. Rose	27 April 1983
Harold J. Meyerman	8 November 1983
James Curren	30 May 1984
Susan T. Lawley	30 May 1984


5. DIRECTORS' INTERESTS

None of the directors had interests in any shares of the company or of any other group company incorporated in Great Britain.

6. AUDITORS

In accordance with the provisions of the Companies Act 1976, a resolution to re-appoint the retiring auditors, Price Waterhouse, will be proposed at the Annual General Meeting.

By Order of the Board



James Curren
Company Secretary

Dashwood House
69 Old Broad Street
London EC2P 2EE

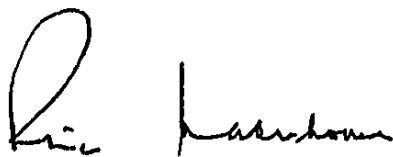
30 May, 1984

BANKERS TRUST INTERNATIONAL LIMITED

**REPORT OF THE AUDITORS TO THE MEMBERS OF
BANKERS TRUST INTERNATIONAL LIMITED**

We have audited the financial statements on Pages 4 to 16 in accordance with approved Auditing Standards.

In our opinion the financial statements, which have been prepared under the historical cost convention as modified by the revaluation of unlisted investments to directors' valuation give, under that convention, a true and fair view of the state of affairs of the company at 31 December 1983 and of its profit and source and application of funds for the year then ended and comply with the Companies Acts 1948 to 1981.



PRICE WATERHOUSE
Chartered Accountants

Southwark Towers
32 London Bridge Street
London SE1 9SY

30 May 1984

BANKERS TRUST INTERNATIONAL LIMITED

PROFIT AND LOSS ACCOUNT
FOR THE YEAR ENDED 31 DECEMBER 1983

	<u>Notes</u>	<u>1983</u> £	<u>1982</u> £
PROFIT BEFORE TAXATION	3	2,617,106	4,631,958
Taxation	5	1,436,970	1,869,385
PROFIT AFTER TAXATION		<u>1,180,136</u>	<u>2,762,573</u>
Balance brought forward		7,969,947	5,207,374
BALANCE CARRIED FORWARD		<u>£ 9,150,083</u>	<u>£ 7,969,947</u>

The annexed notes form an integral part of these accounts.

BANKERS TRUST INTERNATIONAL LIMITED

BALANCE SHEET AT 31 DECEMBER 1983

	Notes	1983 £	1982 £
SHARE CAPITAL AND RESERVES			
Authorised, issued and fully paid:			
6,000,000 ordinary shares of £1 each		6,000,000	6,000,000
Profit and Loss Account		9,150,083	7,969,947
SHAREHOLDERS' EQUITY		15,150,083	13,969,947
LIABILITIES			
Deposits	6	330,862,149	315,480,016
Securities on trading account, short positions		3,141,606	17,252
Amounts payable for securities purchased		113,507,045	61,993,687
Other amounts payable and accruals		5,510,759	4,829,199
Taxation - current and deferred	5	1,904,195	522,346
		£ 470,075,837	£ 396,812,447
ASSETS			
CURRENT ASSETS			
Cash, balances at bankers and money at call and short notice	7	2,071,877	2,127,479
Securities on trading account, long positions	8	256,736,047	277,990,644
Amounts receivable for securities sold		136,140,236	37,832,386
Other amounts receivable and prepayments		9,111,132	7,857,371
Loans & placements maturing within 1 year		9,786,575	20,344,395
		413,845,867	346,152,275
SECURITIES on treasury account	10	19,012,299	17,394,537
LOANS & PLACEMENTS maturing after 1 year		36,540,167	32,364,659
SHARES IN SUBSIDIARY COMPANIES at cost or valuation	11	629,738	854,163
FIXED ASSETS	12	47,766	46,813
		£ 470,075,837	£ 396,812,447

David O. Beim - Chairman
 Gerald E. Solomon - Managing Director
 James Curren - Company Secretary

The accounts were approved by the board of directors on 30 May 1984.

The annexed notes form an integral part of these accounts.

BANKERS TRUST INTERNATIONAL LIMITED

SOURCE AND APPLICATION OF FUNDS
FOR THE YEAR ENDED 31 DECEMBER 1983

	<u>1983</u> £	<u>1982</u> £
SOURCE OF FUNDS		
Profit before taxation	2,617,106	4,631,958
Adjustment of items not involving the movement of funds:		
Depreciation	19,694	22,394
Surplus on restatement of Lognee Holdings Limited	(115,575)	-
Other	(4,191)	(1,483)
TOTAL GENERATED FROM OPERATIONS	<u>2,517,034</u>	<u>4,652,869</u>
FUNDS FROM OTHER SOURCES		
Increase in deposits	15,382,133	267,950,817
Increase in securities on trading account-short positions	3,124,354	(67,089)
Increase in amounts payable	52,194,918	25,950,007
Decrease in cash, balances at bankers and money at call and short notice	55,602	(1,325,794)
Decrease in securities on trading account	21,254,597	(237,716,517)
Decrease in loans and placements	6,382,312	(28,021,702)
Decrease in shares in subsidiaries	340,000	-
Decrease in bills discounted	-	983,844
Disposal of fixed assets	7,225	35,541
	<u>£ 101,258,175</u>	<u>£ 32,441,976</u>
APPLICATION OF FUNDS		
Increase in amounts receivable	99,561,611	21,403,678
Increase in securities on treasury account	1,617,762	9,869,520
Taxation	55,121	1,125,329
Purchase of fixed assets	23,681	43,449
TOTAL FUNDS BY USE	<u>£ 101,258,175</u>	<u>£ 32,441,976</u>

BANKERS TRUST INTERNATIONAL LIMITED

NOTES TO THE ACCOUNTS - 31 DECEMBER 1983

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BANKERS TRUST INTERNATIONAL LIMITED

NOTES TO THE ACCOUNTS - 31 DECEMBER 1983

1. ACCOUNTING POLICIES

The principal accounting policies adopted in the preparation of these accounts are set out below.

- (i) Interest is accrued to profits on a daily basis when it is current. No accrual is made when payment of interest or principal is more than 30 days overdue.
- (ii) Fees and commissions are accrued to profits when the underlying contract becomes legally binding or at the agreed due date if later.
- (iii) Capital Markets fees and commissions earned jointly with a holding company are shared equally.
- (iv) Premiums and discounts on securities held on treasury account are amortised over the period from purchase to maturity on a straight-line basis.
- (v) Specific provision is made against loans and advances when the likelihood of loss is considered certain or probable.
- (vi) Assets and liabilities in foreign currencies have been expressed in sterling at the rates of exchange at the balance sheet date.
- (vii) Securities on trading account are stated at market value.
- (viii) Securities on treasury account are stated at cost plus discount earned to date less a provision when it is considered that a permanent diminution in value has occurred.
- (xi) Fixed assets are stated in the balance sheet at cost after deducting depreciation. Depreciation is calculated to write off the cost of fixed assets in equal annual instalments over their estimated useful lives. The normal life of each major asset category is:

Short leasehold premises	Term of leases
Furniture and equipment	4 to 10 years
- (x) Deferred taxation is provided to defer the benefit of corporation tax arising from all timing differences other than those which can be demonstrated with reasonable certainty to continue for the foreseeable future.

BANKERS TRUST INTERNATIONAL LIMITED

NOTES TO THE ACCOUNTS - 31. DECEMBER 1983

2. FORMAT OF ACCOUNTS

These accounts have been prepared in compliance with Section 149 (A) of, and Schedule 8A to, the Companies Act 1948.

Group accounts have not been presented as the company is a wholly-owned subsidiary of another company incorporated in the United Kingdom.

3. PROFIT BEFORE TAXATION

Profit before taxation is stated after charging:

	<u>1983</u> <u>£</u>	<u>1982</u> <u>£</u>
Depreciation of fixed assets	19,694	22,394
Auditors' remuneration	30,000	25,000
Directors' emoluments (note 4)	118,131	589,162
Ex-gratia payment to former directors	-	89,750

and after crediting:

Recoveries in respect of loan losses	19,862	78,635
Surplus on restatement of investment in Lognee Holdings Limited	115,575	-

Turnover is not disclosed as it is wholly attributable to the business of banking.

BANKERS TRUST INTERNATIONAL LIMITED

NOTES TO THE ACCOUNTS - 31 DECEMBER 1983

4. DIRECTORS' AND EMPLOYEES' EMOLUMENTS

The emoluments, excluding pension contributions, of directors other than the Chairman were in the following ranges:

	<u>1983</u> <u>Number</u>	<u>1982</u> <u>Number</u>
£ 1 - £ 5,000	7	20
£ 5,001 - £10,000	-	2
£10,001 - £15,000	1	-
£25,001 - £30,000	1	1
£30,001 - £35,000	-	2
£35,001 - £40,000	-	1
£45,001 - £50,000	-	1
£50,001 - £55,000	-	1
£55,001 - £60,000	-	1
£60,001 - £65,000	1	1
£65,001 - £70,000	-	1

The emoluments of the Chairmen during 1983 amounted to £3,173 (1982 : £130,884).

The emoluments of the highest paid director during 1983 amounted to £64,501. The Chairman who resigned on 31 January 1983 was the highest paid director during 1982 with emoluments of £130,884.

The number of employees receiving remuneration in excess of £30,000 is as follows:

	<u>1983</u>	<u>1982</u>
£30,001 - £35,000	1	2
£40,001 - £45,000	-	1
£45,001 - £50,000	2	-
£55,001 - £60,000	1	-
£60,001 - £65,000	1	-
£65,001 - £70,000	2	-
£70,001 - £75,000	1	-
£75,001 - £80,000	2	-

BANKERS TRUST INTERNATIONAL LIMITED

NOTES TO THE ACCOUNTS - 31 DECEMBER 1983

5. TAXATION

The taxation charge, based on the profit for the year is made up as follows:

	<u>1983</u> <u>£</u>	<u>1982</u> <u>£</u>
Corporation tax at 50% (1982 52%)		
Current	-	1,866,212
Prior years	(788,226)	-
Deferred	1,992,711	3,173
Double taxation relief	-	(1,078,346)
	<u>1,204,485</u>	<u>791,039</u>
Overseas taxation	232,485	1,078,346
	<u>£1,436,970</u>	<u>£1,869,385</u>

The corporation tax charge in the profit and loss account has been provided at the applicable rate following the Finance (No.2) Bill 1984.

The taxation provision in the balance sheet is made up as follows:

	<u>1983</u> <u>£</u>	<u>1982</u> <u>£</u>
Current	(92,030)	602,795
Deferred		
Accelerated capital allowances	-	24,355
Other timing differences	1,996,225	(104,804)
	<u>£1,904,195</u>	<u>£522,346</u>

Tax losses of approximately £272,000 utilised to obtain recovery of the tax credit on franked investment income in a prior year are available against future profits on payment of the ACT applicable.

BANKERS TRUST INTERNATIONAL LIMITED

NOTES TO THE ACCOUNTS - 31 DECEMBER 1983

6. BALANCES WITH GROUP COMPANIES

The undernoted balances are included in the assets and liabilities detailed on page 5.

<u>Assets:</u>	<u>1983</u> <u>£</u>	<u>1982</u> <u>£</u>
Holding companies and fellow subsidiaries	17,483,416	32,455,880
Subsidiary	-	136,695
<u>Liabilities:</u>		
Holding companies and fellow subsidiaries	321,674,957	305,780,318
Subsidiaries	423	423

7. MONEY AT CALL AND SHORT NOTICE

Money at call and short notice includes placements with a maturity of 14 days or less.

8. SECURITIES ON TRADING ACCOUNT

	<u>1983</u> <u>£</u>	<u>1982</u> <u>£</u>
Long positions comprise:		
Certificates of deposit	112,984,642	161,014,552
Floating rate notes	124,464,184	114,401,303
Other debt securities	19,287,221	2,574,789
	<u>£256,736,047</u>	<u>£277,990,644</u>

BANKERS TRUST INTERNATIONAL LIMITED

NOTES TO THE ACCOUNTS - 31 DECEMBER 1983

9. TRANSACTIONS WITH DIRECTORS AND OFFICERS

DIRECTORS:

The only transactions with directors during the year ended 31 December 1983 were house and personal loans, details of which are as follows:

<u>Director</u>	<u>Principal</u> <u>1 January 1983</u> <u>£</u>	<u>Maximum Level</u> <u>During 1983</u> <u>£</u>	<u>Principal</u> <u>31 Dec 83</u> <u>£</u>	<u>Interest</u> <u>Rate %</u>	<u>Maturity</u> <u>of Loan</u>
J. Curran					
House Loan	27,000	27,000	27,000	3 and 9	1989
Personal Loan	1,701	1,701	82	2% below base	1984
Season Ticket Loan	334	477	357	-	1984
M.G. Smith					
House Loan	57,775	57,775	-	-	-
G.E. Solomon					
House Loan	-	26,500	26,500	5	1987
Personal Loan	-	1,389	1,070	5	1987

BANKERS TRUST INTERNATIONAL LIMITED

NOTES TO THE ACCOUNTS - 31 DECEMBER 1983

9. TRANSACTIONS WITH DIRECTORS AND OFFICERS (Continued)

Repayment Terms

All loans to directors have either originally been issued by or transferred to a holding company. Interest cost of the loans in excess of the amount paid by directors is borne by Bankers Trust International Limited.

House loans are repayable on the earlier of termination of appointment or final date of maturity. Personal loans are repayable by monthly instalments.

In the event of termination of employment, a holding company granting the loans may, by arrangement, offer short term loan facilities at commercial rates.

Security

House loans are secured by the taking of a first legal charge on the properties and the assignment of life assurance policies. No collateral is required for staff personal loans which are for short term and repayable from monthly salaries.

There was no unpaid interest at 31 December 1983 and no provision has been made against loan balances at 31 December 1983 by a holding company.

OFFICERS

There were no loans outstanding to officers at 31 December 1983.

BANKERS TRUST INTERNATIONAL LIMITED

NOTES TO THE ACCOUNTS - 31 DECEMBER 1983

10. SECURITIES ON TREASURY ACCOUNT

	<u>1983</u> £	<u>1982</u> £
Securities on treasury account comprise:		
Certificates of deposit	16,694,149	13,713,306
Floating rate notes	1,834,449	1,391,760
Other debt securities	233,500	734,826
Local authority bonds	250,201	1,554,645
	<u>£19,012,299</u>	<u>£17,394,537</u>

11. SUBSIDIARY COMPANIES

The names of the subsidiaries, each of which is incorporated in England and wholly owned, are:

BTI Investments Limited
Lognee Holdings Limited
(in voluntary liquidation)
New Broad Street Properties Limited
Rodo Nominees Limited

Although the affairs of Lognee Holdings Limited are in the hands of an independent liquidator, the investment has been revalued to the directors' estimated realisable value and included under the heading "Shares in subsidiaries".

In the opinion of the directors the aggregate value of the assets of the company consisting of shares in, or amounts owing (whether on account of a loan or otherwise) from, the company's subsidiaries is not less than the aggregate of the amounts at which those assets are stated or included in the balance sheet.

BANKERS TRUST INTERNATIONAL LIMITED

NOTES TO THE ACCOUNTS - 31 DECEMBER 1983

12. FIXED ASSETS

	£	<u>1983</u> £	£	<u>1982</u> £
Short Leasehold premises:				
Cost		22,468		22,468
Accumulated depreciation		<u>17,221</u>		<u>15,355</u>
Net book value		5,247		7,113
Furniture, equipment and vehicles:				
Cost		221,676		203,015
Accumulated depreciation		<u>179,157</u>		<u>163,315</u>
Net book value		42,519		39,700
		<u>£47,766</u>		<u>£46,813</u>
Additions at cost		<u>£23,681</u>		<u>£43,449</u>
Disposals at cost		<u>£5,020</u>		<u>£63,084</u>

13. COMMITMENTS

The company has commitments in respect of guarantees, borrowed securities, ECGD loans, deposit agreements and forward foreign exchange, all of which are entered into in the ordinary course of business.

No provision is considered necessary in respect of these matters.

14. CURRENT COST ACCOUNTS

Current cost accounts have not been presented as the company is a wholly-owned subsidiary of another company incorporated in the United Kingdom.

15. ULTIMATE HOLDING COMPANY

The ultimate holding company is Bankers Trust New York Corporation, incorporated in the United States of America.