

727694

BANKERS TRUST INTERNATIONAL PLC

Report and Accounts

December 31, 1992



BANKERS TRUST INTERNATIONAL PLC

REPORT AND ACCOUNTS

DECEMBER 31, 1992

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BANKERS TRUST INTERNATIONAL PLCDirectors

R.L. Barbanell	
J.W. Benton	
B.R. Cook	President and Chief Operating Officer
R.A. McLauchlan	Chairman
J.B. Giannotti	Joint Vice Chairman
C.F. Kiley	Joint Vice Chairman
M.H. Steglitz	
B.E. Walsh	
P. Souviron	
L.K. Polsky	
A.G. Altozano	
C.R. Cochin de Billy	
P.L. Cardarelli	
M. Prewer	
A.R. Moore	
R.P. Kilsby	

Company Secretary

C.F. Backhouse

Registered Office

1 Appold Street
Broadgate
London EC2A 2HE

Auditors

Ernst & Young
Rolls House
7 Rolls Buildings
Fetter Lane
London EC4A 1NH

Company Registered Number: 727694

BANKERS TRUST INTERNATIONAL PLCDIRECTORS' REPORT

The directors submit their report and accounts for the year ended December 31, 1992.

Results and dividends

The profit after taxation amounted to £71,948,000 (1991 - £89,247,000). No dividends were declared or paid during the year. The directors do not recommend the payment of any dividend in respect of 1992 (1991 - £Nil).

Principal activity and future developments

The company carries on an international merchant banking business. There were no significant changes in the company's business during the year. With effect from the 1st January 1993, the Share Capital of the company was converted from British Pounds to United States Dollars. The directors do not envisage any significant changes in the foreseeable future.

Directors and their interests

The directors of the company during the year were:

R.L. Barbanell	
J.W. Benton	
B.R. Cook	President & Chief Operating Officer
M.R. Hotimsky	(Resigned April 10, 1992)
C.J.G. Keer	(Resigned February 14, 1992)
R.A. McLauchlan	Chairman
M.H. Steglitz	
B.E. Walsh	
P. Souviron	(Appointed April 24, 1992)
L.K. Polsky	(Appointed April 24, 1992)
J.B. Giannotti	(Appointed April 24, 1992) Joint Vice Chairman
A.G. Altozano	(Appointed April 24, 1992)
C.R. Cochín de Billy	(Appointed April 24, 1992)
P.L. Cardarelli	(Appointed April 24, 1992)
M. Prewar	(Appointed April 24, 1992)
A.R. Moore	(Appointed September 8, 1992)
C.F. Kiley	(Appointed September 8, 1992) Joint Vice Chairman
H.B. Kilsby	(Appointed September 8, 1992)

The company has received no notification from any of the directors at any time during the year that he held a beneficial interest in any shares or debentures of the company or any other group company.

BANKERS TRUST INTERNATIONAL PLCDIRECTORS' REPORT
(continued)Employees

The company gives every consideration to applications for employment from disabled persons where the requirements of the job may be adequately fulfilled by a handicapped or disabled person. Where existing employees become disabled, it is the company's policy wherever practicable to provide continuing employment under normal terms and conditions and to provide training and career development and promotion wherever appropriate.

During the year, the company has continued to promote ways of providing employees with information about the company and encouraging them to present their suggestions and views on the company's performance. Regular meetings are held between management and employees to allow a free flow of information and ideas. Employees are encouraged to participate directly in the success of the business through the company's bonus system.

Auditors

Ernst & Young have expressed their willingness to continue in office as auditors and a resolution proposing their re-appointment will be submitted at the Annual General Meeting.

ON BEHALF OF THE BOARD



C.F. BACKHOUSE

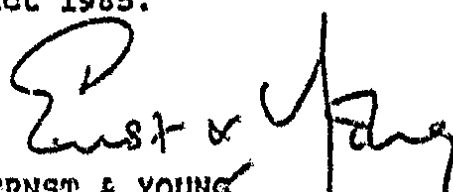
Secretary

Date: April 1, 1993

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

We have audited the accounts on pages 5 to 15 in accordance with Auditing Standards.

In our opinion the accounts give a true and fair view of the state of affairs of the company at December 31, 1992 and of its profit for the year then ended and have been properly prepared in accordance with the Companies Act 1985.


ERNST & YOUNG
Chartered Accountants
Registered Auditor
London

Date: April 1, 1993

BANKERS TRUST INTERNATIONAL PLCPROFIT AND LOSS ACCOUNT
FOR THE YEAR ENDED DECEMBER 31, 1992

	<u>Notes</u>	<u>1992</u> <u>£'000</u>	<u>1991</u> <u>£'000</u>
Profit on ordinary activities before taxation	3	87,344	96,628
Taxation	5	(15,396)	(7,381)
Profit retained for the financial year		71,948	89,247
Retained profit brought forward		398,571	309,324
Retained profit carried forward		470,519	398,571

The notes on pages 7 to 15 form part of these accounts

BANKERS TRUST INTERNATIONAL PLCBALANCE SHEET AT DECEMBER 31, 1992

	<u>Notes</u>	<u>1992</u> £'000	<u>1991</u> £'000
Assets:			
Balances with bankers		1,188,515	330,868
Trading securities - long positions		13,614,910	11,252,410
Accounts receivable	6	1,241,224	715,381
Loans and advances repayable within one year		12,064	20,799
		-----	-----
		16,056,713	12,319,458
 Loans and advances repayable after one year		-	2,675
Investments	7	205,996	340,633
		-----	-----
		16,262,709	12,662,766
		=====	=====
Shareholders' funds and liabilities:			
Issued share capital	10	100,020	100,020
Other reserve	11	49,442	49,442
Profit and loss account		470,519	398,571
		-----	-----
		619,981	548,033
 Subordinated term loan	12	194,362	115,505
		-----	-----
		814,343	663,538
 Deposits and short term borrowing	13	5,383,122	3,085,894
Accounts payable	14	615,516	538,979
Trading securities - short positions		9,406,343	8,346,013
Deferred taxation	15	43,383	28,342
		-----	-----
		16,262,709	12,662,766
		=====	=====

Approved by the board of directors on April 1, 1993

J.W. BENTON *John W. Benton*
C.F. KILEY *Charles F. Kiley*

Directors

The notes on pages 7 to 15 form part of these accounts

BANKERS TRUST INTERNATIONAL PLCNOTES TO THE ACCOUNTS AT DECEMBER 31, 19921. Accounting policiesBasis for preparation

The accounts have been drawn up in accordance with the special provisions of Section 255 of and Schedule 9 to the Companies Act 1985 in relation to banking companies and with applicable accounting standards.

They have been prepared under the historical cost convention, modified to include the valuation of trading securities, forwards and futures at market value.

Trading positions

- (a) Transactions in trading securities, forwards and futures are accounted for on a trade date basis.
- (b) Trading securities, which include swap arrangements and option contracts, are stated at quoted market prices or, where no direct quote is available, at the directors' estimate of current market value.
- (c) In the ordinary course of its business the company enters into forward and futures contracts. Positions open at the year end are marked to market and the resulting profits or losses are included in the profit and loss account.
- (d) In the course of financing its business and as part of its trading activities, the company enters into the arrangements which involve the sale of securities with agreements to repurchase and the purchase of securities with resale agreements. Repurchase agreements are recorded as deposits and the related securities, where owned by the company, are included in trading securities at the market price or investments at cost as appropriate. Resale agreements are recorded as debtors and the related securities are excluded from inventory.

Loans and advances

Specific provision is made against loans and advances when the likelihood of loss is considered certain or probable.

Investments

- (a) Listed securities held for investment purposes, which are fully hedged using currency borrowings and swaps, are valued at cost in the currency of purchase revalued at the exchange rate current at the balance sheet date. The premium or discount arising on the purchase is amortised or accreted to the profit and loss account over the remaining life of the security.
- (b) Unlisted equity investments are valued at cost less amounts provided for diminution in value.

BANKERS TRUST INTERNATIONAL PLC

NOTES TO THE ACCOUNTS AT DECEMBER 31, 1992 (continued)

1. Accounting policies (continued)

Profit and loss account

- (a) Turnover is not disclosed as it is attributable wholly to the business of banking.
- (b) Interest and fee income receivable and payable, commitment commission and agency fees are accrued over the term of the underlying transaction. No accrual is made when payment of interest or principal is more than 90 days overdue.
- (c) Other fees and commissions are accrued over the life of the underlying transaction except to the extent that they represent compensation for arranging the transaction. This portion is recognised as income at the commencement of the transaction.

Foreign currencies

Assets and liabilities in foreign currencies are translated into sterling at the rates of exchange at the balance sheet date, with the exception of the other reserve which is translated at an historical rate. Gains and losses on translation are taken to the profit and loss account.

Deferred taxation

Deferred taxation is provided on the liability method on all timing differences to the extent that they are expected to reverse in the future without being replaced, calculated at the rate at which it is estimated that the tax will be payable.

Pensions

The company contributes to the pension scheme operated by a group company. This scheme was amended March 1, 1992.

This scheme defines the contributions made in respect of employees following March 1, 1992 although employees who were members of the scheme before that date are entitled to opt for the defined benefit arrangements previously in force.

Contributions to the defined benefits scheme are charged to the profit and loss account so as to spread the cost of pensions over the employees working lives. Variations in defined benefit pension costs identified as a result of actuarial variations are amortised over the average expected remaining working lives of employees in proportion to their expected payroll costs.

Contributions to the defined contributions scheme are charged to the Profit and Loss account in the period in which they become due and payable.

BANKERS TRUST INTERNATIONAL PLCNOTES TO THE ACCOUNTS AT DECEMBER 31, 1992
(continued)2. Business Segments

Profit before taxation is wholly attributable to the business of merchant banking.

An analysis of profit before taxation and net assets by geographical segment has not been provided in the accounts because the directors are of the opinion that such information would be misleading due to the cross-border nature of the company's trading activities.

3. Profit on ordinary activities before taxation

This is stated:

	<u>1992</u> £'000	<u>1991</u> £'000
After crediting:		
Income from listed investments	33,888	39,049
Income from unlisted investments	221	195
Gains from sales of investments	4,300	-

After charging:

Interest on deposits	253,865	277,665
Provisions for diminution in value of investments	-	1,715
Losses from sales of investments	1,465	-
Directors' emoluments (see note 4)	-	-
Auditors' remuneration	319	273

The amount of Auditors' remuneration shown above contains fees of £85,111 that were paid to auditors in 1992 for the provision of non audit services.

4. Directors' emoluments

The following amounts represent only the percentage of each director's total remuneration related to his services in the management of the company on the basis that all directors are employed by and provide significant services to other companies within the group. The amounts attributable to remuneration paid to directors of the company are included in the management charge made in respect of expenditure incurred by group companies.

	<u>1992</u> £'000	<u>1991</u> £'000
Emoluments other than fees	2,585	1,706
Pension contributions	17	9
	2,602	1,715

BANKERS TRUST INTERNATIONAL PLCNOTES TO THE ACCOUNTS AT DECEMBER 31, 1992
(continued)4. Directors' emoluments
(Cont'd)

The emoluments, excluding pension contributions, of the chairman, who is also the highest paid director, were £632,184 (1991 - £600,000). The emoluments, excluding pension contributions, of the other directors fall within the following ranges:

	<u>1992</u> No.	<u>1991</u> No.
£ 0,000 - £ 5,000	4	
£ 10,001 - £ 15,000	1	1
£ 15,001 - £ 20,000	1	1
£ 55,001 - £ 60,000	2	
£ 65,001 - £ 70,000	1	
£ 90,001 - £ 95,000		1
£ 95,001 - £ 100,000		1
£ 100,001 - £ 105,000		3
£ 110,001 - £ 115,000	1	
£ 145,001 - £ 150,000	1	
£ 150,001 - £ 155,000		1
£ 170,001 - £ 175,000	1	
£ 200,001 - £ 205,000	1	
£ 205,001 - £ 210,000	1	
£ 255,001 - £ 260,000	1	
£ 300,001 - £ 305,000	1	
£ 330,001 - £ 335,000		1
£ 430,001 - £ 435,000	-----	-----

5. Taxation

Based on the profit for the year:

Deferred taxation
Overseas withholding tax suffered
Franked investment income

	<u>1992</u> £'000	<u>1991</u> £'000
	(7,840)	(7,660)
	(300)	(390)
	(55)	(49)
	-----	-----
	(8,195)	(8,099)
Prior years:		
Deferred taxation	(7,201)	718
	-----	-----
	(15,396)	(7,381)
	-----	-----

BANKERS TRUST INTERNATIONAL PLC

11.

NOTES TO THE ACCOUNTS AT DECEMBER 31, 1992
(continued)

5. Taxation
(Cont'd)

Deferred taxation has been provided at 9.88% (1991 - 8%) because a group company has undertaken to discharge the remaining corporation tax liability of 23.12% that arises on the reversal of gross timing differences, by the surrender for nil consideration of advance corporation tax arising from its future dividend payments.

The deferred tax charge for prior years arises due to changes in the rates of advance corporation tax.

6. Accounts receivable

	<u>1992</u> £'000	<u>1991</u> £'000
Amounts receivable on securities transactions	1,080,746	400,786
Other accounts receivable	160,478	314,595
	-----	-----
	1,241,224	715,381
	=====	=====

7. Investments

	<u>1992</u> £'000	<u>1991</u> £'000
Listed:		
Investment securities listed outside the UK	166,710	298,037
Unlisted:		
Subsidiary undertakings (see note 8)	33,086	33,086
Other equity investments (see note 9)	6,200	9,510
	-----	-----
	39,286	42,596
	-----	-----
	205,996	340,633
	=====	=====

Listed investments outside the UK have a market value of £165,823,000 (1991-£298,087,000).

The directors' estimate the market value of equity investments to approximate to £14,597,000 (1991 - £9,510,000).

BANKERS TRUST INTERNATIONAL PLCNOTES TO THE ACCOUNTS AT DECEMBER 31, 1992
(continued)8. Subsidiary undertakings

The names of the principal subsidiaries of the Company, their country of incorporation, principal activity and the percentage of the ordinary share capital owned are as follows:

Directly held:

BT Gilts Limited	England & Wales	Gilt edged market marker	100%
BT Holdings (Europe) Limited & Cie	France	Holding company	99%

Indirectly held:

Bankers Trust (France) S.A.	France	Banking	100%
Bankers Trust Finance et Marches, S.A.	France	Banking	100%
Bankers Trust Futures (Europe) GIE	France	Banking	100%

During the year, B.T.I. Investments Limited was sold to Bankers Trust Holding (U.K.) Limited realising a profit of £1,475,000.

Group accounts in relation to the subsidiaries have not been prepared as the Company is a wholly owned subsidiary of another company incorporated in Great Britain. (see note 19).

9. Other equity investments

No analysis of other equity investments is provided in these accounts because the directors are of the opinion that none of these investments are in undertakings whose results or financial position principally affects the amount of the Company's profit for the year or the amount of its assets.

10. Share capital

	1992 £'000	1991 £'000
Ordinary shares of £1 each:		
Authorised	110,000	110,000
Issued and fully paid	100,020	100,020

All but £50,000 of the capital of Bankers Trust International PLC was by virtue of a special resolution and with the sanction of the High Court of Justice converted from British Pounds to United States Dollars with effect from 14th January 1993 at a USD/GBP conversion rate of 1.5435.

BANKERS TRUST INTERNATIONAL PLCNOTES TO THE ACCOUNTS AT DECEMBER 31, 1992
(continued)11. Other reserves

The other reserve arises as a result of a capital contribution made by a holding company.

12. Subordinated term loan

	<u>1992</u> £'000	<u>1991</u> £'000
Term loans:		
Payable on December 27, 2000	47,000	47,000
Payable on June 28, 2001	15,000	15,000
Payable on June 25, 2002	66,181	-
Perpetual loan notes	66,181	53,505
	-----	-----
	194,362	115,505
	=====	=====

Interest on all loans is payable at floating rates of between 4.4% and 9.3% (1991 - 4.7% and 12.8%).

13. Deposits and short term borrowings

Included in deposits and short term borrowings are £149,670,000 (1991 - £81,471,000) of amounts payable under sale and repurchase agreements which are secured on the securities that formed the basis of these transactions.

14. Accounts payable

	<u>1992</u> £'000	<u>1991</u> £'000
Amounts payable on securities transactions	568,229	312,787
Other accounts payable	47,287	226,192
	-----	-----
	615,516	538,979
	=====	=====

BANKERS TRUST INTERNATIONAL PLCNOTES TO THE ACCOUNTS AT DECEMBER 31, 1992
(continued)15. Deferred taxation

Deferred taxation has been provided in full as follows:

	<u>1992</u> £'000	<u>1991</u> £'000
Short term timing differences	18	(16)
Differences arising due to recognition of unrealised profits in other periods for taxation purposes	152,522	126,465
Advance corporation taxation to be surrendered by group companies (see note 5)	(106,858)	(95,807)
Payment of corporation tax on account	(2,300)	(2,300)
	<u>43,382</u>	<u>28,342</u>

16. Group indebtedness

The aggregate amount of indebtedness owed from and owing to group companies is as follows:

	<u>1992</u> £'000	<u>1991</u> £'000
Owed from:		
Holding companies and fellow subsidiaries	636,680	557,201
Subsidiaries	2,358	1,800
Owing to:		
Holding companies and fellow subsidiaries	4,058,707	3,375,114
Subsidiaries	-	-

17. Contingent liabilities and commitments

The company has contingent liabilities and commitments, entered into in the ordinary course of business, in respect of guarantees, loans, notes, deposit agreements, underwriting agreements, interest rate and currency swaps, forwards, futures and options contracts, and public issues of warrants. These financial commitments are assessed as an integral part of the company's risk exposure.

In respect of guarantees, loans, notes, deposit agreements and underwriting agreements, no irrecoverable loss is seen at the balance sheet date.

BANKERS TRUST INTERNATIONAL PLCNOTES TO THE ACCOUNTS AT DECEMBER 31, 1992
(continued)17. Contingent liabilities and commitments
(Cont'd)

The interest rate and currency swaps, forwards, futures and option contracts and public issues of warrants are reflected in these accounts at market value in accordance with the accounting policies set out in note 1. At the balance sheet date, no irrecoverable loss is foreseen other than as already reflected through Market Value accounting.

As at December 31, 1992 the company had deposited securities to the value of £5,794,000 (1991 - £9,753,000) with clearing houses to provide margin for a group company.

18. Pension commitments

The company contributes to the pension scheme operated by a group company. This scheme was amended on 1 March 1992.

This scheme defines the contributions made in respect of employees following 1 March 1992 although for employees who were members of the scheme before that date are entitled to opt for the defined benefit arrangements previously in force.

Contributions to the scheme are based on pension costs across the group as a whole with allocations based on salary costs. The assets of the scheme are held separately from those of the company in an independently administered trust fund. Full details of both the defined benefit and defined contribution schemes are given in the accounts of Bankers Trust Holdings (UK) Limited.

Total pension costs charged to the profit and loss for the year were £851,000 (1991 - £1,351,000). Prepayment in the Balance Sheet of the company arising from differences between the amounts recognized as costs and the amounts paid into the fund amount to £ 1,819,000 (1991 - NIL).

19. Ultimate parent company

The company's ultimate parent company and largest group for which accounts are prepared is Bankers Trust New York Corporation, which is incorporated in the United States of America and listed on the New York Stock Exchange. Copies of the group accounts of Bankers Trust New York Corporation can be obtained on application to the company.

The company's ultimate parent company within the EC and smallest group for which accounts are prepared is Bankers Trust Holdings (U.K.) Limited, which is registered in England and Wales and prepares group accounts.