

# **Co-operative Bank p.l.c.**

Registered in England No. 990937

990937/  
ES

## **Head Office and Registered Office**

1 Balloon Street Manchester M60 4EP.

Telephone 061-832-3456

Telex 667274

### **BOARD**

#### **Chairman**

P. J. Paxton

#### **Directors**

T. Agar  
R. G. Aspray  
F. E. Creed  
R. J. Gorvin

D. M. Landau  
L. Lee  
J. Mason  
W. A. Prescott  
C. J. B. Ruck

T. J. Thomas  
U. S. Todner  
S. J. Wallace  
L. Wilkinson

#### **Secretary**

G. J. Melmoth

### **MANAGEMENT**

#### **Chief General Manager and Director**

L. Lee, B.Com., F.I.B.

#### **Chief General Manager (Designate) and Director**

C. J. B. Ruck, B.A.

#### **Executive Directors**

R. J. Gorvin, F.I.B.  
T. J. Thomas, F.I.B.  
L. Wilkinson, F.I.B.

#### **General Managers**

J. Cameron, F.I.B.  
P. Layhe, M.B.A., F.C.M.A.  
T. A. O'Malley, A.C.I.S., A.I.B., A.S.C.A.

#### **City Office**

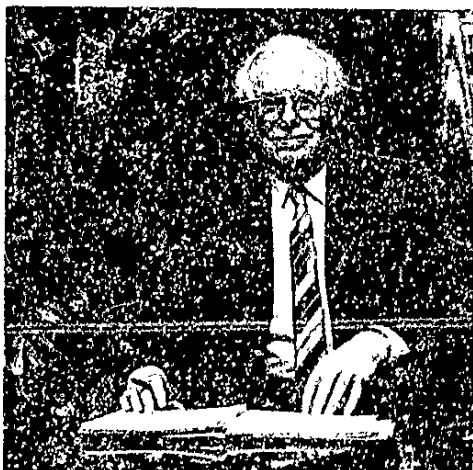
78-80 Cornhill, London EC3V 3NJ  
Telephone 01-626-6543  
Telex 884533

#### **International Division**

9-14 Prescot Street, London E1 8BE  
Telephone 01-480-5171  
Telex 888146



## Statement by the Chairman



P. J. Poxton, Chairman

### Economic Background

The continued underlying weakness of the UK economy especially in the important manufacturing sector was a consistent feature of 1984. Despite the perception in some quarters of a generalised recovery in economic activity the reality of the situation for a large proportion of the country's population was that of continuing hardship. This was particularly true of course for the increasing numbers of people who find themselves, through no fault of their own, in the unenviable position of being deprived of the opportunity to participate fully in the economic life of the nation. Indeed, it must be recognised that the problem of mass unemployment is the most pressing issue which government policy-makers should be addressing today.

In the wider economy the maintenance of record levels of real interest rates has been damaging to investment in the industrial infrastructure of the country and the international cost competitiveness of our exporters. It is clear that there is little prospect of attaining economic goals, particularly the control of retail price inflation, without the lifting of this burden. Related to this of course is the requirement for a significantly greater degree of stability in the foreign exchange markets. There can be little doubt that the continuing buoyancy of the dollar is seriously impairing the ability of the European nations to effect domestic recoveries on the same scale as that which has been achieved in the US.

I think that there is a clear need in the economy for an influx of direct investment from the authorities to promote the growth which has so far not been forthcoming despite the periodic assurances from the Treasury to the contrary. There is now a broad spectrum of opinion, notably including the leaders of our major companies, which has recognised the urgent requirement for the modernisation of much of the manufacturing capability and the associated service requirements of the nation.

### Banking Industry

Of course while we as a Group expend a good deal of effort attempting to analyse likely developments in our industry there are always those who make life difficult for us, not least the Government who once again in 1984, as they did with the "Windfall Profits Tax" of 1981, introduced taxation changes in their March Budget that have far-reaching implications for the banking industry. The impact of the measures imposed upon the Group has been the loss of £13 million from our reserves into a special deferred tax provision. While all the banks have been adversely affected and are having to make similar provisions, the pressure exerted upon our capital base has been further increased by the Bank of England's insistence on a general improvement in capital adequacy ratios throughout the industry.

I am therefore pleased to report that our parent, the Co-operative Wholesale Society have provided £13.8 million in the form of new equity. The problem of capital adequacy is one which will undoubtedly dominate the banking industry throughout 1985 but we can feel grateful for this reaffirmation of the confidence of our shareholders especially at a time when the effects of a still depressed economy are placing increasing demands on their own resources.

As a result of changes in the taxation treatment of interest bearing bank deposits announced in the 1984 Budget we are required from April 1985 to deduct tax at source from our interest-bearing accounts. The introduction of this Composite Rate Tax system will undoubtedly affect our ability to attract deposits at present levels of interest. The reality of the situation for the entire banking industry is that interest rate structures must be reappraised if the banks

are to retain an attraction to an increasingly sophisticated customer base.

It seems likely that the imposition of Composite Rate Tax may only be the first stage of a process whereby the banks and building societies will confront each other throughout the marketplace. Preparations are already well underway for the passage of legislation which will enable building societies to undertake activities such as insurance broking, retailing of securities, money transmission and the provision of unsecured loans.

The blurring of the traditional barriers among financial institutions and the growth of competition across the widest spread of financial service markets increased substantially during 1984 with greater consolidation of the links between clearing banks and members of the Stock Exchange. Although these initiatives are principally directed towards penetration of overseas markets, they will without doubt also have far reaching implications for the structure and operation of the UK market itself in due course. Certainly, I feel that the period of change through which we are passing now will come to be regarded in the future as something of a revolution in the development of the financial sector. The moves to open the UK clearing system to a larger spread of participants too, in so far as they will eliminate any artificial barriers to competition, can in my view only be of benefit to the banking industry and importantly to the public which it serves.

#### **Achievements of 1984**

During the year we brought in-house our VISA processing operations, maintaining our position in the vanguard of the development of technological support systems. We are now in the enviable position of being able to offer VISA processing facilities to other institutions. This will both defray high investment costs and also develop new business opportunities.

Over the course of the year our links with other organisations have been strengthened to provide processing income through clearing arrangements and valuable access to other branch networks. The expensive new technologies encourage the spread of agreements between different institutions in sharing development costs. As a Group we pioneered this kind of relationship with our link with Abbey National Building Society. In the last twelve months the Group has been involved both in discussions in respect of a terminal consortium and in bilateral talks on ATM development and EFT/POS.

At present, the Bank offers its services to the customer through a variety of outlets, including the branch network, agency points and centralised service distribution. This system, which is unique to the Bank, developed as a result of our close connection with the Co-operative Retail Movement and

the need to harness technology in order to service rapid growth in the number of accounts. A further major step in this direction will be the introduction of our own ATM's linked to a national network in addition to the continued expansion of the branch network.

During the year branches were opened in Peterborough and Gloucester and plans are well in hand for Cambridge and Guildford.

One aspect of 1984 which gave me particular pleasure was the success of Unity Trust Limited in its first twelve months of operation. Despite the problems which many of the country's trade unions have faced on the industrial relations front in the past year, a substantial deposit base has been gathered and firm foundations set for future growth and profitability. It is especially gratifying for me as Chairman of a major UK Clearing Bank to see this new institution showing the promise to play a role in the regeneration of the national economy.

In terms of the Group's participation in international affairs I am pleased to report the success of the 1984 International Co-operative Bank conference which brought to the Lake District over 100 representatives from 55 co-operative financial institutions from around the world.

#### **Retail Societies**

As a central financial intermediary the role of the Group within the Co-operative Movement has continued to grow. Most of the services of the Group are available through our agency network and increasingly we are able to attract customers into our stores who are not co-operative shoppers of the traditional kind.

Both among depositors and borrowers the Group's customer profile continues to become more varied and there is evidence that both our image and reputation for a "good deal" are appealing to sections of the younger and higher income groups. Through regular use of the in-store network the opportunity is created to convert them into co-op shoppers rather than merely bank customers.

In this respect "Handycard" and "Handyloan" – the Movement's exclusive consumer credit operation – had another particularly successful year. Turnover for the year was in the region of £56 million and there can be little doubt of the benefits which accrue to the retail societies as a result.

During the year we have taken every opportunity to emphasise to the Movement the financial benefits of funding working capital through trade bills and the utility of leasing as an alternative to purchasing vehicles, plant or fixtures and fittings. Some £18.5 million of leasing business was written by the Group for the Movement as a whole in 1984.

We will continue in the future to devote a

significant proportion of our resources to developing services appropriate to the needs of the Movement.

### **Market Development**

There was a sharp increase in the number of personal customers joining the Group in 1984. We now have over 1.4 million customers, and have recorded an average net increase in accounts of 20% per annum over the last 14 years. Success has been seen both in the traditional banking sector and in the area of consumer credit. Our "Free Banking" policy, now in its twelfth year, has proved its popularity yet again. Despite even one of the major clearing banks finally seeing the light, the Group continues to process substantial volumes of new accounts every week. This success has been particularly well reflected in the results of the Bank's Domestic Banking Division which were excellent, showing increases in account numbers, balances and levels of commission income.

In addition to this, in the past twelve months the Group has seen the benefits of a number of technological innovations in the handling of administrative functions, freeing personnel to concentrate on direct customer contact and cross-selling services. The introduction of the Front Office concept and the extension of the Personal Banker scheme will progress this policy further.

### **Operating Performance**

I am pleased to report that in 1984 the Group generated some £13 million of profit and achieved both the financial and strategic objectives of our Corporate Plan.

In profit terms it has been therefore, a highly successful year. Both through business development and improvements in controlling costs a good deal has been achieved. The use of targetting and monitoring procedures, introduced over the last two years, has ensured that the increase in gross income achieved has surpassed the increase in overheads. The continued rigid control of both personnel and processing costs is vital to the maintenance of profit levels and it is an important part of our future strategy to capitalise on this progress.

### **Staff**

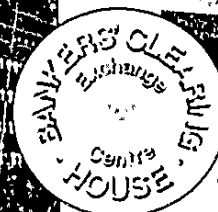
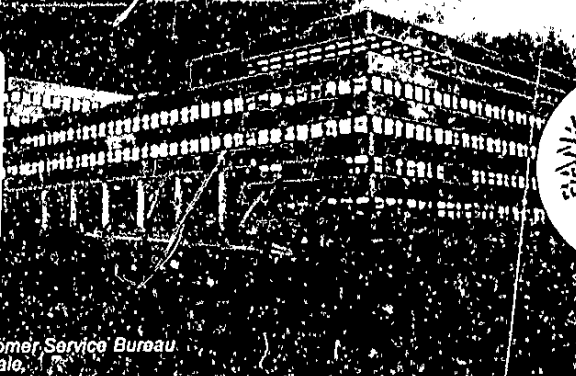
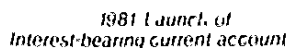
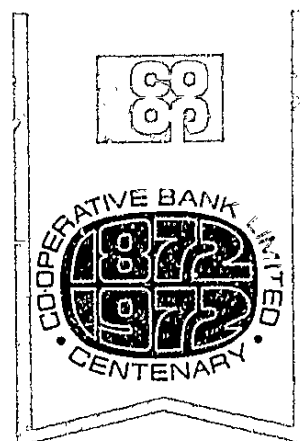
The continued success of the Group has only come about, of course, through the efforts and expertise of our staff over the years. As Chairman of the Group I would like to express my sincere appreciation and gratitude for their support. It goes without saying that we would not be where we are today without their dedication. I find it particularly encouraging that the enthusiasm of the Group's management team is also reflected in commitment and initiative at all levels. This bodes well for our future.

In many ways 1984 is the end of an era for the Group with the retirement of Lewis Lee, the first Chief General Manager of the Bank, during whose period of office the Bank grew incomparably both in stature and in size.

In the same period we lose Mr. David Maxey (Deputy Chief General Manager, Finance and Administration), who has held a number of posts within the Group and who has proved himself to be a banker of the highest calibre as well as a tireless administrator. He retired from the company in January 1985 and on behalf of all the Directors and staff of the Group I would take this opportunity to thank him for his many years of dedicated service and wish him many more years of happiness in retirement.

Mr. Lewis Lee joined the Group in 1936 and excluding a distinguished interruption to his career as a member of the Royal Air Force in World War II, has been with us ever since. After working his way through the management structure of the Group he became Chief General Manager in 1971. A major part of the credit for the success of the company since must be his. Guiding the Bank for over fourteen years, a term of office longer than any other Chief Executive in a major UK clearing bank, his record is one of continued achievement. It is a considerable undertaking to launch an independent bank. To have done this in the early 1970's and to have maintained continued growth and expansion through a banking crisis and a period of unprecedented inflation and economic change and to have brought the Bank to the position in which it is today, can only be regarded as an achievement of the highest order and one which reflects the calibre of the man. He has overseen many exciting advances during his tenure of office including the Bank's pioneering of "Free Banking", our admittance to the Bankers' Clearing House in 1975 and the assumption of a major role within the international co-operative banking movement. He retires in May 1985 and again sincere thanks are due from all the Directors and staff of the company for leading us with enthusiasm, ability and charm over the last decade and a half. It goes without saying that he receives our best wishes for an active retirement, for although he leaves the Board of the Bank, he will continue as Chairman of Unity Trust and a member of the Co-operative Development Agency.

Finally I would like to welcome Mr. Christopher Ruck who joins us from a senior position in another clearing bank and who is to assume the post of Chief General Manager of the Group on the retirement of Mr. Lee. Mr. Ruck enjoys the full support of both Board and staff in his determination to ensure the continued success and achievement of the company and we are confident that he will be an able successor in this demanding role.



## Report of the Directors

The Directors have pleasure in submitting their report, together with the audited accounts for the year ended 12th January, 1985.

### Profits and Dividends

The consolidated profit before tax is £13,035,000, an improvement of £5,511,000 on 1983. The consolidated retained earnings attributable to the shareholders of Co-operative Bank p.l.c. is £7,581,000, as set out in the consolidated profit and loss account on page nine. The Directors recommend a dividend of 3.36p per £1 share amounting to £840,000.

### Finance Act 1984

The Finance Act 1984 introduced changes to capital allowances and to the rates of corporation tax. As a result of the changes to capital allowances the continuing deferment of taxation liabilities can no longer be anticipated and those liabilities will therefore become payable at the new rates. In addition tax variation clauses in lease agreements will reduce future rentals. The additional provision of £13.0 million has been debited to the consolidated profit and loss account and covered by a transfer from reserves.

### Share Capital

On the 28th December, 1984, the Bank increased its authorised share capital to £25,000,000 by the creation of 5,000,000 Ordinary Shares of £1 each. The issued share capital increased by £13,800,000 to £25,000,000 on 10th January, 1985, through the issue for cash of 13,800,000 Ordinary Shares of £1 each to Co-operative Wholesale Society Limited, the Bank's holding company.

### Activities and Business Review

The Bank and its subsidiaries forming the Co-operative Bank Group provide an extensive range of banking and financial services, both domestic and foreign. The total turnover of the Group is not shown, as it resulted mainly from the business of banking.

From its other activities, turnover amounted to £110,540,000, and represents the total of advances, excluding finance charges, the net cost of equipment leased and sales of developed property.

The statement by the Chairman contains a review of the business of the Group for the year ended 12th January, 1985, and of likely future developments.

### Branches

At 12th January, 1985, the Bank had 78 branches and sub-branches, and had almost 4,000 banking points at Co-operative Retail Societies.

### Directors and their Interests

The names of the present members of the Board are set out on page one.

Mr. D. C. Maxey and Mr. J. H. Currie also served as directors until their retirement on the 12th January, 1985, and 6th February, 1985, respectively.

Mr. L. Wilkinson and Mr. S. J. Wallace were appointed to the Board on 14th January, 1985, and 26th February, 1985 respectively. Mr. Wilkinson and Mr. Wallace, in accordance with the Articles of Association, offer themselves for re-appointment.

Messrs. R. G. Aspray, P. J. Paxton and U. S. Todner retire by rotation, and being eligible, offer themselves for re-election.

Throughout the year, Messrs. Lee, Mason, Maxey and Paxton, as nominees of the parent organisation, each held two ordinary shares in the company, but no Director had a beneficial interest in any shares in the Group, or in Co-operative Wholesale Society Limited, or in any other companies controlled by Co-operative Wholesale Society Limited, apart from Mr. F. E. Creed and Mr. D. M. Landau who each held 100 "C" shares of £1 each in Unity Trust Limited and Mr. L. Lee, Mr. C. J. B. Ruck, and Mr. T. J. Thomas who each held 250 "C" shares of £1 each in Unity Trust Limited.

None of the Directors had an interest at any time during the year in contracts which were material in relation to the Company's business.

### **Unity Trust Limited**

During the year, the Bank, through its subsidiary company Co-operative Bank (Commercial) Limited acquired 2,000,000 ordinary shares of £1 each in Unity Trust Limited.

### **Staff**

The weekly average number of persons employed by Co-operative Bank p.l.c. and its subsidiaries was 3,728 and their aggregate remuneration for the year was £29,732,558.

Our staff are involved in many ways which encourage them to identify with the Bank and to use their skills and knowledge to provide good service for our customers. They are encouraged to realise their full potential by the provision of an effective appraisal system backed by a committed approach to training. Our progressive salaries and excellent working conditions are enjoyed by both full and part-time staff.

Effective formal and informal channels of communications, both upwards and downwards, are well established including amongst other things a regular staff magazine and when appropriate, staff bulletins.

### **Disabled Persons**

The Bank's policy is to give careful consideration to application for employment from disabled persons, having regard to their particular aptitudes and abilities when related to opportunities available. The Bank recognises its responsibility to the training and career development of disabled employees.

### **Donations**

During the year, the Group made donations of £4,572 to United Kingdom charitable organisations. No donation for political purposes was made.

### **Auditors**

The auditors of Co-operative Bank p.l.c. are Messrs. Thomson McLintock and Company, Chartered Accountants, and the Board recommend their re-appointment until the conclusion of the next General Meeting at which accounts are laid.

By order of the Board  
G. J. Melmoth, Secretary.

26th March, 1985.

# **Co-operative Bank p.l.c.**

## **Auditors' Report**

To the members of Co-operative Bank p.l.c.

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Manchester  
27th March, 1985.

We have audited the financial statements on pages 9 to 23 in accordance with approved Auditing Standards.

In our opinion the financial statements, which have been prepared under the historical cost convention, give a true and fair view of the state of affairs of the company and the group at 12th January, 1985, and of the profit and source and application of funds of the group for the year then ended and comply with the Companies Acts 1948 to 1981.

In our opinion the abridged supplementary current cost accounts set out on pages 24 to 26 have been properly prepared, in accordance with the policies and methods described in notes 1 to 3, to give the information required by Statement of Standard Accounting Practice No. 16.

THOMSON McLINTOCK & CO.

Chartered Accountants





## Co-operative Bank p.l.c.

### Consolidated Profit and Loss Account

for the year ended 12th January, 1985

	<i>Notes</i>	<i>1984</i> <i>£'000</i>	<i>1983</i> <i>£'000</i>
<b>Profit before Taxation</b>	2	13,035	7,524
<b>Taxation</b>	4	4,616	117
<b>Profit after Taxation</b>		8,419	7,407
<b>Minority Interest</b>		(19)	20
<b>Extraordinary Items</b>	5	13,017	2,889
<b>Transfer from Reserves</b>	8	(13,000)	—
<b>Proposed Dividend</b>	6	840	560
<b>Retained Earnings</b>		7,581	3,938
<b>Profits Retained</b>			
By The Bank		7,237	7,364
By subsidiaries		(180)	(3,528)
		7,057	3,836
In associated companies		524	102
		7,581	3,938

The notes on pages 14 to 23 form part of these accounts

# Co-operative Bank p.l.c.


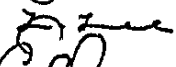


## Consolidated Balance Sheet

as at 12th January, 1985

	Notes	1984 £'000	1983 £'000
<b>Share Capital and Reserves</b>			
Ordinary share capital	7	25,000	11,200
Reserves	8	41,391	46,948
		<u>66,391</u>	<u>58,148</u>
<b>Minority Shareholders' Interest in Subsidiaries</b>		2,059	378
<b>Subordinated Loans</b>	9	48,910	39,063
<b>Deferred Taxation</b>	10	17,864	2,951
<b>Current Liabilities</b>			
Current, deposit and other accounts	11	982,441	878,176
Acceptances by finance house subsidiary		53,750	65,000
Creditors and accrued expenses		22,647	19,355
Proposed Dividend	6	840	560
		<u>1,059,678</u>	<u>963,091</u>
		<u><u>1,194,902</u></u>	<u><u>1,063,631</u></u>

Approved 26th March, 1985

	Notes	1984 £'000	1983 £'000
<b>Liquid Assets</b>			
Coin and bank notes		7,084	5,459
Balances with and amounts in course of collection from other banks		56,665	54,740
Money at call and short notice		177,450	155,845
		<u>241,199</u>	<u>216,044</u>
<b>Certificates of Deposit</b>		11,834	9,077
<b>Investments</b>	12	73,638	78,307
<b>Customer and Other Accounts</b>	13	823,831	720,731
<b>Associated Companies</b>	15	25,627	21,503
<b>Fixed Assets</b>	16	18,773	17,969

P. J. Paxton, Chairman  
 L. Lee, Director  
 C. J. B. Ruck, Director  
 G. J. Melmoth, Secretary

<u><u>1,194,902</u></u>	<u><u>1,063,631</u></u>
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The notes on pages 14 to 23 form part of these accounts

# Co-operative Bank p.l.c.

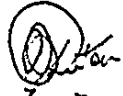



## Balance Sheet

as at 12th January, 1985

	Notes	1984 £'000	1983 £'000
<b>Share Capital and Reserves</b>			
Ordinary share capital	7	25,000	11,200
Reserves	8	40,260	46,314
		<u>65,260</u>	<u>57,514</u>
<b>Subordinated Loans</b>	9	22,231	17,756
<b>Deferred Taxation</b>	10	8,339	1,398
<b>Current Liabilities</b>			
Current, deposit and other accounts	11	941,044	815,312
Creditors and accrued expenses		18,920	12,874
Proposed Dividend	6	840	560
		<u>960,804</u>	<u>828,746</u>
		<u><u>1,056,634</u></u>	<u><u>905,414</u></u>

Approved 26th March, 1985

	Notes	1984 £'000	1983 £'000
<b>Liquid Assets</b>			
Coin and bank notes		7,084	5,459
Balances with and amounts in course of collection from other banks		56,605	54,535
Money at call and short notice		161,825	151,601
		<u>225,514</u>	<u>211,595</u>
<b>Certificates of Deposit</b>		11,834	9,077
<b>Investments</b>	12	73,638	78,307
<b>Customer and Other Accounts</b>	13	690,560	530,890
<b>Subsidiaries</b>	14	11,363	(1,832)
<b>Associated Companies</b>	15	25,660	72
<b>Fixed Assets</b>	16	18,065	17,305

P. J. Paxton, Chairman  
 L. Lee, Director  
 C. J. B. Ruck, Director  
 G. J. Melmoth, Secretary

1,056,634

905,414

The notes on pages 14 to 23 form part of these accounts

# Co-operative Bank p.l.c.

## Accounting Policies

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### (a) Basis of consolidation and accounting date

The accounts of the group are made up for the 52 weeks to 12th January, 1985. Since the group accounting date is virtually coterminous with the calendar year 1984 the financial year's figures are headed 1984 and the corresponding figures for the previous year are headed 1983. The comparative figures relate to a 53 week period. The Accounts have been prepared under the historical cost convention and in accordance with Sections 149A and 152A of the Companies Act 1948 and Schedule 8A to that Act.

### (b) Investments

#### (i) Investment Income

Income from investments includes amortization of premiums and discounts on dated stocks, value for which is taken in equal annual instalments from the date of acquisition to maturity.

#### (ii) Sale of Investments

Realised profits and losses on sales of investments are taken to profit and loss account in the year in which they arise.

### (c) Losses on Advances

The amount charged against operating profit for losses on advances comprises specific provision against identifiable losses and a general provision to cover latent but unidentifiable losses due to doubtful debts. Both provisions are based on a year end appraisal of advances. Advances are shown on the balance sheet after deducting these provisions.

### (d) Depreciation

Depreciation is provided on a straight line basis at the following rates which are estimated to write down the assets to realisable values at the end of their useful lives:

Freehold and long leasehold buildings	2.5 per cent per annum
Short leasehold buildings	life of lease
Equipment	10 to 20 per cent per annum
Vehicles	25 per cent per annum

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**(e) Leasing**

Income is credited to the profit and loss account under the 'Investment Period' principle except in the case of motor vehicle leasing, where the 'Rule of 78' formula applies.

Leased equipment is valued at original cost less depreciation, which is calculated to write off that cost over the primary period of the lease. Depreciation for the period represents the full amount of leasing payments due in the period less the amounts credited to the profit and loss account.

The changes in the rates of corporation tax in the Finance Act 1984 resulted in variations in the after tax income of existing leasing agreements. The book values of the leases have been adjusted accordingly and the resulting credits are released as pre tax income over the primary period of the leases.

**(f) Hire Purchase and instalment credit agreements**

Credit is taken in the profit and loss account for finance charges on hire purchase and instalment credit agreements, net of dealers' commission, using the 'Rule of 78,' with the exception of agreements having a duration of five years and over where finance charges are allocated on an actuarial basis.

**(g) Deferred taxation**

Provision is made for taxation on timing differences between profits stated in the accounts and profits computed for taxation purposes where there is a reasonable probability that such taxation will become payable in the foreseeable future.

**(h) Associated companies**

In the consolidated balance sheet associated companies are shown at cost, including advances, less amounts written off, and the group's share of reserves from the date of acquisition.

**(i) Exchange rates**

Balances in foreign currencies are expressed in sterling at the rate ruling at the balance sheet date. All exchange differences are dealt with in the profit and loss account.

**(j) Premium on acquisition of shares**

The premium paid on the acquisition of shares in subsidiaries, being the excess of the amount paid over the net tangible assets at the date of acquisition, has been written off against reserves.

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# Co-operative Bank p.l.c.

## Notes to the Accounts

(all amounts are stated in £'000 unless otherwise indicated)

### 1. Turnover

The turnover of the group is not shown as it resulted mainly from the business of banking. The turnover from its other activities amounted to £110,540,000 (1983—£115,586,000) and was the total of advances, excluding finance charges, the net cost of equipment leased and sales of developed property.

### 2. Profit for the Year

The profit for the year is stated:

	1984	1983
After charging—		
Interest payable	62,346	52,105
Interest payable on subordinated loans	5,311	3,821
Depreciation of fixed assets	4,733	4,334
Hire of computers and associated equipment	301	494
Auditors' remuneration—Parent company, £80,000 (1983—£60,000)	120	104
Directors' emoluments	276	146
And after crediting—		
Share of profits of associated companies	813	263
Investment income:		
Quoted	6,878	8,665
Unquoted	21	168
Additional credit to leasing income	86	—

The quoted investment income includes a debit of £304,000 (1983—£536,000 debit) in respect of the movement in the value of dated securities in accordance with the basis of accounting set out in Accounting Policy (b)(i).

Employees of the Bank, other than directors, whose total emoluments exceeded £30,000 were as follows:

£	1984	1983
30,001 — 35,000	5	3
35,001 — 40,000	2	2

### 3. Directors' Emoluments and Loans

The chairman received no emoluments in the current or previous period. The emoluments of the highest paid director were £67,792 (1983—£57,134). The following table sets out the number of other directors and the range of their emoluments:

£	1984	1983
NIL	8	9
5,001 — 10,000	—	1
35,001 — 40,000	2	2
50,001 — 55,000	1	—
55,001 — 60,000	1	—

At 12th January 1985, loans to ten directors (including credit transactions) amounted in aggregate to £115,000 (1983—£76,000).



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#### 4. Taxation

The charge for the year comprises:

	1984	1983
Corporation tax	(145)	Nil
Overseas taxation	18	13
Deferred tax	4,350	(69)
Tax on franked investment income	—	4
A.C.T. written off	18	8
Additional debit re leasing income	86	—
	<u>4,327</u>	<u>(44)</u>
Taxation suffered by associated companies	289	161
	<u>4,616</u>	<u>117</u>

As a result of accelerated capital allowances for taxation in respect of equipment used in the business and assets leased to customers and other timing differences the charge for taxation for the year has been reduced by £Nil (1983—£4,122,000) for the Bank and its subsidiaries.

#### 5. Extraordinary Items

	1984	1983
(Loss)/Profit on the sale of fixed assets	(17)	124
Settlement in respect of obligations contracted with a former director of a subsidiary company (net of tax)	—	(62)
Deferred taxation	(10,563)	(2,951)
Provision for tax variation clauses in lease agreements	(2,437)	—
	<u>(13,017)</u>	<u>(2,889)</u>

#### 6. Proposed Dividend

	1984	1983
Dividend of 5p per share on 11,200,000 ordinary shares of £1 each	—	£560,000
Dividend of 3.36p per share on 25,000,000 ordinary shares of £1 each	£840,000	—
The dividend will be paid under group election and no advance corporation tax will be payable		

#### 7. Share Capital

The authorised share capital was increased from 20,000,000 ordinary shares of £1 each to 25,000,000 ordinary shares of £1 each on 28th December, 1984. The issued share capital was increased from 11,200,000 ordinary shares of £1 each to 25,000,000 ordinary shares of £1 each on 10th January, 1985.

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# Co-operative Bank p.l.c.

## Notes to the Accounts

(all amounts are stated in £'000 unless otherwise indicated)

### 8. Reserves

	<i>The Group</i>	<i>The Bank</i>
At 14th January 1984	46,948	46,314
Retained Profits	7,581	7,237
Cost of Share Issue	(138)	(136)
Transfer to Profit and Loss Account	(13,000)	(13,153)
At 12th January 1985	<u>41,391</u>	<u>40,260</u>

The reserves of the company include share premium of £9,686,000 (1983—£9,824,000).

### 9. Subordinated Loans

	<i>The Group</i>		<i>The Bank</i>	
	1984	1983	1984	1983
U.S. \$25,000,000 Floating Rate (minimum 6%) Capital Notes redeemable not later than November 1986	22,231	17,756	22,231	17,756
U.S. \$30,000,000 Guaranteed Floating Rate (minimum 5½%) Notes redeemable not later than October 1991	26,679	21,307	—	—
	<u>48,910</u>	<u>39,063</u>	<u>22,231</u>	<u>17,756</u>

### 10. Deferred Taxation

Taxation deferred by timing differences in accordance with the basis of accounting set out in Accounting Policy (g)

	<i>The Group</i>		<i>The Bank</i>	
	1984	1983	1984	1983
Short term timing differences	105	—	105	—
Other timing differences	385	—	—	—
Capital allowances on fixed assets	4,931	—	4,875	—
Capital allowances on assets leased to customers	12,443	2,951	3,359	1,398
	<u>17,864</u>	<u>2,951</u>	<u>8,339</u>	<u>1,398</u>
The potential amount of deferred taxation not provided for in the accounts in respect of capital allowances and other timing differences is as follows:	1984	1983	1984	1983
Fixed assets	—	7,800	—	7,667
Leased equipment	—	8,855	—	4,193
	<u>—</u>	<u>16,655</u>	<u>—</u>	<u>11,860</u>

No provision has been made for the potential liability which might arise in the event of the freehold and leasehold premises being realised at their balance sheet values as it is expected that tax on any chargeable gain which might arise will be covered by rollover relief.

### 11. Current, Deposit and Other Accounts

This includes balances deposited by the parent organisation and fellow subsidiaries, as follows:

	<i>The Group and the Bank</i>	
	1984	1983
Parent organisation	13,316	35,782
Fellow subsidiaries	1,654	1,178
	<u>14,970</u>	<u>36,960</u>

## 12. Investments

	<i>The Group</i>		<i>The Bank</i>	
	1984	1983	1984	1983
Investments at cost or amortized value comprise—				
<b>Quoted:</b>				
Securities of, or guaranteed by the British Government	29,634	29,441	29,694	29,441
British municipalities and public boards stocks, etc.	81	159	81	159
Other securities quoted in Great Britain	43,639	47,343	43,639	47,343
	<u>73,414</u>	<u>76,943</u>	<u>73,414</u>	<u>76,943</u>
<b>Unquoted:</b>				
Principally local authority mortgages at cost	224	1,364	224	1,364
	<u>73,638</u>	<u>78,307</u>	<u>73,638</u>	<u>78,307</u>

The market value of the quoted securities at 12th January 1985, was £72,581,000 (1983—£76,854,000). The large majority of these investments mature within seven years, the average period to redemption being six and one quarter years.

## 13. Customer and Other Accounts

	<i>The Group</i>		<i>The Bank</i>	
	1984	1983	1984	1983
Advances to customers, less provisions	650,263	564,956	644,977	543,204
Assets leased to customers	29,167	21,202	7,550	11,552
Balances outstanding under hire purchase and other instalment credit agreements, less provisions	136,388	123,588	35,415	29,643
Development land and work in progress	1,478	1,506	—	—
	<u>817,296</u>	<u>711,252</u>	<u>687,942</u>	<u>584,399</u>
Debtors and prepaid expenses	6,535	9,479	2,618	6,491
	<u>823,831</u>	<u>720,731</u>	<u>690,560</u>	<u>590,890</u>

The provisions for bad and doubtful debts of the Group, together with the movements during the year, are:

	<i>1984</i>		<i>1983</i>	
	<i>Specific</i>	<i>General</i>	<i>Specific</i>	<i>General</i>
Balance at 14th January 1984	18,372	3,132	13,795	2,424
Amounts written off	(8,140)	—	(5,059)	—
Recovery of debts previously written-off	137	—	296	—
Charge to profit and loss account	12,462	576	9,340	708
Balance at 12th January 1985	<u>22,831</u>	<u>3,708</u>	<u>18,372</u>	<u>3,132</u>
	<u>26,539</u>		<u>21,504</u>	

The provisions for bad and doubtful debts of the Bank, together with the movements during the year, are:

	<i>1984</i>		<i>1983</i>	
	<i>Specific</i>	<i>General</i>	<i>Specific</i>	<i>General</i>
Balance at 14th January 1984	10,854	2,697	9,120	2,059
Amounts written off	(2,886)	—	(3,865)	—
Recovery of debts previously written off	137	—	120	—
Charge to profit and loss account	8,898	701	5,479	638
Balance at 12th January 1985	<u>17,003</u>	<u>3,398</u>	<u>10,854</u>	<u>2,697</u>
	<u>20,401</u>		<u>13,551</u>	

# Co-operative Bank p.l.c.

## Notes to the Accounts

(all amounts are stated in £'000 unless otherwise indicated)

### 14. Ultimate Holding Company and Subsidiaries

The Co-operative Wholesale Society Limited owns the whole of the issued ordinary share capital of the Bank and is also the ultimate holding company. The Co-operative Wholesale Society Limited is incorporated in England and is registered under the Industrial and Provident Societies Acts 1965 to 1968. The principal subsidiaries of Co-operative Bank p.l.c. which are registered in England unless otherwise stated are:

Company	Nature of Business	Holding	Holding
		1984	1983
Co-operative Bank (Commercial) Limited	Commercial Bankers	100%	100%
Roodhill Investments Limited (incorporated in Guernsey)	Investment Holding Company	100%	100%
Co-ban Eurofinance B.V. (incorporated in the Netherlands)	International Operations	100%	100%
First Co-operative Finance Limited	Finance House	100%	100%
Cleveland Guaranty Limited	Finance House	100%	100%
Cleveland Finance Limited	Property Developer	100%	100%
Unity Trust Limited	Banking	49%	—
First Roodhill Leasing Limited	Leasing	100%	100%
Second Roodhill Leasing Limited	Leasing	100%	100%
Third Roodhill Leasing Limited	Leasing	100%	100%
Fourth Roodhill Leasing Limited	Leasing	100%	100%
Cost of investment in subsidiaries		14,142	13,703
Amount due (to) by subsidiaries		(2,779)	(15,535)
		<u>11,363</u>	<u>(1,832)</u>

The following subsidiary companies have year-ends which are not co-terminous with that of Co-operative Bank p.l.c.

First Roodhill Leasing Limited	31st March
Second Roodhill Leasing Limited	30th June
Third Roodhill Leasing Limited	30th September

The above companies have year-ends which are not co-terminous with that of Co-operative Bank p.l.c. to enable competitive leasing quotations to be offered throughout the year.

### 15. Investments in Associated Companies

The investments in associated companies (all incorporated in England), none of which are quoted, are:

Company	Nature of Business	Total Issued Share and loan capital at 12th January, 1985	Group Interest	Group Interest
			1984	1983
**Co-operative City Investments Limited	Investment Managers	25,000 Ordinary Shares of £1 each	33%	33%
**Holyoake Insurance Brokers Limited	Insurance Brokers	100,000 Ordinary Shares of £1 each	20%	20%
*Worldtech Ventures Limited	Technology Financiers	600,000 Ordinary Shares of £1 each	20%	20%
*The London Industrial Park Limited	Property Developers	50,000 Ordinary Shares of £1 each	50%	50%
		£2,000,000 Unsecured Loan Stock	50%	50%
Crowngap Limited	Property Developers	103,333 Ordinary Shares of £1 each	33%	37%

The investment in associated companies is made up as follows:

	The Group		The Bank	
	1984	1983	1984	1983
Cost of Shares and Advances, less amounts written off	24,499	20,899	25,660	72
Share of Reserves	1,128	604	—	—
	<u>25,627</u>	<u>21,503</u>	<u>25,660</u>	<u>72</u>

\*\*The ultimate holding company of these companies is Co-operative Wholesale Society Limited.

\*These companies are not audited by the Bank's auditors.

## 16. Fixed Assets

The movements on Fixed Assets are:

	<i>The Group</i>		<i>The Bank</i>	
	<i>Freehold and leasehold premises</i>	<i>Equipment and fittings</i>	<i>Freehold and leasehold premises</i>	<i>Equipment and fittings</i>
Cost:				
At 14th January 1984	1,573	31,656	1,465	30,633
Capital expenditure	361	5,424	361	4,955
Sales and disposals	(42)	(1,726)	—	(1,424)
At 12th January 1985	<u>1,892</u>	<u>35,354</u>	<u>1,826</u>	<u>34,164</u>
Accumulated depreciation:				
At 14th January 1984	382	14,878	358	14,435
Depreciation for year	70	4,663	69	4,411
Sales and disposals	(8)	(1,512)	—	(1,348)
At 12th January 1985	<u>444</u>	<u>18,029</u>	<u>427</u>	<u>17,498</u>
Net book value at 12th January 1985	<u>1,448</u>	<u>17,325</u>	<u>1,399</u>	<u>16,666</u>
Combined net book value at 12th January 1985	<u>18,773</u>		<u>18,065</u>	
The net book value of land and buildings comprises:				
Freehold	1,173		1,121	
Long Leasehold	33		33	
Short Leasehold	245		245	
	<u>1,448</u>		<u>1,399</u>	

The net book value of equipment and fittings includes an amount of £9,469,000 relating to computer and other equipment and motor vehicles (1983—£9,844,000).

# Co-operative Bank p.l.c.

## Notes to the Accounts

(all amounts are stated in £'000 unless otherwise indicated)

### 17. Commitments and Contingent Liabilities

(a) Capital expenditure committed and authorised at 12th January 1985 was:

	<i>The Group</i>		<i>The Bank</i>	
	<i>1984</i>	<i>1983</i>	<i>1984</i>	<i>1983</i>
Contracted for but not spent	3,140	637	3,140	637
Authorised but not contracted for	1,254	46	1,254	46

(b) First Co-operative Finance Limited has given guarantees in respect of building contracts and public works to be undertaken by an associated company and other customers: maximum liability, £Nil (1983—£199,000).

(c) Engagements entered into on behalf of customers for the Group and the Bank which amount to £121,292,000 (1983—£86,938,000) and in respect of which there are corresponding obligations by customers, are not included in the balance sheets.

(d) The Bank has subscribed for 200,000 shares of £1 each in Worldtech Ventures Limited, of which 60p per share had been called at 12th January 1985. The remaining uncalled share capital at 12th January 1985 amounts to £80,000.

(e) There are outstanding contracts for the purchase and sale of foreign currencies. In general, forward transactions for the purchase and sale of foreign currencies are matched and any open position is not of a material amount.

# Co-operative Bank Group

## Statement of Source and Application of Funds

for the year ended 12th January, 1985

	1984 £'000	1983 £'000
<b>Source of Funds</b>		
Profit attributable to ordinary shareholders	8,421	4,498
Adjustments for items not involving the movement of funds:		
Depreciation of fixed assets	4,733	4,334
Increase in deferred taxation	4,350	2,882
Revaluation of subordinated loans	9,847	4,662
Retentions by associated companies	(524)	(102)
Funds generated by operations	26,827	16,274
Funds from other sources:		
Movement in minority interest	1,681	—
Disposal of fixed assets	248	439
Issue of share capital	13,800	—
	<u>42,556</u>	<u>16,713</u>
<b>Application of Funds</b>		
Purchase of fixed assets	5,785	4,504
Cost of share issues	138	—
Payment of dividend	560	—
Increase in working capital	36,073	12,209
	<u>42,556</u>	<u>16,713</u>
<b>Analysis of increase in working capital:</b>		
Increase in advances to customers and associated companies and other accounts	109,137	96,171
Increase (Decrease) in liquid assets and other banking assets	23,243	(9,903)
	<u>132,380</u>	<u>86,268</u>
Increase in current, deposit and other accounts	96,307	74,059
	<u>36,073</u>	<u>12,209</u>

# Co-operative Bank p.l.c.

## Current Cost Accounts Consolidated Profit and Loss Account for the year ended 12th January, 1985

	Notes	1984 £'000	1983 £'000
Profit before taxation as in historical cost accounts before subordinated loan interest		18,346	11,345
Adjustment for inflation			
Monetary working capital	2a	4,244	3,871
Additional depreciation	2b	950	290
		<u>5,194</u>	<u>4,161</u>
Current Cost Operating Profit		13,152	7,184
Gearing Adjustment	2c	1,611	1,582
Less: interest on subordinated loans		<u>(5,311)</u>	<u>(3,821)</u>
Current Cost Profit before taxation		9,452	4,945
Taxation as in historical cost accounts		<u>4,616</u>	<u>117</u>
		4,836	4,828
Extraordinary Items		13,017	3,013
Transfers from Reserves		(13,000)	—
Minority Interest		(19)	20
Proposed Dividend		<u>840</u>	<u>560</u>
Current Cost Profit retained		<u>3,998</u>	<u>1,235</u>



# Co-operative Bank p.l.c.

## Current Cost Accounts Consolidated Balance Sheet as at 12th January, 1985

	Notes	1984 £'000	1983 £'000
Net Assets employed			
Advances and other monetary assets		1,176,129	1,045,662
Fixed Assets	2b	22,425	21,378
		<u>1,198,554</u>	<u>1,067,040</u>
Less Current, deposit and other accounts		1,059,678	963,091
		<u>138,876</u>	<u>103,949</u>
Financed by			
Share Capital		26,000	11,200
Reserves	3	13,936	23,057
Current Cost Reserve	3	31,107	27,300
Minority Interest		2,059	378
Subordinated Loans		48,910	39,063
Deferred Taxation		17,864	2,951
		<u>138,876</u>	<u>103,949</u>

# Co-operative Bank p.l.c.

## C.C.A. Notes

### 1. Basis of calculation.

The current cost accounts have been prepared on the basis of Statement of Standard Accounting Practice No. 16.

### 2. Adjustment for inflation.

#### (a) Monetary working capital

The monetary working capital adjustment allows for the effect of price changes on the net monetary working capital by applying the change in Retail Price Index to the average monetary working capital during the year. For this purpose monetary working capital includes all assets other than fixed assets less liabilities arising from operating activities.

#### (b) Depreciation adjustment

The depreciation adjustment is the difference between depreciation based on the current replacement cost of fixed assets and the depreciation charge in the historical cost accounts. In estimating the value to the business the following bases have been adopted:

- (i) Freehold and leasehold premises were professionally valued in 1981. These values have been adjusted to current cost in 1984 by the use of relevant indices.
- (ii) Computer hardware and other electronic equipment, together with any related capital expenditure on software, have been valued at current replacement cost.
- (iii) Other fixed assets have been valued at historical cost adjusted to current cost by the use of relevant indices.

#### (c) Gearing adjustment

The gearing adjustment reduces the monetary working capital and depreciation adjustment by the proportion of capital provided other than by shareholders' funds.

#### (d) Corresponding amounts

The corresponding amounts for the previous period are shown in values relating to last year, without further adjustment.

#### (e) Except as set out above the policies used in the current cost accounts are the same as those used in the historical cost accounts.

### 3. Reserves and Current Cost Reserve

	Reserves	Current Cost Reserve
	£'000	£'000
At 14th January 1984	23,057	27,300
Retained profit/(loss)	3,998	—
Monetary working capital adjustment	—	4,244
Realised surplus on the sale of fixed assets	19	(19)
Revaluation of fixed assets	—	1,193
Gearing adjustment	—	(1,611)
Cost of shares issued	(138)	—
Transfer to Profit and Loss Account	(13,000)	—
	<u>13,936</u>	<u>31,107</u>

## New Branches



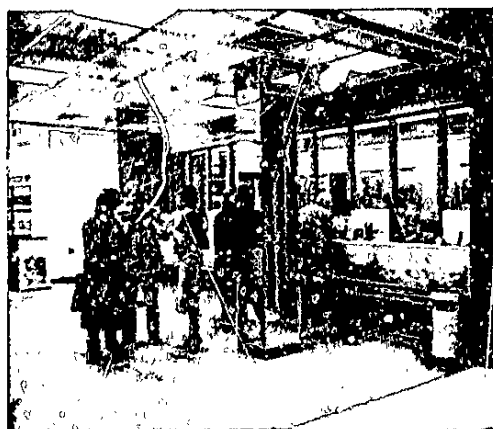
Gloucester

The regional branch network of the Bank continues to expand in parallel with the growth of our customer base. During the past year new branches have been opened in GLOUCESTER, PETERBOROUGH with GUILDFORD opening in March 1985.

In GLASGOW, the existing branch in Buchanan Street and the sub-branch in Laidlaw Street are shortly to be relocated in one new branch in St. Vincent Street. The Co-operative Bank currently has 78 full service branches throughout the UK,

backed up by almost 4,000 Handybank and Cash-a-cheque points in Co-operative store outlets.

The relatively recent dynamic growth by the Bank is reflected in the fact that of the existing 78 branches 60% have been opened during the past 15 years.



Peterborough



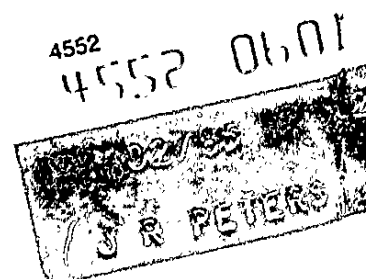


Early Handytill Prototype

### ELECTRONIC BANKING

The Co-operative Bank has long had a reputation as an innovative bank. We were the first to pay interest on current accounts, for example, and the first to introduce a free banking policy for personal customers who keep their accounts in credit.

Electronic banking has been for some time in the forefront of planning for all major banks, including that of the Co-operative Bank. The next major step in this direction is about to be taken with the introduction of the Co-operative Bank 'Electron' Card for use in a new network of cash dispensers. The card will be made available progressively to personal current account holders from now onwards for



use in a network of over 50 automated teller machines - called HANDYTILLS - to be installed in the majority of the Bank's 78 regional branches. This programme is due for completion by mid-1986.

The introduction of ATMs will be complemented by an agreement with the newly-established LINK Group of financial institutions, which includes in addition to the Co-operative Bank, Abbey National Building Society, National Girobank, Nationwide Building Society and FTS Limited (a group of financial institutions who have joined together as a fifth partner in the consortium). LINK will provide a shared network of more than 400 ATMs by the end of this year and over 1,000 by the end of 1986.

The 'Electron' card operates the Handytill cash dispenser and speeds up counter

transactions. In the longer term it will be used for electronic funds transfer at point of sale, i.e. for making purchases direct from the holder's bank current account in retail stores throughout the country and for use abroad. The card allows access 24 hours a day and up to £100 can be withdrawn each day provided there are sufficient funds on balance. There is a special 'Fastcash' feature which allows withdrawal of £20 at the press of a button.

The Co-operative Bank has always kept abreast of technical developments in the financial services field and has reviewed the merits of introducing ATMs on a number of occasions in recent years.

Investment now is fully justified. The introduction of this new service puts us in the forefront of electronic banking, to the advantage of our customers.

**Great news for Co-operative Bank Group customers.**

Now you can cash Co-operative Bank Group personal cheques at selected Abbey National Building Society branches

As a Co-operative Bank Group personal current account customer, you can now enjoy the added convenience of cashing your cheques at selected Abbey National branches.

You can cash cheques up to a maximum of £50 in any one day when supported by your cheque guarantee card - even including Saturdays too!

This facility is available from the Abbey National branches contained in this leaflet which are all open from 9.00a.m. to 5.00p.m. weekdays and most are open from 9.00a.m. to mid-day on Saturdays.

**Abbey National Building Society**

**Co-op Bank**

# "Talking business"

### LOCAL ENTERPRISE

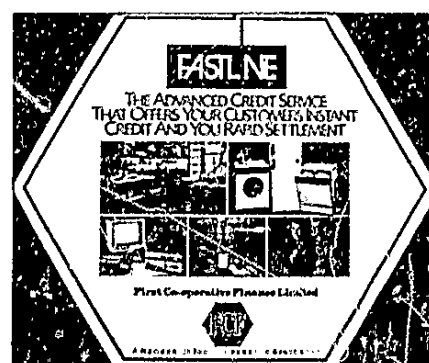
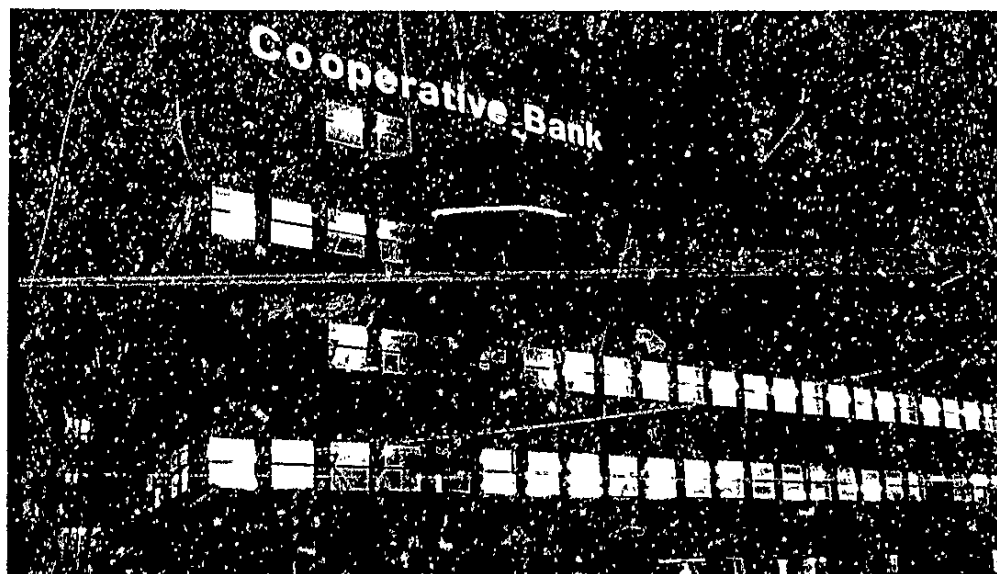
The Co-operative Bank has long been known for its enthusiastic and practical support for government and local authority schemes designed to encourage the growth of new businesses, particularly small and medium-sized businesses. In terms of financing for small businesses the Co-operative Bank is probably as experienced as any bank in the country. It was natural therefore that the Bank should endorse and participate in the Local Enterprise Week promoted by the

Department of Trade and Industry in 1984. We centred our main activities on three branches during the week of June 18-23, in Manchester, Bristol and Durham. In each of these branches we set up Business Finance Advisory Centres where members of the public were invited to call and discuss any financial problems related to the setting up of a new business or the expansion of an existing business.

Each of the centres was officially opened by the local Mayor, which helped publicise the Advisory Centres and all three branches reported considerable interest from a great many visitors. The Bank has a specialised team of experts operating under a Business Development Manager (Small Businesses) and it operates a successful Enterprise Plan in selected branches throughout the country in conjunction with the Enterprise Allowance Scheme. Anyone accepted on the scheme and who opens a business account with the Co-operative Bank has access to a full day of consultation with a top chartered accountancy firm free of charge and a six months commission-free current account service.



## Direct Financial Services



Responding to a demand from its shareholders (the retail societies) the Bank has over the past few years built up one of the country's most sophisticated consumer credit services. This includes the ability to process our own VISA card, and we are the first bank after Barclays to achieve this level of competence. Through our investment in hardware and software, we have developed our capability to be able to issue, fund and manage our own Co-operative Bank VISA

card. As a result we are a principal member of VISA International and our VISA business is growing at a rate of some several thousand cards per month. This is a considerable achievement for the Co-operative Bank, since none of the Access banks or other VISA card issuers have such a capability at this time.

After a period of planning and development of our Consumer Credit services, the decision was taken towards the end of last year to merge the sales force of First Co-operative Finance with the processing and management capabilities of the original bank consumer credit operation. This will give the Bank the basis on which to seek non-co-operative retail consumer credit business, and also provides a method by which we can dispense with much of the administrative costs which result from the more traditional methods of operation.

## Unity Trust



Terry Thomas, Managing Director and Gordon Beesley, Executive Director, pictured outside the Unity Trust Headquarters in Carlisle Avenue, London.

Unity Trust, following the international example of two very successful banks (one German and one Israeli), commenced trading on May 1 1984, when more than 30 British trade unions joined together with the Co-operative Bank to form the first ever financial institution sponsored by trade unions in this country.

The immediate aim of Unity Trust during its first year of operation has been to attract trade union funds to build up a retail deposit base. The immediate response of the unions was very encouraging. When the founder shares offer closed on June 30 a total of £4 million had been subscribed for against an original target of £2.5 million. This included the 50% commitment by the Co-operative Bank which said at the outset that it would match trade unions' commitment £ for £.

Unity Trust is a licensed deposit-taking institution which will offer a comprehensive range of banking services. Making fullest use of the latest technology it will remain physically a small institution but one which will offer a vehicle through which trade unions can make a positive contribution to investment within the UK economy thereby creating jobs for their members and their families both now and in the future.

During 1984 efforts have been concentrated on meeting the banking needs of the trade union shareholders and this emphasis will be continued through 1985 in order to provide the company with a substantial, stable, deposit base. This customer deposit base will form the platform from which a whole range of banking and other financial services for the many millions of trade union members

and the wider general public will be gradually launched. Plans are well advanced for the first of these services to be launched during 1985. It is confidently expected that in providing some of these services the company will be able to work closely with local authorities, enterprise and development agencies and other financial institutions in order to contribute support to the industrial and service infrastructure of the UK. During the first eight months of trading up to the financial year – end of December 31, Unity Trust made a net profit of some £91,924 before tax.

The latest investment product, Regional Investment Bonds, enables individuals and/or corporate organisations to have their savings invested within a particular identified region of the country (Unity Trust is committed to investing only in the UK). The bond investment is designed to protect the depositor from the risk related to the particular investments made within the region. This will provide a flow of retail funds available for short/medium term investment opportunities and, hopefully, the regional economy will be revitalised, creating new job opportunities.

The concept of regional investment bonds has been developed by Unity Trust Limited based on discussions with representatives of local authorities and enterprise boards. Unity Trust is managed by senior executives of the Co-operative Bank, with Lewis Lee, Chief General Manager of the Bank as the Trust's Chairman, and Terry Thomas, an Executive Director of the Bank as Managing Director. David Basnett, General Secretary of the General Municipal Boilermakers and Allied Trade Union, is President. Six other trade unions officials also hold directorships on the board.