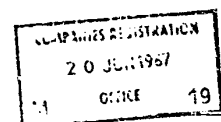


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Directors' Report and Accounts

HAVANA INTERNATIONAL BANK LIMITED

31 March 1987



HAVANA INTERNATIONAL BANK LIMITED

THE BOARD OF DIRECTORS

J J Rodriguez - Chairman

M A Lopez - Deputy Chairman

R F Toledo - Managing Director

L Chao

J A Imperatori

J Var.

GENERAL MANAGER - K D Richardson

SECRETARY - S C Spencer
(Ms G I Kyne resigned 29 August 1986)

REGISTERED OFFICE - 20 Ironmonger Lane, London EC2V 8EY

HAVANA INTERNATIONAL BANK LIMITED

DIRECTORS' REPORT

The directors submit their report and the audited accounts for the year ended 31 March 1987.

ACTIVITIES

The principal activities of the bank are the provision of banking services (in the international field) including bill transactions, documentary credit business, sterling and foreign money market transactions, foreign exchange dealing and the participation in consortium lending.

TRADING RESULTS

The profit before taxation amounted to £1,736,124. From this £1,013,000 has been provided for taxation, and the balance of £723,124 transferred to reserves.

The directors do not recommend the payment of a dividend.

DIRECTORS

The names of the directors, all of whom are of Cuban nationality, are given on page 1.

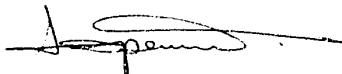
According to the register maintained as required under the Companies Act 1985, none of the directors has any beneficial interest in the share capital of the company.

AUDITORS

Ernst & Whinney have expressed their willingness to continue in office as auditors and in accordance with Section 14 of the Companies Act 1985 a resolution proposing their reappointment will be submitted at the annual general meeting.

By order of the board

Secretary



29 JUN 1987

HAVANA INTERNATIONAL BANK LIMITED

3

PROFIT AND LOSS ACCOUNT
FOR THE YEAR ENDED 31 MARCH 1987

	Note	1987 £	1986 £
PROFIT FOR THE YEAR	3	1,736,124	1,379,280
Taxation	5	(1,013,000)	(543,020)
NET PROFIT TRANSFERRED TO RESERVES		723,124	836,260
Reserves brought forward		1,675,132	2,838,872
Capitalisation		-	(2,000,000)
RESERVES CARRIED FORWARD		<u>£2,398,256</u>	<u>£1,675,132</u>

HAVANA INTERNATIONAL

BALANCE SHEET - 31

SHARE CAPITAL AND I

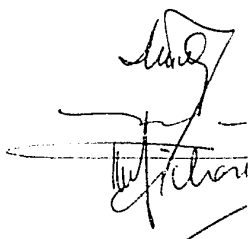
Called up share cap
Subordinated loans
Reserves

DEFERRED TAXATION

CURRENT LIABILITIES
OTHER LIABILITIES

Customers
Holding company
Taxation payable
Taxation reserve

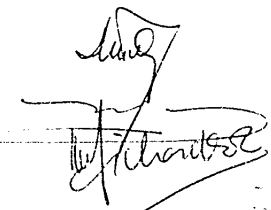
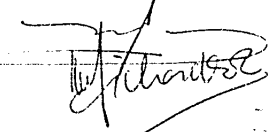
CREDITORS AND ACCRU

A handwritten signature, possibly "L. G. G.", is written over a rectangular stamp. The stamp contains the word "Director" in a stylized font. The signature is written in dark ink and is somewhat cursive.

HAVANA INTERNATIONAL BANK LIMITED

BALANCE SHEET - 31 MARCH 1987

	Note	1987 £	1986 £	
SHARE CAPITAL AND RESERVES				LIQUID ASSETS
Called up share capital	6	7,000,000	7,000,000	Cash and balances with banks
Subordinated loans	9	6,000,000	6,000,000	DEPOSITS WITH BANKS
Reserves	7	2,398,256	1,675,132	SHORT TERM TRADE BILLS DISCOUNTED
		<u>15,398,256</u>	<u>14,675,132</u>	INVESTMENTS
DEFERRED TAXATION	8	623,851	624,947	LOANS, ADVANCES AND OTHER FINANCIAL ASSETS Less provision for doubtful £2,945,715 (1986 : £2,456,400)
CURRENT LIABILITIES, DEPOSITS AND OTHER LIABILITIES				Banks Customer
Customers		61,626,317	53,914,807	HOLDING COMPANY
Holding company		3,038,604	16,796,542	Advances
Taxation payable		929,966	265,870	Short term bills discounted
Taxation reserve		350,000	-	
		<u>65,944,887</u>	<u>70,977,219</u>	
CREDITORS AND ACCRUED EXPENSES		796,853	731,964	DEBTORS AND INTEREST RECEIVABLES
				TAXATION RECOVERABLE
				FIXED ASSETS
				FINANCE LEASE DEBTORS
		<u>£82,763,847</u>	<u>£87,009,262</u>	

) Directors
) General Manager

29 JUN 1987

	1987 £	1986 £		Note	1987 £	1986 £
with bank			LIQUID ASSETS			
	7,000,000	7,000,000	Cash and balances with bankers		1,549,968	4,467,194
	6,000,000	6,000,000	DEPOSITS WITH BANKS		53,926,029	51,873,174
LS	2,398,256	1,675,132	SHORT TERM TRADE BILLS DISCOUNTED		23,353	974,700
	15,398,256	14,675,132	INVESTMENTS	9	8,243,743	9,872,190
OTHER FI doubtful £2,456,4	623,851	624,947	LOANS, ADVANCES AND OTHER FINANCING			
			Less provision for doubtful debts £2,945,715 (1986 : £2,456,472)			
			Banks		5,629,881	2,770,405
			Customer		3,631,961	6,282,202
	1,626,317	53,914,807			9,261,842	9,052,607
	3,038,604	16,796,542	HOLDING COMPANY			
	929,966	265,870	Advances		2,609,858	2,271,810
discounted	350,000	-	Short term bills discounted		2,478,336	3,660,555
	55,944,887	70,977,219			5,088,194	5,932,365
	796,853	731,964				
RECEIVABLE			DEBTORS AND INTEREST RECEIVABLE		537,127	1,318,615
			TAXATION RECOVERABLE		618,598	458,688
			FIXED ASSETS	10	252,125	292,756
			FINANCE LEASE DEBTORS	11	3,262,868	2,766,973
	82,763,847	£87,009,262			£82,763,847	£87,009,262

HAVANA INTERNATIONAL BANK LIMITED

STATEMENT OF SOURCE AND APPLICATION OF FUNDS
FOR THE YEAR ENDED 31 MARCH 1967

	1967 £	1966 £
SOURCE OF FUNDS		
FROM OPERATIONS		
Profit attributable for the year	1,736,124	1,379,280
(Profit) on sale of fixed assets	-	(111,639)
Depreciation	44,855	44,485
Sale proceeds of fixed assets	-	257,463
Subordinated loans	-	6,000,000
	<u>£1,780,979</u>	<u>£7,569,589</u>
APPLICATION OF FUNDS		
Taxation paid	159,911	268,685
Purchase of fixed assets	4,224	31,455
Increase in leased assets	495,896	1,438,025
(Decrease) in investments	(1,628,447)	(1,456,380)
(Decrease)/increase in liquid assets	(2,917,226)	4,078,872
(Decrease)/increase in short-term bills discounted	(2,133,566)	515,954
Increase/(decrease) in loans and advances	2,600,136	(4,027,700)
(Decrease)/increase in debtors	(781,488)	229,947
(Increase)/decrease in creditors	(64,889)	158,843
Decrease in current liabilities	6,046,428	6,331,888
	<u>£1,780,979</u>	<u>£7,569,589</u>

HAVANA INTERNATIONAL BANK LIMITED

NOTES ON THE ACCOUNTS - 31 MARCH 1987

1 ACCOUNTING POLICIES

(a) Accounting convention

The accounts are prepared under the historical cost convention and in accordance with Sections 257 and 258 of, and Schedule 9 to, the Companies Act 1986.

(b) Depreciation and amortisation

Furniture and office equipment

Depreciated on a straight line basis over 5 years.

Leasehold properties

Amortised over 20 years.

Leasehold premises' improvements and fittings

Amortised over 18 years commencing from 1.4.78

Motor vehicles

Depreciated on a straight line basis over 4 years.

Assets leased to customers

Amortised pari passu with capital repayments over the duration (3 to 7 years) of the leases.

(c) Holdings are stated in the balance sheet at nominal value, less unamortised premiums or discounts, since it is the directors' intention to hold the investments to maturity. Premiums or discounts on the purchase of these investments are amortised over the period to maturity.

(d) Foreign currencies

Foreign currency balances are translated to sterling at the approximate rates ruling on the balance sheet date.

Profits or losses arising from matched forward contracts are accrued evenly over the period of the contract.

(e) Deferred taxation

Provision is made for deferred taxation at the rates applicable on reversal, using the liability method on:

(i) the excess of taxation allowances claimed in respect of fixed assets qualifying for such allowances over the depreciation charged; and

(ii) taxation on income not accountable for tax purposes until later years.

(f) Assets leased to customers

Finance lease receivables are shown at the value of the net investment.

Income on finance leases is calculated using the actuarial method before taxation.

HAVANA INTERNATIONAL BANK LIMITED

NOTES ON THE ACCOUNTS - 31 MARCH 1987

2 TURNOVER

Turnover is not shown as it results entirely from the business of banking.

3 PROFIT FOR THE YEAR

The profit before taxation is after charging:

	1987 £	1986 £
Interest on deposits	3,083,932	6,250,132
Provision for doubtful debts	-	642,596
Depreciation and amortisation	44,855	44,485
Auditors' remuneration	15,600	13,200
Directors' remuneration	43,386	51,742

and after crediting:

Investment income	927,347	1,255,784
Recovery on doubtful debts	237,904	-

4 EMOLUMENTS OF CERTAIN EMPLOYEES

The number of employees, other than directors, whose emoluments, excluding pension contributions, exceeded £30,000 was as follows:

	1987	1986
£30,001 - £35,000	2	-
£35,001 - £40,000	-	2
£45,001 - £50,000	1	1
£120,001 - £125,000	1	-
£140,001 - £145,000	-	1

5 TAXATION

Corporation tax based on the profits for the year has been provided at the rate of 35% (1986 : 40%).

	1987 £	1986 £
Current corporation tax for the year	664,096	121,073
Transfer (from)/to deferred taxation	(1,096)	421,947
Provision for prior years contingency	350,000	-
	<u>£1,013,000</u>	<u>£543,020</u>

HAVANA INTERNATIONAL BANK LIMITED

NOTES ON THE ACCOUNTS - 31 MARCH 1987

6 CALLED UP SHARE CAPITAL

	Authorised		Allotted and fully paid	
	1987	1986	1987	1986
130,000 Ordinary shares of £100 each	<u>£13,000,000</u>	<u>£13,000,000</u>	<u>£7,000,000</u>	<u>£7,000,000</u>

7 SUBORDINATED LOANS

	1987 £	1986 £
Undated loan	3,000,000	3,000,000
Term loan, repayable June 1995	<u>3,000,000</u>	<u>3,000,000</u>
	<u>£6,000,000</u>	<u>£6,000,000</u>

8 DEFERRED TAXATION

	1987	1986
Taxation excess of capital allowances claimed over related depreciation, which has been fully provided at the anticipated applicable corporation tax rate when the liability crystallises	<u>£623,851</u>	<u>£624,947</u>

9 INVESTMENTS

	1987	1986
Securities, net of £734,201 (1986 : £1,062,630) provision (market value £8,936,236 - 1986 : £11,124,777)	<u>£8,243,743</u>	<u>£9,872,190</u>

HAVANA INTERNATIONAL BANK LIMITED

NOTES ON THE ACCOUNTS - 31 MARCH 1987

10 FIXED ASSETS

	Leasehold property and improvements £	Furniture, equipment and vehicles £	Fixed assets totals £
Cost at 31 March 1986	441,066	532,490	973,556
Additions	-	4,224	4,224
Disposals	-	(1,237)	(1,237)
Cost at 31 March 1987	441,066	535,477	976,543
Depreciation and amortisation at 31 March 1986	284,330	396,470	680,800
Charge for year	16,463	28,392	44,855
Disposals	-	(1,237)	(1,237)
Depreciation and amortisation at 31 March 1987	300,793	423,625	724,418
Net book amounts at 31 March 1987	£140,273	£111,852	£252,125
Net book amounts at 31 March 1986	£156,736	£136,020	£292,756

11 FINANCE LEASE DEBTORS

	1987 £	1986 £
Finance lease receivables within one year	609,144	504,098
Finance lease receivable after one year	2,653,724	2,262,875
	£3,262,868	£2,766,973

12 COMMITMENTS AND CONTINGENCIES

There are contracts for the sale and purchase of foreign currencies, which have been matched in accordance with the bank's policies, outstanding at the year end amounting to £7,559,465 (1986 : £10,460,632).

In addition there are contingent liabilities in respect of documentary credits, acceptances and guarantees, amounting to £5,809,995 (1986 : £8,615,774).

13 HOLDING COMPANY

The bank's ultimate holding company is the Banco Nacional de Cuba which is the central monetary institution of the Republic of Cuba.

Ernst & Whinney Chartered Accountants

REPORT OF THE AUDITORS TO THE MEMBERS HAVANA INTERNATIONAL BANK LIMITED

We have audited the accounts set out on pages 3 to 9 in accordance with approved auditing standards. The accounts have been prepared under the historical cost convention.

In our opinion the accounts give a true and fair view of the state of affairs at 31 March 1987 and of the profit and source and application of funds for the year then ended, and comply with the Companies Act 1985.

Ernst & Whinney

London 19 JUN 1987