

Havana International Bank Limited

Registered No. 1074897

DIRECTORS

J J Rodriguez (Chairman)

L Chao (Vice Chairman)

J Vaz

J Lebrede

R Rangel

A Victoria

SECRETARY

D Teacher

AUDITORS

Ernst & Young

Rolls House

7 Rolls Buildings

Fetter Lane

London EC4A 1NH

REGISTERED OFFICE

20 Ironmonger Lane

London EC2V 8EY

ERNST & YOUNG



Havana International Bank Limited

DIRECTORS' REPORT

The directors present their report and accounts for the year ended 31 March 1995.

ACTIVITIES

The principal activities of the group during the year continued to be the provision of banking services specifically including trade finance, sterling and currency money market transactions, foreign exchange dealing and participation in syndicated lending.

RESULTS

The trading profit for the year, after taxation and provisions, amounted to £251,892 (1994 - £639,043). Included in these results is a profit of £113 earned by Amblerest Ltd for the year to 31 March 1995.

DIVIDENDS

The directors do not recommend the payment of a final dividend. Interim dividends of £400,000 were paid during the year.

DIRECTORS AND THEIR INTERESTS

The names of the directors during the year are listed below.

The interests of directors in the share capital of the group at the year end were as follows:

	<i>At 31 March 1995</i>	<i>At 1 April 1994</i>
	<i>Ordinary shares</i>	<i>Ordinary shares</i>
J J Rodriguez (Chairman)	1	1
L Chao (Deputy Chairman)	1	1
J Vaz	1	1
J Lebrede	1	1
R Rangel	—	—
A Victoria	1	1


CHARITABLE CONTRIBUTIONS

During the year, the group made various charitable contributions totalling £540 (1994 - £720).

AUDITORS

A resolution to re-appoint Ernst & Young as auditors will be put to the members at the Annual General Meeting.

By order of the board



D Teacher
Secretary

26 MAY 1995

STATEMENT OF DIRECTORS' RESPONSIBILITIES IN RESPECT OF THE
ACCOUNTS

Company law requires the directors to prepare accounts for each financial year which give a true and fair view of the state of affairs of the company and of group and of the profit or loss of the group for that period. In preparing those accounts, the directors are required to:

- select suitable accounting policies and then apply them consistently;
- make judgements and estimates that are reasonable and prudent;
- state whether applicable accounting standards have been followed, subject to any material departures disclosed and explained in the accounts; and
- prepare the accounts on the going concern basis unless it is inappropriate to presume that the group will continue in business.

The directors are responsible for keeping proper accounting records which disclose with reasonable accuracy at any time the financial position of the group and to enable them to ensure that the accounts comply with the Companies Act 1985. They are also responsible for safeguarding the assets of the group and hence for taking reasonable steps for the prevention and detection of fraud and other irregularities.

REPORT OF THE AUDITORS

to the members of Havana International Bank Limited

We have audited the accounts on pages 5 to 22, which have been prepared under the historical cost convention and on the basis of the accounting policies set out on pages 11 and 12.

Respective responsibilities of directors and auditors

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

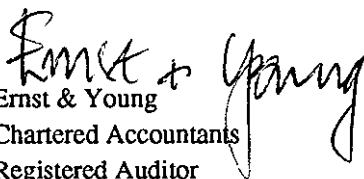
Basis of opinion

We conducted our audit in accordance with Auditing Standards issued by the Auditing Practices Board. An audit includes examination, on a test basis, of evidence relevant to the amounts and disclosures in the accounts. It also includes an assessment of the significant estimates and judgements made by the directors in the preparation of the accounts, and of whether the accounting policies are appropriate to the group's circumstances, consistently applied and adequately disclosed.

We planned and performed our audit so as to obtain all the information and explanations which we considered necessary in order to provide us with sufficient evidence to give reasonable assurance that the accounts are free from material misstatement, whether caused by fraud or other irregularity or error. In forming our opinion we also evaluated the overall adequacy of the presentation of information in the accounts.

Opinion

In our opinion the accounts give a true and fair view of the state of affairs of the company and of the group as at 31 March 1995 and of the profit of the group for the year then ended and have been properly prepared in accordance with the Companies Act 1985.


Ernst & Young
Chartered Accountants
Registered Auditor
London

26 MAY 1995

Havana International Bank Limited

GROUP PROFIT AND LOSS ACCOUNT

for the year ended 31 March 1995

	Notes	1995 £	1994 £
Interest receivable and similar income arising from debt securities		592,358	709,778
Other interest receivable and similar income		1,437,510	1,534,471
		<u>2,029,868</u>	<u>2,244,249</u>
Interest payable		(746,530)	(952,355)
NET INTEREST INCOME		<u>1,283,338</u>	<u>1,291,894</u>
 Fees and commissions receivable		297,239	246,317
Fees and commissions payable		(3,860)	(2,897)
Dealing profits		155,136	265,053
Other operating income	2	342,247	519,419
		<u>790,762</u>	<u>1,027,892</u>
TOTAL OPERATING INCOME		<u>2,074,100</u>	<u>2,319,786</u>
 Administrative expenses	3	1,514,782	1,387,225
Depreciation and amortisation		148,847	155,372
Other operating charges		65,354	74,106
		<u>1,728,983</u>	<u>1,616,703</u>
OPERATING PROFIT		<u>345,117</u>	<u>703,083</u>
 Profit on sale of tangible fixed assets		6,489	883
PROFIT ON ORDINARY ACTIVITIES BEFORE TAX	4	<u>351,606</u>	<u>703,966</u>
 Tax on profit on ordinary activities	5	(99,714)	(64,923)
PROFIT FOR THE FINANCIAL YEAR		<u>251,892</u>	<u>639,043</u>
 Dividends		(400,000)	(440,901)
PROFIT RETAINED FOR THE FINANCIAL YEAR		<u>(148,108)</u>	<u>198,142</u>
 Reserves brought forward		2,140,548	1,942,406
 Reserves carried forward		<u>1,992,440</u>	<u>2,140,548</u>

STATEMENT OF TOTAL RECOGNISED GAINS AND LOSSES

There are no recognised gains and losses other than those stated in the profit and loss account.

Havana International Bank Limited

GROUP BALANCE SHEET

at 31 March 1995

	Notes	1995 £	1994 £
ASSETS			
Cash and balances at central banks		11,011	8,228
Treasury bills and other eligible bills	6	355,146	594,025
Loans and advances to banks	7(a)	26,553,320	23,837,993
Loans and advances to customers	8	7,873,109	2,291,015
Debt securities	9	4,471,169	4,891,880
Tangible fixed assets	10	742,910	632,602
Prepayments and accrued income		1,761,672	1,922,753
TOTAL ASSETS		41,768,337	34,178,496
LIABILITIES			
Deposits by bank	12	16,664,851	14,249,662
Customer accounts	13	9,047,830	2,282,511
Holding company		177,932	1,061,974
Other liabilities - taxation		45,560	266,658
Accruals and deferred income		479,009	881,738
Provisions for liabilities and charges	14	360,715	295,405
		26,775,897	19,037,948
Called up share capital	15	13,000,000	13,000,000
Profit and loss account		1,992,440	2,140,548
	16	14,992,440	15,140,548
TOTAL LIABILITIES		41,768,337	34,178,496



26 MAY 1995

Havana International Bank Limited

GROUP BALANCE SHEET

at 31 March 1995

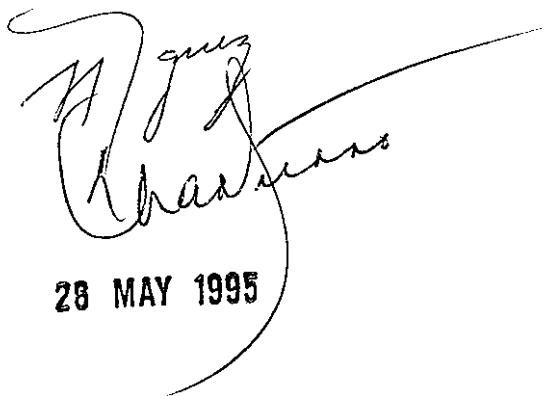
	<i>Notes</i>	<i>1995</i> £	<i>1994</i> £
CONTINGENT LIABILITIES			
Acceptances and endorsements		361,326	447,578
Guarantees and assets pledged as collateral security	17	1,923,377	1,655,503
		<u>2,284,703</u>	<u>2,103,081</u>
COMMITMENTS			
Other commitments	18	<u>415,469</u>	<u>422,673</u>

Havana International Bank Limited

BALANCE SHEET

at 31 March 1995

	Notes	1995 £	1994 £
ASSETS			
Cash and balances at central banks		10,835	7,738
Treasury bills and other eligible bills	6	355,146	594,025
Loans and advances to banks	7(b)	26,242,320	23,366,993
Loans and advances to customers	8	7,873,109	2,291,015
Amounts owed by subsidiary undertaking:			
due within one year		160,000	160,000
due after more than one year		160,000	320,000
Debt securities	9	4,461,329	4,881,915
Investment in subsidiary undertaking	11	2	2
Tangible fixed assets	10	742,910	632,602
Prepayments and accrued income		1,760,863	1,922,098
TOTAL ASSETS		<u>41,766,514</u>	<u>34,176,388</u>
LIABILITIES			
Deposits by bank	12	16,664,851	14,249,662
Customer accounts	13	9,047,830	2,282,511
Holding company		177,932	1,061,974
Other liabilities - taxation		45,560	266,212
Accruals and deferred income		478,962	881,738
Provisions for liabilities and charges	16	360,715	295,405
		<u>26,775,850</u>	<u>19,037,502</u>
Called up share capital	15	13,000,000	13,000,000
Profit and loss account		1,990,664	2,138,886
		<u>14,990,664</u>	<u>15,138,886</u>
TOTAL LIABILITIES		<u>41,766,514</u>	<u>34,176,388</u>



28 MAY 1995

Havana International Bank Limited

BALANCE SHEET

at 31 March 1995

	<i>Notes</i>	<i>1995</i> £	<i>1994</i> £
CONTINGENT LIABILITIES			
Acceptances and endorsements		361,326	447,578
Guarantees and assets pledged as collateral security	17	1,923,377	1,655,503
		<u>2,284,703</u>	<u>2,103,081</u>
COMMITMENTS			
Other commitments	18	<u>415,469</u>	<u>422,673</u>

Havana International Bank Limited

GROUP STATEMENT OF CASH FLOWS

for the year ended 31 March 1995

	Notes	1995 £	1994 £
NET CASH INFLOW/(OUTFLOW) FROM OPERATING ACTIVITIES	4(b)	<u>4,275,246</u>	<u>(18,380,049)</u>
RETURNS ON INVESTMENT AND SERVICING OF FINANCE			
Dividend paid		<u>(400,000)</u>	<u>(440,901)</u>
NET CASH OUTFLOW FROM RETURNS ON INVESTMENTS AND SERVICING OF FINANCE		<u>(400,000)</u>	<u>(440,901)</u>
TAXATION			
Corporation tax paid		<u>(255,502)</u>	<u>(366,979)</u>
TAX PAID		<u>(255,502)</u>	<u>(366,979)</u>
INVESTING ACTIVITIES			
Payments to acquire tangible fixed assets		(163,943)	(10,411)
Receipts from sale of tangible fixed assets		18,370	4,270
Payments to acquire investments		(1,561,382)	(10,524)
Receipts from sale/maturity of investments		<u>1,875,000</u>	<u>1,010,000</u>
NET CASH INFLOW FROM INVESTING ACTIVITIES		<u>168,045</u>	<u>993,335</u>
NET CASH INFLOW/(OUTFLOW) BEFORE FINANCING		<u>3,787,789</u>	<u>(18,194,594)</u>
INCREASE/(DECREASE) IN CASH AND CASH EQUIVALENTS	21	<u>3,787,789</u>	<u>(18,194,594)</u>

Havana International Bank Limited

NOTES TO THE ACCOUNTS

at 31 March 1995

1. ACCOUNTING POLICIES

Accounting convention

The accounts are prepared under the historical cost convention and in compliance. They are drawn up in accordance with the special provisions of Part VII of the Companies Act 1985 relating to banking companies, and applicable accounting standards.

Basis of consolidation

The group accounts consolidate the accounts of Havana International Bank Limited and all its subsidiary undertakings drawn up to 31 March 1995. No profit and loss account is presented for Havana International Bank Limited as permitted by Section 230 of the Companies Act 1985.

Depreciation and amortisation

Depreciation is provided on all tangible fixed assets, other than freehold land, at rates calculated to write-off the cost, less estimated residual value, of each asset evenly over its expected useful life, as follows:

Leasehold land and buildings	-	over the lease term
Furniture and office equipment	-	over 5 years
Computer equipment	-	over 3 years

Investments

Investments are stated in the balance sheet at nominal value, adjusted for 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.

Foreign currencies

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

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

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; to the extent that these differences will reverse in the future.

Assets leased to customers

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

Leases

Rentals paid under operating leases are charged to income on a straight line basis over the lease term.

Havana International Bank Limited

NOTES TO THE ACCOUNTS

at 31 March 1995

1. ACCOUNTING POLICIES (continued)

Pensions

Havana International Bank Limited operates a defined benefit pension scheme covering the majority of employees. The scheme is funded by contributions from the company at rates determined by the actuary. These contributions are invested separately from the group's assets.

Segmental reporting

In the opinion of the directors, the group has only one class of business being commercial banking which is wholly conducted within the United Kingdom.

2. OTHER OPERATING INCOME

	1995	1994
	£	£
Profit on investment	160,000	160,000
Income from finance leases	10,579	26,362
Doubtful debt recovery	87,000	333,057
General provision no longer required	84,668	—
	<u>342,247</u>	<u>519,419</u>

3. ADMINISTRATIVE EXPENSES

	1995	1994
	£	£
Staff costs:		
- wages and salaries	583,354	551,705
- social security costs	50,821	48,491
	<u>634,175</u>	<u>600,196</u>
Other administrative expenses	880,607	787,029
	<u>1,514,782</u>	<u>1,387,225</u>

	No.	No.
The average weekly number of employees during the year was	<u>29</u>	<u>29</u>
The aggregate amount of emoluments paid to directors consisted of:		
	£	£
Other emoluments (including pension contributions)	<u>66,168</u>	<u>70,920</u>

Havana International Bank Limited

NOTES TO THE ACCOUNTS

at 31 March 1995

The emoluments of the chairman (excluding pension contributions), were £Nil (1994 - £Nil).

The emoluments of the highest paid director were £34,462 (1994 - £35,057)

The following table shows the number of directors of the group receiving emoluments within the bands stated.

	1995 No.	1994 No.
£15,001 - £20,000	—	2
£30,001 - £35,000	2	1

4. PROFIT ON ORDINARY ACTIVITIES BEFORE TAXATION

(a) This is stated after charging:

	1995 £	1994 £
Lease costs	10,578	13,805
Auditors' remuneration - audit services	35,000	35,000
- non-audit services	22,300	41,604
Depreciation of owned fixed assets	41,754	44,657
Interest on deposits	746,530	842,199
and after crediting:		
Investment income - listed investments	592,358	710,950
Rentals receivable - finance leases	10,579	26,362
Net foreign exchange gain	155,136	265,053

Havana International Bank Limited

NOTES TO THE ACCOUNTS

at 31 March 1995

4. PROFIT ON ORDINARY ACTIVITIES BEFORE TAXATION (continued)

(b) Reconciliation of profit on ordinary activities before tax to net cash inflow from operating activities

	1995 £	1994 £
Profit on ordinary activities before tax	351,606	703,966
Decrease in interest receivable and prepaid expenses	161,081	505,837
Decrease in interest payable and accrued expenses	(402,729)	(297,099)
Profit on disposal of fixed assets	(6,489)	(882)
Depreciation	41,754	44,657
Amortisation of premium in investments	107,093	110,714
Net cash inflow from trading activities	252,316	1,067,193
Net decrease/(increase) in deposits	8,296,466	(21,691,503)
Net (decrease)/increase in loans to customers and banks	(4,512,415)	2,173,090
Net change in finance lease balances receivable	-	186,013
Increase/(decrease) in short term bills discounted	238,879	(114,842)
	4,022,930	(19,447,242)
Net cash inflow/(outflow) from operating activities	4,275,246	(18,380,049)

Havana International Bank Limited

NOTES TO THE ACCOUNTS

at 31 March 1995

5. TAXATION

Corporation tax based on the profit for the year has been provided at the rate of 33% (1994 - 33%).

	1995	1994
	£	£
Corporation tax - current year	45,607	167,083
- prior year adjustment	(11,203)	(190,893)
Deferred tax - current year	52,018	92,130
- prior year adjustment	13,292	(3,397)
	<u>99,714</u>	<u>64,923</u>

6. TREASURY BILLS AND OTHER ELIGIBLE BILLS

Group and Company

	1995	1994
	£	£
Other eligible bills	<u>355,146</u>	<u>594,025</u>

Market value was not significantly different from cost.

All bills are held for investment purposes. None was issued by the bank.

7. LOANS AND ADVANCES TO BANKS

a) Group

	1995	1994
	£	£
Repayable:		
- on demand	880,041	1,055,381
- within three months	<u>25,673,279</u>	<u>22,782,612</u>
	<u>26,553,320</u>	<u>23,837,993</u>

b) Company

	1995	1994
	£	£
Repayable:		
- on demand	880,041	1,055,381
- within three months	<u>25,362,279</u>	<u>22,311,612</u>
	<u>26,242,320</u>	<u>23,366,993</u>

Havana International Bank Limited

NOTES TO THE ACCOUNTS

at 31 March 1995

8. LOANS AND ADVANCES TO CUSTOMERS

<i>Group and Company</i>	<i>1995</i>	<i>1994</i>
	<i>£</i>	<i>£</i>
Repayable:		
- on demand	16,752	2,158,819
- within three months	1,371,278	95,648
- between three months and one year	5,193,991	21,785
- between one and five years	1,291,088	14,763
	<u>7,873,109</u>	<u>2,291,015</u>

Loans and advances to banks and to customers and prepayments and accrued income are stated net of the following provisions:

<i>Group and Company</i>	<i>£</i>
Balance as at 1 April 1994	87,000
Applied in writing of advances	-
Recoveries in respect of advances previously written off	<u>(87,000)</u>
Balance as at 31 March 1995	<u>-</u>

Havana International Bank Limited

NOTES TO THE ACCOUNTS

at 31 March 1995

9. DEBT SECURITIES

(a) Group

		<i>Held for investment</i>		
		<i>Book value</i>		<i>Market value</i>
	1995	1994	1995	1994
	£	£	£	£
Issued by public bodies:				
Government securities	4,471,169	4,891,880	4,585,137	5,193,492
Analysed by maturity:				
Due within one year	1,825,000	500,000	1,927,656	500,000
Due after one year	2,646,169	4,391,880	2,657,481	4,693,492
	<u>4,471,169</u>	<u>4,891,880</u>	<u>4,585,137</u>	<u>5,193,492</u>
Analysed by listing status:				
Listed on the London Stock Exchange	<u>4,471,169</u>	<u>4,891,880</u>	<u>4,585,137</u>	<u>5,193,492</u>
Unamortised premiums	<u>236,669</u>	<u>182,130</u>		
(b) Company				
Issued by public bodies:				
Government securities	4,461,329	4,881,915	4,575,281	5,193,492
Analysed by maturity:				
Due within one year	1,825,000	500,000	1,927,656	500,000
Due after one year	2,636,329	4,381,915	2,647,625	4,693,492
	<u>4,461,329</u>	<u>4,881,915</u>	<u>4,575,281</u>	<u>5,193,492</u>
Analysed by listing status:				
Listed on the London Stock Exchange	<u>4,461,329</u>	<u>4,881,915</u>	<u>4,575,281</u>	<u>5,193,492</u>
Unamortised premiums	<u>236,329</u>	<u>181,915</u>		

Havana International Bank Limited

NOTES TO THE ACCOUNTS

at 31 March 1995

10. FIXED ASSETS

Group and Company

	<i>Computer equipment £</i>	<i>Short leasehold property and improvements £</i>	<i>Long leasehold property and improvements £</i>	<i>Furniture equipment and vehicles £</i>	<i>Total</i>
Cost:					
At 31 March 1994	188,227	642,381	372,936	596,363	1,799,907
Additions	7,250	—	117,331	39,362	163,943
Disposals	—	—	—	(37,212)	(37,212)
At 31 March 1995	195,477	642,381	490,267	598,513	1,926,638
Depreciation:					
At 31 March 1994	186,098	399,444	17,320	564,443	1,167,305
Charge for the year	4,070	12,226	6,092	19,366	41,754
Disposals	—	—	—	(25,331)	(25,331)
At 31 March 1995	190,168	411,670	23,412	558,478	1,183,728
Net book value:					
At 31 March 1995	5,309	230,711	466,855	40,035	742,910
At 31 March 1994	2,129	242,937	355,616	31,920	632,602

11. INVESTMENTS

Company

Subsidiary undertaking

<i>Name of company</i>	<i>Country of registration (or incorporation) and operation</i>	<i>Holding</i>	<i>Proportion of voting rights and shares held</i>	<i>Nature of business</i>
Amblereest Limited	England and Wales	Ordinary shares	100%	Holds investments

Havana International Bank Limited

NOTES TO THE ACCOUNTS

at 31 March 1995

12. DEPOSITS BY BANKS

Group and Company

	1995	1994
	£	£
Repayable:		
- on demand	2,104,470	269,993
- within three months	14,322,831	13,729,669
- between three months and one year	237,550	250,000
	<u>16,664,851</u>	<u>14,249,662</u>

13. CUSTOMER ACCOUNTS

Group and Company

	1995	1994
	£	£
Repayable:		
- on demand	832,340	676,849
- within three months	4,867,584	1,480,662
- between three months and one year	3,347,906	125,000
	<u>9,047,830</u>	<u>2,282,511</u>

14. DEFERRED TAXATION

Group and Company

Deferred taxation, for which full provision has been made, is as follows:

	1995	1994
	£	£
Capital allowances in advance of depreciation	(108,251)	(118,615)
Other timing differences	(6,883)	(28,210)
Provision for liability arising on pension fund surplus	431,340	442,230
Interest accrued	44,509	-
	<u>360,715</u>	<u>295,405</u>

Amounts provided:

At 1 April 1994	295,405
Charge to taxation	65,310
At 31 March 1995	<u>360,715</u>

Havana International Bank Limited

NOTES TO THE ACCOUNTS

at 31 March 1995

15. CALLED-UP SHARE CAPITAL

	1995	Authorised 1994	1995	Allotted and fully paid 1994
	£	£	£	£
Ordinary shares of £100 each	14,000,000	14,000,000	13,000,000	13,000,000

16. RECONCILIATION OF MOVEMENTS IN SHAREHOLDERS' FUNDS

	1995	1994
	£	£
Profit for the financial year	251,892	639,043
Dividends paid	(400,000)	(440,901)
Net addition to shareholders' fund	(148,108)	198,142
Opening shareholders' funds	15,140,548	14,942,406
Closing shareholders' funds	14,992,440	15,140,548

17. CONTINGENT LIABILITIES

Group and Company

	1995	1994
	£	£
Guarantees and irrevocable letters of credit	1,923,377	1,655,503

18. COMMITMENTS

Group and Company

At 31 March 1995 the group and company had annual commitments under non-cancellable operating leases as set out below:

	Land and buildings	1995 Other	Land and buildings	1994 Other
	£	£	£	£
Operating leases which expire:				
Within one year	—	647	—	10,104
Within two to five years	—	14,822	—	12,569
After more than five years	400,000	—	400,000	—
	400,000	15,469	400,000	22,673

19. FORWARD AND FUTURES CONTRACTS

The following was outstanding at 31 December:

	1995	1994
	£	£
Exchange rate contracts:		
Contract or underlying principal amount - for dealing purposes	7,980,076	2,596,000

Havana International Bank Limited

NOTES TO THE ACCOUNTS

at 31 March 1995

20. ASSETS AND LIABILITIES IN FOREIGN CURRENCIES

The aggregate amounts of assets and liabilities denominated in foreign currencies were as follows:

	1995 £	1994 £
Assets	8,792,007	8,491,125
Liabilities	12,322,322	8,491,125

21. ANALYSIS OF BALANCES OF CASH AND CASH EQUIVALENTS

	1995			1994		
	At 1 April £	Cash inflow/ (outflow) £	At 31 March £	At 1 April £	Cash inflow/ (outflow) £	At 31 March £
Coin, bank notes and balances with banks	1,063,609	138,442	1,202,051	3,140,546	(2,076,936)	1,063,609
Money at call and short notice	20,816,875	3,649,347	24,466,222	36,934,533	(16,117,658)	20,816,875
	<u>21,880,484</u>	<u>3,787,789</u>	<u>25,668,273</u>	<u>40,075,079</u>	<u>(18,194,594)</u>	<u>21,880,484</u>

22. PENSION COMMITMENTS

The pension scheme is of the defined benefit type, and costs are assessed with the advice of a qualified actuary.

The latest formal actuarial valuation was at 1 April 1992. This valuation was based on the aggregate method, incorporating the following assumptions:

Rate of interest	-	9% pa
Rate of salary growth	-	7% pa
Rate of pension increases	-	5% pa

As at 1 April 1992 the market value of the assets of the scheme was £2.1 million and the actuarial value of these assets was sufficient to cover 185% of the benefits that had accrued to members, after allowing for expected future increases in earnings.

The excess funding of £1,148,000 (1994 - £1,181,000) has been included as a prepayment.

The funding policy allows for the surplus to be amortised over the average future working lifetime of existing active members.

Havana International Bank Limited's regular cost in respect of the fund complies with SSAP 24 at the rate of 26.5% of pensionable pay. Interest at the rate of 9% on the surplus is set off against the regular costs. The resulting debit to the profit and loss for the year is £33,000 (1994 - £11,000 charge).

The regular cost allows for the effect of the Social Security Act 1985 in relation to Limited Price Indexation pension increases. The trustees and the company are still considering the ramifications of the Guardian Royal Exchange Assurance Company Limited judgement in the European Court of Justice.

NOTES TO THE ACCOUNTS

at 31 March 1995

23. HOLDING COMPANY

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