

CITIBANK INVESTMENTS LIMITED

**Directors' report and accounts
31 December 1994**

Registered number :1911126

CITIBANK 



CITIBANK INVESTMENTS LIMITED AND SUBSIDIARIES

REPORT AND ACCOUNTS FOR THE YEAR ENDED 31 DECEMBER 1994

CONTENTS	Pages
Directors and Officers	2
Report of the Directors	3-6
Report of the Auditors	7
Profit and Loss Account	8
Statement of Recognised Gains and Losses	9
Statement of Historical Profits and Losses	9
Reconciliation of Movements in Shareholders' Funds	9
Consolidated Balance Sheet	10
Balance Sheet	11
Consolidated Cashflow Statement	12
Notes to the accounts	13-46

CITIBANK INVESTMENTS LIMITED AND SUBSIDIARIES

DIRECTORS AND OFFICERS

BOARD OF DIRECTORS

Ernst W Brutsche (Chairman)

Ian D Cormack (Vice Chairman)

Anthony M Brooks

Jeffrey W Heintz

Guy R Whittaker

SECRETARY

John S Mitchell-Hewson FCIS

REGISTERED OFFICE

336 Strand,
London, WC2R 1HB.

AUDITORS

KPMG,
Chartered Accountants and Registered Auditors,
8 Salisbury Square,
London, EC4Y 8BB.

CITIBANK INVESTMENTS LIMITED

REPORT OF THE DIRECTORS

The Directors present their Report together with the audited financial statements ('Accounts') of the Company and its Group for the year ended 31 December 1994 ('the year') which have been prepared in accordance with the provisions of the Companies Act 1985 (as amended).

Principal Activities and Review of the Business

The Company's business is the making, holding and managing of investments for capital account and acting as the holding company for the subsidiary undertakings of Citibank, N.A. in the United Kingdom which are primarily engaged in the provision of international banking and related financial services.

During the year on 24 March 1994, the Company increased its level of investment in **FXT-L.P., Ltd.** by £2,649,998 to £2,650,000 which was entirely represented by Ordinary share capital.

On 29 March 1994 the Company sold the whole of its investment in, and which comprised the entire issued share capital of, **Admiral Underwriting Agencies Limited** to **Admiral Holdings Limited**, an independent company, for an aggregate cash consideration of £3,250,000.

During the year, the Company made the following new investments:

on 14 October 1994 an interest equivalent to approximately 1.70 per cent of the total issued share capital of **KCI-Kone Cranes International Corporation**, a company incorporated in the Republic of Finland, for an aggregate cash consideration of Finnmarks 5,000,000;

on 7 December 1994 the entire issued share capital (comprised of 2 Ordinary shares of IR£1.00 each fully paid) of **Citibank Pensions Trustees Ireland Limited**, a company incorporated in the Republic of Ireland, for an aggregate cash consideration of IR£2.

The Company also increased its investment in **London Capital Holdings Limited ('LCHL')** on 16 December 1994 by acquiring through a rights issue a further 1,107,749 Ordinary shares of £1.00 each, fully paid including premium, for an aggregate cash consideration of £7,754,240.

On 16 December 1994 and as part of a joint venture type of arrangement involving **Friends' Provident Life Office ('FPLO')** investing in **LCHL**, the Company's holding of 7,607,749 Ordinary shares of £1.00 each was reclassified as 'B' Ordinary shares of £1.00 each in **LCHL** and, a result of the direct investment by **FPLO**, was diluted to approximately 9.06 per cent of the total issued share capital whilst retaining approximately 22.38 per cent of the voting power.

Since the year, on 2 October 1995, the Company made a new investment acquiring 1,990 Ordinary shares of £1.00 each fully paid including premium in, and representing approximately 19.90 per cent of, **Focii Limited**, a company incorporated in Jersey, Channel Islands, for an aggregate cash consideration of £363,128.98p.

Future Developments

The Directors intend that the Company will continue to review and consider investment opportunities as and when they arise and, additionally, to further the objectives of the ultimate parent company of creating within the United Kingdom a single and appropriately structured corporate group within the respective confines of United Kingdom and United States of America laws and regulations.

CITIBANK INVESTMENTS LIMITED

REPORT OF THE DIRECTORS continued

Results and Dividends

The Company made an operating profit, after taxation and dividends, for the year of £22,960,000 (1993 £98,250,000 as restated). Upon consolidation there was a profit for the Group, after taxation and dividends, of £21,559,000 (1993 £80,715,000 as restated). As a result and after reserve movements, the consolidated profits carried forward amounted to £143,463,000 (1993 £120,515,000 as restated).

The Directors, on 30 December 1994, declared and paid an interim dividend amounting in aggregate to £5,000,000 (1993 £10,000,000) for the year to the holders of the Ordinary shares £1 each fully paid in the capital of the Company registered in the books of the Company on 29 December 1994.

The Directors do not propose the declaration of any further or final dividends in respect of the year.

Fixed Assets

Movements in fixed assets of the Company and Group during the year are indicated in Note 20 to the Accounts.

It is the opinion of the Directors that there was no significant difference between the respective book and market values of the freehold land and buildings at 31 December 1994.

Directors

The names of the present Directors are shown on page 1. On 11 February 1994 each of Mr Ernst W Brutsche, Mr Ian D Cormack, Mr Jeffrey W Heintz and Mr Guy R Whittaker was appointed an additional Director of the Company. In addition, the appointment of Mr Leo W Bartle as the general alternate of Mr Paul A Cohen was rescinded on 11 March 1994.

Since the year, on 8 March 1995, Mr Paul A Cohen resigned as a Director of the Company.

No service contracts have subsisted between the Company and any of its Directors during the year and no such contracts have come into being since the year.

Directors' Interests

None of the Directors, nor any member of their respective families, had reported any material interests in contracts involving the Company, or interests in the share or loan capital of the ultimate holding company, or its subsidiary undertakings, at the relevant dates which required disclosure.

Directors' Responsibilities for Financial Statements

Company law requires the Directors to prepare financial statements for each accounting reference period which give a true and fair view of the state of affairs of the Company and Group and of the profit or, as the case may be, loss for that period (the 'financial statements'). In preparing those financial statements, the Directors are required to:

- select suitable accounting policies and then apply them consistently

CITIBANK INVESTMENTS LIMITED

REPORT OF THE DIRECTORS continued

Directors' Responsibilities for Financial Statements continued

- 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 financial statements
- prepare the financial statements on a going concern basis unless it is inappropriate to presume that the Company 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 Company and Group and to enable them to ensure that the financial statements comply with the provisions of the Companies Act 1985 as amended.

They have general responsibility for taking such steps as are reasonably open to them to safeguard the assets of the Company and Group and to prevent and detect fraud and other irregularities.

Employees

Certain fellow UK Citicorp entities have made available a number of persons (not employees of the Company) to be engaged in the performance of certain functions in connection with the Company's business. No payment has been made demanded of nor made by the Company for the personnel or services so provided.

The average weekly number of persons employed during the year by the Company's subsidiary undertakings was 1,370 (1993 1,243) and their remuneration amounted, in aggregate, to £54,808,000 (1993 £46,605,000 as restated).

Employee Involvement and Disabled Persons

It is the policy of the Company that subsidiary undertakings continue to implement well established policies and procedures, involving notices, circulars, briefing meetings, training courses and a regular in-house journal for keeping their employees informed on matters affecting them and of the financial and economic factors affecting their respective companies' and the Group's performance.

It is also Group policy to encourage the employment of disabled persons and accordingly ensure that subsidiary undertakings give as full and as fair consideration to all applications for employment from disabled persons as would be given to others. It is also policy to prevent the discrimination against disabled persons, when employed, as regards their career development and promotion.

It is intended that, in respect of persons becoming disabled whilst in the employ of a subsidiary undertaking, the Company or its subsidiary undertakings would seek to either provide the means for such persons to continue in their job or offer them an alternative position commensurate with their abilities.

Charitable Donations and Political Contributions

Neither the Company nor any of its subsidiary undertakings made any payments or contributions for either charitable or political purposes during the year or in the preceding year.

CITIBANK INVESTMENTS LIMITED

REPORT OF THE DIRECTORS continued

Close Company Provisions

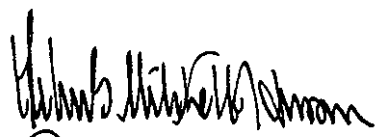
In the opinion of the Directors, the close company provisions of the Income and Corporation Taxes Act 1988 do not, and did not at 31 December 1994, apply to the Company.

Auditors

On 6 February 1995, the Company's Auditors changed the name under which they practise from KPMG Peat Marwick to KPMG and, accordingly, they have signed their Report in their new name.

KPMG, Chartered Accountants and Registered Auditors, have indicated their willingness to continue in office and a resolution for their reappointment will be proposed at the forthcoming Annual General Meeting in accordance with the provisions of Section 384 of the Companies Act 1985, as amended.

Approved by the Board of Directors on 31 October 1995 and signed on their behalf by:



John S Mitchell-Hewson
Secretary

Registered Office: 336 Strand, LONDON WC2R 1HB

CITIBANK INVESTMENTS LIMITED AND SUBSIDIARIES

REPORT OF THE AUDITORS

To the members of Citibank Investments Limited

We have audited the financial statements on pages 8 to 46.

Respective Responsibilities of Directors and Auditors

As described on pages 4 and 5 the Company's directors are responsible for the preparation of financial statements. It is our responsibility to form an independent opinion, based on our audit, on those statements 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 financial statements. It also includes an assessment of the significant estimates and judgements made by the directors in the preparation of the financial statements, 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 financial statements 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 financial statements.

Opinion

In our opinion the financial statements give a true and fair view of the state of affairs of the Company and Group as at 31 December 1994 and of the profit of the Group for the year then ended and have been properly prepared in accordance with the Companies Act 1985.



KPMG

Chartered Accountants
Registered Auditors
London

31 October 1995

CITIBANK INVESTMENTS LIMITED AND SUBSIDIARIES

CONSOLIDATED PROFIT AND LOSS ACCOUNT

for the year ended 31 December 1994

		Continuing operations		Discontinued	Total	Total
		Acquisitions		operations	1994	1993
	Note	1994	1994	1994	1994	1993
		£'000	£'000	£'000	£'000	£'000
Interest receivable:						restated
- interest receivable and similar income arising from						
debt securities		32,770	1,654	-	34,424	55,664
- other interest receivable and similar income		202,040	19,588	111	221,739	287,069
Less: interest payable		(159,759)	(12,336)	(13,636)	(185,731)	(282,886)
NET INTEREST INCOME		75,051	8,906	(13,525)	70,432	59,847
Dividend income	2	-	-	-	-	4,861
Fees and commissions receivable		100,498	6,838	-	107,336	81,570
Less: fees and commissions payable		(16,448)	(556)	-	(17,004)	(16,562)
Dealing profits		21,914	1,849	-	23,763	141,733
Other operating income		20,266	419	16,471	37,156	39,217
OPERATING INCOME		201,281	17,456	2,946	221,683	310,666
Administrative expenses	3	(129,625)	(19,263)	(6,115)	(155,003)	(134,742)
Depreciation and amortisation		(25,799)	(672)	(54)	(26,525)	(22,016)
Other operating charges						
- provisions for bad and doubtful debts	13	(7,578)	(1,076)	-	(8,654)	(4,903)
- provisions for contingent liabilities and commitments	27	101	-	-	101	(9,260)
Share of loss of associated undertakings	18	(642)	-	-	(642)	(1,423)
(Loss)/gain on disposal of subsidiaries	4	(1,328)	-	-	(1,328)	304
PROFIT ON ORDINARY ACTIVITIES BEFORE TAX	5	<u>36,410</u>	<u>(3,555)</u>	<u>(3,223)</u>	29,632	138,626
Tax on profit on ordinary activities	6				(3,073)	(47,911)
PROFIT ON ORDINARY ACTIVITIES AFTER TAX					26,559	90,715
Dividends paid					(5,000)	(10,000)
RETAINED PROFIT FOR THE FINANCIAL YEAR	30				<u>21,559</u>	<u>80,715</u>

CITIBANK INVESTMENTS LIMITED AND SUBSIDIARIES

STATEMENT OF TOTAL RECOGNISED GAINS AND LOSSES

for the year ended 31 December 1994

	1994 £'000	1993 £'000 restated
Profit for the financial year	26,559	90,715
Other recognised gains/losses:		
Currency translation differences	2,332	-
Realised property revaluations	(2,736)	-
Revaluation of associated undertaking	(17,385)	17,385
Total recognised gains and losses for the year	<u>8,770</u>	<u>108,100</u>

STATEMENT OF HISTORICAL PROFITS AND LOSSES

for the year ended 31 December 1994

There is no difference between the reported profit and loss for 1994 and the profit and loss on an historical cost basis.

RECONCILIATION OF MOVEMENTS IN SHAREHOLDERS' FUNDS

for the year ended 31 December 1994

	1994 £'000	1993 £'000 restated
Profit for the financial year	26,559	90,715
Dividends paid	(5,000)	(10,000)
Retained profit for the year	<u>21,559</u>	<u>80,715</u>
Other recognised gains and losses relating to the year	(17,789)	17,385
Issue of ordinary shares	-	49,951
Capital contribution	-	566
Goodwill written off	(3,772)	(416)
Goodwill written back on disposals	5,565	-
Associated undertaking reserve movement	<u>22,962</u>	<u>-</u>
Net additions to shareholders' funds	28,525	148,201
Opening shareholders' funds	<u>585,551</u>	<u>437,350</u>
Closing shareholders' funds	<u>614,076</u>	<u>585,551</u>

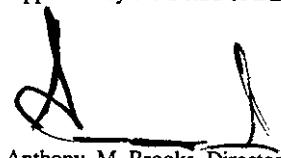
CITIBANK INVESTMENTS LIMITED AND SUBSIDIARIES

CONSOLIDATED BALANCE SHEET

at 31 December 1994

	Note	1994 £'000	1993 £'000 restated
ASSETS			
Cash and balances at central banks		111,448	168,645
Cheques in course of collection from other banks		3,058	-
Treasury bills and other eligible bills	10	15,377	77
Loans and advances to banks	11	450,379	857,693
Loans and advances to customers	12	2,877,774	2,217,236
Loans subject to non-recourse financing arrangements		456,011	399,151
Less: non-returnable finance		(413,028)	(357,595)
	14	42,983	41,556
Debt securities	15	785,391	499,562
Equity securities	16	6,698	45,230
Associated undertaking	18	31,295	693
Participating interests	19	279	19
Tangible fixed assets	20	149,130	332,850
Other assets	21	1,896,782	3,794,798
Prepayments and accrued income		103,535	83,581
Total Assets	9	<u>6,474,129</u>	<u>8,041,940</u>
LIABILITIES			
Deposits by banks	22	2,426,763	3,043,258
Customer accounts	23	511,377	206,515
Debt securities in issue	24	361,019	137,500
Other liabilities	25	2,328,771	3,846,141
Accruals and deferred income		116,804	92,668
Provisions for liabilities and charges			
- deferred taxation	26	2,709	6,252
- other provisions	27	19,470	21,487
Subordinated liabilities	28	93,140	102,568
Called up share capital	29	447,085	447,085
Capital reserve	30	566	566
Revaluation reserve	30	-	17,385
Associated undertaking			
revaluation reserve	30	22,962	-
Profit and loss account	30	143,463	120,515
Shareholders' funds		614,076	585,551
Total Liabilities	9	<u>6,474,129</u>	<u>8,041,940</u>
MEMORANDUM ITEMS			
Contingent liabilities :			
- acceptances and endorsements	31	3,328	-
- guarantees and assets pledged as collateral security	31	102,933	33,799
- other contingent liabilities		-	788
		<u>106,261</u>	<u>34,567</u>
Commitments:			
- other commitments	31	<u>527,657</u>	<u>163,689</u>

Approved by the Board of Directors on 31 October 1995 and signed on their behalf by :



Anthony M. Brooks, Director

CITIBANK INVESTMENT LIMITED

BALANCE SHEET at 31 December 1994

	Note	1994 £'000	1993 £'000 restated
FIXED ASSETS			
Investments	16	696	-
Investments in group undertakings	17	621,568	618,017
Investment in associated undertaking	18	30,832	-
		<u>653,096</u>	<u>618,017</u>
CURRENT ASSETS			
Loans and advances to subsidiary undertakings	12	63,000	265,448
Other debtors	21	165,815	34,680
Prepayments and accrued income		11,700	12,837
Balances with group banking undertakings	11	9,942	48,917
		<u>250,457</u>	<u>361,882</u>
CURRENT LIABILITIES			
Deposits by group banking undertakings	22	273,758	371,948
Deposits by subsidiary undertakings	23	2,484	1,531
Other liabilities	25	1,250	2,903
Accruals and deferred income		940	1,680
		<u>278,432</u>	<u>378,062</u>
Net current liabilities		<u>(27,975)</u>	<u>(16,180)</u>
Total assets less current liabilities		<u>625,121</u>	<u>601,837</u>
PROVISION FOR LIABILITIES AND CHARGES			
Deferred taxation	26	3,806	4,106
Other provisions for liabilities and charges	27	7,239	12,180
		<u>11,045</u>	<u>16,286</u>
		<u>614,076</u>	<u>585,551</u>
CAPITAL AND RESERVES			
Called up share capital	29	447,085	447,085
Revaluation reserve	30	88,752	62,998
Profit and loss account	30	78,239	75,468
		<u>614,076</u>	<u>585,551</u>

Approved by the Board of Directors on 31 October 1995 and signed on their behalf by:



Anthony M. Brooks, Director

CITIBANK INVESTMENTS LIMITED AND SUBSIDIARIES

CONSOLIDATED CASHFLOW STATEMENT

for the year ended 31 December 1994

	Note	1994 £'000	1993 £'000
Net cash (outflow)/inflow from operating activities	37	(883,228)	716,885
Returns on investments and servicing of finance			
- Ordinary dividends paid		(5,000)	(10,000)
- Ordinary dividends received from investments		-	4,861
Net cash outflows from returns on investments and servicing of finance		(5,000)	(5,139)
Taxation			
- UK Corporation tax		(34,334)	(750)
- Overseas tax		(8,411)	-
Total tax paid		(42,745)	(750)
Investing activities			
- Purchase of investment securities		(779)	(64,509)
- Sale of investment securities		685	22,680
- Investment in participating interests		(334)	(640)
- Investment in group undertakings (net of cash and cash equivalents acquired)	42	221,295	(145,425)
- Sale of investment in subsidiary undertaking (net of cash and cash equivalents sold)	44	(6,687)	(29,112)
- Dilution of interest in subsidiary undertaking (net of cash and cash equivalents)	46	(9,925)	-
- Purchase of tangible fixed assets		(52,695)	(96,920)
- Sales of tangible fixed assets		14,318	8,725
- Repayment of loans advanced to associated undertaking		205,000	-
Net cash inflow/(outflow) from investing activities		370,878	(305,201)
Net cash (outflow)/inflow before financing		(560,095)	405,795
Financing			
- Repayment of loan capital	40	(25,000)	-
- Capital contribution from holding company		-	566
- Issue of share capital		-	49,951
Net cash (outflow)/inflow from financing		(25,000)	50,517
(Decrease)/Increase in cash and cash equivalents	38	(585,095)	456,312

CITIBANK INVESTMENTS LIMITED AND SUBSIDIARIES

NOTES TO THE ACCOUNTS (forming part of the financial statements)

1. ACCOUNTING POLICIES

Accounting Convention

The accounts have been prepared under the historical cost accounting rules as modified in certain cases by revaluations of certain freehold land and buildings and long leasehold property to market value and in accordance with applicable accounting standards. As noted below there has been a change in the treatment of the Group's investment in the The EBS Partnership.

Companies Act

The Group accounts have been prepared in compliance with part VII, Chapter II of, and Schedule 9 to the Companies Act 1985 applicable to banking groups as applied by Schedule 9 to the Companies Act 1985 (Bank Accounts) Regulations 1991.

The Company is exempt from preparing its own profit and loss account in accordance with section 230 of the Companies Act 1985, and the Company balance sheet has been prepared in compliance with section 226 of, and Schedule 4 to, that Act.

Basis of Consolidation

The Group accounts include the assets, liabilities and results of all subsidiary undertakings. For associated undertakings the Group accounts include the Group's share of the results and share of the net assets of the undertakings. The accounts of all subsidiaries and associated undertakings are co-terminious with those of the Company. Results of subsidiaries and associated undertakings acquired are included from the date of acquisition and of those disposed of are excluded from the date of disposal. Assets and liabilities of subsidiaries are recorded at their fair values at date of acquisition. Goodwill arising on consolidation is written off against reserves, and goodwill recovered is written back to reserves.

Restatement of Comparative figures and Prior Year Adjustments

The Group's aggregate interest in The EBS Partnership of 14.14% has previously been carried at cost as a participating interest. This holding is deemed sufficient to enable the Group to exercise a significant influence over the Partnership. The investment has been restated in 1994 as an associated undertaking in the Group's financial statements. As a result of this change in accounting policy a prior year adjustment has been made to reflect the Group's share of the Partnership's cumulative losses to date. The effect of this change in accounting policy on the current year's profit and loss account is a charge of £513,000 (1993:£2,420,000).

Investments in Group and Associated Undertakings

Investments in Group and Associated undertakings are stated in the Company's balance sheet at the Company's share of their net tangible assets. Aggregate net surpluses on revaluation of investments are taken to the revaluation reserve.

CITIBANK INVESTMENTS LIMITED AND SUBSIDIARIES

NOTES TO THE ACCOUNTS (continued)

Foreign Currencies

Assets and liabilities in foreign currencies are translated into sterling at the market rates prevailing at the year end. The resulting revaluation profits and losses are taken into income.

Overseas Branches

The assets and liabilities of overseas branch undertakings have been translated into sterling at closing rates of exchange. Profits and losses have been translated at average rates of exchange.

Exchange differences resulting from the translation of net investments in overseas undertakings at closing rates, together with differences between profits and losses translated at average rates and at closing rates, are dealt with in reserves.

Assets and liabilities of businesses acquired as branches are recorded at their fair value on the date of acquisition. Goodwill arising is written off to reserves.

Interest Rate Swaps, Currency Swaps and Forward Rate Agreements

Profits and losses in respect of these financial products entered into for hedging purposes are spread over the underlying hedge periods. The Group accounts for its trading and risk management activities in swaps and forward rate agreements on a market value basis which recognises in earnings the profits or losses resulting from trading and from changes in interest or exchange rates. Interest accruals and unrealised revaluation profits and losses are included in Other assets or Other liabilities. Positive and negative market values are set off where the contracts have been entered into under master netting agreements or other arrangements that give a legally enforceable right of set-off.

Financial Futures and Options

Profits and losses in respect of financial futures contracts entered into for hedging purposes are spread over the underlying hedge periods. Financial futures and option contracts entered into for trading purposes are valued at market prices prevailing at the balance sheet date and the resulting profits and losses are taken into income.

CITIBANK INVESTMENTS LIMITED AND SUBSIDIARIES

NOTES TO THE ACCOUNTS (continued)

Trading Securities

Trading securities, including those used as hedge instruments, are presented net of obligations to deliver the assets of the same issuer sold but not yet purchased and are valued at market prices prevailing at the balance sheet date. Net short positions have been disclosed separately.

The amounts awaiting settlement related to trading securities purchased and sold are included in Other assets or Other liabilities.

Deposits arising from securities sold under agreements to repurchase or purchased under agreements to resell are included in Deposits by banks or Customer accounts and Loans and advances to banks or customers respectively.

Bank certificates of deposit are valued at year end market prices.

Forward securities contracts are valued at market rates prevailing at the year end adjusted for the premium or discount paid spread evenly over the life of the contract.

Debt securities and equity shares are included in the balance sheet at market value. Changes in the market value of such assets are recognised in the profit and loss account as 'Dealing profits' as they arise.

Investment Securities

Securities held for investment are valued at cost adjusted for accreted premium or discount on acquisition, less any provision for permanent diminution in value.

Interest and Fee Income

Interest receivable and payable, commitment commission and agency fees are accrued over the term of the loans and deposits. Where there is doubt over the collection of interest receivable, the interest is not accrued but is taken to income when received in cash.

Fees are accrued over the life of the underlying transaction except to the extent that they represent compensation for arranging the transaction. This portion is recognised in income on signing the agreement.

Mortgage Securitisation

Where the Group finances a portfolio of mortgage loans under non-recourse agreements which transfers substantially all of the risk to the provider of the finance, a linked presentation is used. This requires the non-returnable finance to be deducted from the securitised assets on the face of the balance sheet. This policy has been adopted in compliance with FRS 5 'Reporting the Substance of Transactions' and comparative figures have been restated due to the change in accounting policy. No gain or loss is recognised on the transfer.

CITIBANK INVESTMENTS LIMITED AND SUBSIDIARIES

NOTES TO THE ACCOUNTS (continued)

Insurance Underwriting Agency Income

Underwriting agency commission is recognised upon receipt of brokers' closing instructions and their verification by the underwriters.

Futures Brokerage Income

Brokerage income is recognised upon liquidation of deals.

Provision for Losses

Specific and general provisions are made against loans, advances and certain products as considered appropriate by the Directors, and deducted from the related asset, or shown in Other liabilities as appropriate.

Pension and Other Post-Retirement Benefit Costs

The Group operates a defined contribution pension scheme and a defined benefit pension scheme for employees. Staff do not make contributions for basic pensions. The pension costs relating to the defined benefit scheme are assessed in accordance with the advice of a qualified actuary, using where appropriate the projected unit method. Variations from the regular cost are allocated over the remaining service lives of current employees.

Contributions to the other post-retirement benefits scheme are assessed in accordance with the advice of a qualified actuary and provision is being made on the basis set out in note 8.

Deferred tax relating to timing differences in pension and post-retirement benefit costs is provided in full on the accrual at the end of the year.

Depreciation

Depreciation is provided to write off the cost less estimated residual value of fixed assets by equal annual instalments over their estimated useful lives as follows :-

Premises and installations - shorter of the lease term and estimated useful life

Furniture and equipment - between 3 and 10 years

Computer equipment - between 1 and 5 years

Motor vehicles - between 3 and 4 years

CITIBANK INVESTMENTS LIMITED AND SUBSIDIARIES

NOTES TO THE ACCOUNTS (continued)

Revaluation of Fixed Assets

Certain Freehold Land and Buildings and Long Leasehold Property are revalued to their market value. Surpluses or deficits arising on revaluation are taken to the Revaluation Reserve unless the deficits are considered to be permanent in which case they are charged to the profit and loss account.

Finance Leases and Hire Purchase Contracts

Assets held under finance leases and hire purchase contracts are capitalised and depreciated as described above. Finance charges are allocated to accounting periods using the sum of digits method so as to produce a constant periodic rate of interest on the remaining balance of the obligation for each accounting period.

The net investment in finance leases is included in Loans and advances to customers. The gross earnings over the period of the lease are allocated to give a constant periodic rate of return on the net cash investment.

Deferred Taxation

Deferred taxation is provided for in respect of accelerated capital allowances on assets leased to customers and fixed assets and on short term timing differences, less the tax saving available in respect of corporation tax losses carried forward, where it is probable that a taxation liability or recovery will arise and at the rate expected to be ruling when these differences reverse.

CITIBANK INVESTMENTS LIMITED AND SUBSIDIARIES

NOTES TO THE ACCOUNTS (continued)

2. DIVIDEND INCOME

	1994	1993
	£'000	£'000
Income from equity shares	<u>-</u>	<u>4,861</u>

3. ADMINISTRATIVE EXPENSES

Group:	Continuing operations		Disposals	Total	Total
	1994	Acquisitions			
	£'000	1994	1994	1994	1993
		£'000	£'000	£'000	£'000
Staff costs					restated
- wages and salaries	38,024	7,298	1,146	46,468	40,368
- social security costs	3,394	1,083	114	4,591	2,894
- other pension costs	2,523	448	152	3,123	3,343
- post-retirement health care	626	-	-	626	-
Other administrative expenses	85,058	10,434	4,703	100,195	88,137
	<u>129,625</u>	<u>19,263</u>	<u>6,115</u>	<u>155,003</u>	<u>134,742</u>

Post-retirement benefits:

As explained in note 8 the charge for 1994 has been assessed in accordance with the advice of qualified actuaries, whereas in 1993 the charge was accounted for on a cash basis.

4. LOSS ON DISPOSAL OF GROUP UNDERTAKINGS

	1994	1993
	£'000	£'000
Gain on disposals		
Goodwill previously written off directly to reserves	4,237	304
	<u>(5,565)</u>	<u>-</u>
Loss on disposal of group undertakings	<u>(1,328)</u>	<u>304</u>

Admiral Underwriting Agencies Limited was sold by the group on 29 March 1994. Citibank Aktiebolag, incorporated in Sweden, was placed into liquidation on 12 December 1994.

CITIBANK INVESTMENTS LIMITED AND SUBSIDIARIES

NOTES TO THE ACCOUNTS (continued)

5. PROFIT BEFORE TAX

1994
£'000

1993
£'000

Profit before taxation for the year has been arrived at after :

i) Income :

Income from listed investments	828	-
(Losses)/Profits on securities dealing	(21,738)	38,290
Profits on disposal of investment securities	-	6,558
Charge card fee income	26,022	25,175
Aggregate amounts receivable, including capital repayments under finance leases, hire purchase and conditional sale contracts	-	2,608

ii) Charges :

Charges in respect of finance leases and hire purchase contracts	792	833
Interest payable on subordinated loan capital	4,003	4,350
Interest payable on unsecured loan notes	2,212	63
Operating leases - leasehold property	6,418	11,284
- hire of equipment	110	459

The auditors' remuneration for audit work was £291,000 (1993 - £247,000) and for non - audit work was £273,000 (1993 - £85,000).

6. TAXATION

1994
£'000

1993
£'000

The charge to taxation comprised:

United Kingdom corporation tax based on the profit for the year at 33%	10,156	47,738
Adjustments in respect of overprovisions in prior years	(3,639)	(1,044)
	6,517	46,694
Overseas current taxation	358	-
Deferred taxation	(373)	1,422
Adjustment to prior years deferred taxation	(3,392)	(205)
Exchange adjustment	(15)	-
Double taxation relief	(22)	-
	3,073	47,911

CITIBANK INVESTMENTS LIMITED AND SUBSIDIARIES

NOTES TO THE ACCOUNTS (continued)

7. EMOLUMENTS OF DIRECTORS

The emoluments of the Directors of the Company, including their remuneration in respect of subsidiary undertakings, amounted to:

	1994 £'000	1993 £'000
Emoluments	160,776	240,971
Pension contributions	2,821	21,953
	<u>163,597</u>	<u>262,924</u>

The chairman received emoluments, excluding pension contributions of £86,276 during the year (1993 - Nil).

The emoluments, excluding pension contributions, of the highest paid director were £86,276 (1993 : £91,760).

The emoluments, excluding pension contributions, of the Directors of the Company fell within the following ranges :

Emoluments £	Directors 1994	1993
0 - 5,000	1	1
5,001 - 10,000	2	-
10,001 - 15,001	1	-
25,001 - 30,000	-	1
40,001 - 45,000	1	-
45,001 - 50,000	-	1
75,001 - 80,000	-	1
85,001 - 90,000	1	-
90,001 - 95,000	-	1

8. PENSION AND OTHER POST RETIREMENT BENEFIT COSTS

The total pension cost for the Group was £3,123,000 (1993: £3,343,000), £448,000 (1993:£nil) of the total pension cost relates to foreign schemes which has been determined in accordance with best practice and regulations in the UK.

The Group participates in the Citibank (UK) Pension Plan which provides both defined benefit and defined contribution pension benefits.

The latest actuarial valuation of the defined benefit section of the scheme was as at 1 July 1994. The actuarial assumptions adopted at that valuation date were that, as an average over the long term, the investment return would be 9%p.a., the level of salary increases would be 6%p.a., the Retail Price Index would increase at 4%p.a., the level of discretionary pensions increases would be 3%p.a. on pensions accrued before 1 July 1994, 4%p.a. on pensions accrued after that date and the determination of liabilities is based on the projected unit method. The scheme's assets are held in separate trustee administered funds. The market value of the Group's share of the principal scheme's assets was sufficient to cover 108% of the benefits that had accrued for the members, after allowing for the principal assumptions.

The Group is also a member of a group defined benefit post-retirement scheme from which 431 retired employees currently benefit. The cost of providing post-retirement health care benefits, which is assessed in accordance with the advice of a qualified actuary, is recognised on a systematic basis over the employees' service lives. This change in accounting policy is in accordance with the Urgent Issues Task Force Abstract 6 'Accounting for post-retirement benefits other than pensions'. The accumulated obligation in respect of these benefits relating to current and existing employees at 1 January 1994 is being charged to the profit and loss in equal installments over 20 years. The scheme is unfunded and the latest actuarial valuation was as at 1 January 1995. The principal assumptions of the scheme were an asset return of 9.5%p.a. and medical expense inflation of 8.5 %p.a. in 1995 reducing linearly to 4.5% by 2005, continuing at 4.5% thereafter.

CITIBANK INVESTMENTS LIMITED AND SUBSIDIARIES

NOTES TO THE ACCOUNTS (continued)

9. ASSETS

	1994 £'000	1993 £'000 restated
Assets and liabilities denominated in foreign currency:		
Denominated in sterling	2,134,054	3,059,007
Denominated in currencies other than sterling	4,340,075	4,982,933
TOTAL ASSETS	<u>6,474,129</u>	<u>8,041,940</u>
Denominated in sterling	2,056,132	2,766,961
Denominated in currencies other than sterling	4,417,997	5,274,979
TOTAL LIABILITIES	<u>6,474,129</u>	<u>8,041,940</u>
Assets subject to sale and repurchase transactions:		
Debt securities	14,074	-
	<u>14,074</u>	<u>-</u>
Assets leased to customers:		
Loans and advances to customers - finance leases	36,256	37,984
Tangible fixed assets- operating leases	28,444	-
	<u>64,700</u>	<u>37,984</u>

10. TREASURY BILLS AND OTHER ELIGIBLE BILLS

	1994 £'000	1993 £'000
Trading securities		
- other eligible bills	15,377	77
	<u>15,377</u>	<u>77</u>

CITIBANK INVESTMENTS LIMITED AND SUBSIDIARIES

NOTES TO THE ACCOUNTS (continued)

11. LOANS AND ADVANCES TO BANKS

	1994	1994	1993	1993
	Group	Company	Group	Company
	£'000	£'000	£'000	£'000
			restated	
Repayable on demand	78,333	9,942	96,500	48,917
Other loans with agreed maturity dates or periods of notice, by remaining maturity :				
- over 5 years	4,519	-	27,445	-
- 5 years or less but over 1 year	71	-	13,513	-
- 1 year or less but over 3 months	173,757	-	13,691	-
- 3 months or less	193,699	-	706,544	-
	<u>450,379</u>	<u>9,942</u>	<u>857,693</u>	<u>48,917</u>
Due from other Citicorp/Citibank companies				
- subordinated	721	-	-	-
- unsubordinated	<u>378,446</u>	<u>9,942</u>	<u>778,970</u>	<u>48,917</u>
	<u>379,167</u>	<u>9,942</u>	<u>778,970</u>	<u>48,917</u>
Settlement balances with banks	<u>21,633</u>	<u>-</u>	<u>3,867</u>	<u>-</u>

CITIBANK INVESTMENTS LIMITED AND SUBSIDIARIES

NOTES TO THE ACCOUNTS (continued)

12. LOANS AND ADVANCES TO CUSTOMERS

	1994 Group £'000	1994 Company £'000	1993 Group £'000	1993 Company £'000
With agreed maturity dates or periods of notice, by remaining maturity:				
- over 5 years	1,616,853	-	1,682,834	-
- 5 years or less but over 1 year	468,316	-	135,550	210,150
- 1 year or less but over 3 months	172,534	62,000	144,912	55,298
- 3 months or less	739,449	1,000	327,017	-
General and specific bad and doubtful debt provisions	(119,378)	-	(73,077)	-
	<u>2,877,774</u>	<u>63,000</u>	<u>2,217,236</u>	<u>265,448</u>
Of which repayable on demand or short notice	<u>78,230</u>	<u>-</u>	<u>8,932</u>	<u>1,531</u>
Amounts include:				
Sub-participated loans	<u>7,518</u>	<u>-</u>	<u>8,475</u>	<u>-</u>
Due from fellow subsidiary companies				
- unsubordinated	-	63,000	-	265,448
Due from other Citicorp/Citibank companies				
- unsubordinated	<u>193,121</u>	<u>-</u>	<u>88,211</u>	<u>-</u>
	<u>193,121</u>	<u>63,000</u>	<u>88,211</u>	<u>265,448</u>
Settlement balances with customers	<u>4,932</u>	<u>-</u>	<u>-</u>	<u>-</u>
The following nature of concentration is considered significant:				
	1994 Group £'000		1993 Group £'000	
UK residential mortgages	1,275,761		1,261,951	
UK commercial mortgages	258,360		318,163	
French residential mortgages	177,470		-	
Charge and credit card debtors	<u>187,948</u>		<u>124,990</u>	
	<u>1,899,539</u>		<u>1,705,104</u>	

Loans and advances to customers include £36,256,000 (1993:£37,984,000) net investment in finance leases.

CITIBANK INVESTMENTS LIMITED AND SUBSIDIARIES

NOTES TO THE ACCOUNTS (continued)

13. PROVISIONS FOR BAD AND DOUBTFUL DEBTS

Group:	1994 Specific £'000	1994 General £'000	1994 Total £'000	1993 Specific £'000	1993 General £'000	1993 Total £'000
At 1 January	62,306	10,969	73,275	60,526	14,510	75,036
Exchange adjustments	(42)	6	(36)	22	(30)	(8)
Charge against profits	4,975	3,679	8,654	10,600	(5,697)	4,903
Branch undertakings acquired	23,674	2,482	26,156	-	-	-
Amounts written off	(13,094)	-	(13,094)	(13,558)	(4,612)	(18,170)
Recoveries	1,361	2	1,363	3,788	1,167	4,955
Other movements	29,414	(6,342)	23,072	928	5,631	6,559
At 31 December	<u>108,594</u>	<u>10,796</u>	<u>119,390</u>	<u>62,306</u>	<u>10,969</u>	<u>73,275</u>
Loans and advances to customers			<u>119,378</u>			<u>73,077</u>

The Group does not accrue for suspended interest.

14. LOANS SUBJECT TO NON-RECOURSE FINANCING ARRANGEMENTS

Securitised assets

All of the debts subject to the non-recourse financing arrangements relate to residential and business and commercial mortgages. During the year £10,215,000 (1993: £10,540,000) was recognised in the profit and loss account of the Group, comprising interest receivable of £33,389,000 (1993: £42,226,000) less interest payable and other expenses of £23,174,000 (1993: £31,686,000).

The proceeds generated from the mortgage loans are to be utilised in priority to meet the claims of the providers of finance after the payment of the trustees and administrative expenses.

The Group holds a call option in relation to the mortgages funded through private placements. The option allows the Group to repurchase the mortgages when the total amount outstanding falls to 10% of the original amount.

The Group does not hold any options in relation to the other securitised assets.

The Group is not obliged to support any losses, nor does it intend to do so. Floating rate notes associated with these financing arrangements were issued on the basis that the holders are only entitled to seek repayment of the finance, as to both principal and interest, to the extent that sufficient funds are generated by the mortgages they have financed and that they will not seek recourse from the company in any form.

Information about the securitisations involved is set out in the table below:

Securitisation company	Type of mortgages	Date of securitisation	At 31 December 1994	
			Customer loans £'000	Returnable finance £'000
SONAR 1 PLC	Business and commercial	12 December 1994	103,475	1,524
STARS 1 PLC	Residential	10 December 1990	242,812	1,459
Private placements	Residential	1987-1989	109,724	40,000
		Total	<u>456,011</u>	<u>42,983</u>

All the shares issued in SONAR 1 PLC and STARS 1 PLC are owned by Superior Tradeable Residential Securities Limited. The Group does not own, directly or indirectly, any of the share capital of the securitised companies or their parent companies.

CITIBANK INVESTMENTS LIMITED AND SUBSIDIARIES

NOTES TO THE ACCOUNTS (continued)

15. DEBT SECURITIES

	1994 Group Book and Market Value £'000	1994 Company Book and Market Value £'000	1993 Group Book and Market Value £'000	1993 Company Book and Market Value £'000
Issued by public bodies:				
Trading securities				
- government securities	268,524	-	282,946	-
- other public sector securities	12,900	-	30,741	-
	<u>281,424</u>	<u>-</u>	<u>313,687</u>	<u>-</u>
Issued by other issuers:				
Trading securities				
- bank and building society certificates of deposit	105,113	-	10,846	-
- other debt securities	398,854	-	175,029	-
	<u>503,967</u>	<u>-</u>	<u>185,875</u>	<u>-</u>
	<u>785,391</u>	<u>-</u>	<u>499,562</u>	<u>-</u>
Amounts include:				
Due from other Citicorp/Citibank companies				
- unsubordinated	11,745	-	8,681	-
	<u>11,745</u>	<u>-</u>	<u>8,681</u>	<u>-</u>
Due within one year	558,041	-	86,531	-
Due one year and over	227,351	-	413,031	-
	<u>785,391</u>	<u>-</u>	<u>499,562</u>	<u>-</u>
Other debt securities				
- listed on a recognised UK exchange	22,404	-	70,466	-
- listed elsewhere	762,987	-	429,096	-
	<u>785,391</u>	<u>-</u>	<u>499,562</u>	<u>-</u>

The cost of securities carried at market value is not disclosed as it cannot be determined without unreasonable expense.

CITIBANK INVESTMENTS LIMITED AND SUBSIDIARIES

NOTES TO THE ACCOUNTS (continued)

16. EQUITY SECURITIES

	1994 Book Value £'000	1994 Market Value £'000	1993 Book Value £'000	1993 Market Value £'000
Group:				
Issued by public bodies :				
Securities other than investment securities				
- government securities	-	-	10,957	10,957
Issued by other issuers :				
Investment securities				
- other equity securities	1,136	1,136	688	1,226
Other securities				
- other equity securities	5,562	5,562	33,585	33,585
	<u>6,698</u>	<u>6,698</u>	<u>45,230</u>	<u>45,768</u>
Investment securities				
- listed on a recognised UK exchange	-	-	190	435
- listed elsewhere	66	66	217	510
- unlisted	1,070	1,070	281	281
	<u>1,136</u>	<u>1,136</u>	<u>688</u>	<u>1,226</u>
Other equity shares				
- listed on a recognised UK exchange	190	-	-	-
- listed elsewhere	5,372	44,542		
	<u>6,698</u>	<u>45,230</u>		

	Cost £'000	Provisions £'000	Carrying Value £'000
Investment securities			
Group:			
At 1 January 1994	688	-	688
Exchange adjustments	21	-	21
Branch undertakings acquired	862	(17)	845
Transfers to other equity securities	(418)	-	(418)
At 31 December 1994	<u>1,153</u>	<u>(17)</u>	<u>1,136</u>

	1994 Company Book and Market Value £'000	1993 Group Book and Market Value £'000
Company:		
Issued by other issuers :		
Investment securities		
- other equity securities	<u>696</u>	<u>-</u>
Investment securities		
- unlisted	<u>696</u>	<u>-</u>

CITIBANK INVESTMENTS LIMITED AND SUBSIDIARIES

NOTES TO THE ACCOUNTS (continued)

17. INVESTMENTS IN GROUP UNDERTAKINGS

The Company's investments in the share capital of subsidiary undertakings comprised:	1994 £'000
At 1 January 1994 - as previously disclosed	621,576
Prior year restatement	<u>(3,559)</u>
At 1 January 1994 -as restated	618,017
Additions	17,968
Capital contributions	10,404
Disposals	(19,069)
Reclassification as an associated undertaking	(30,961)
Reclassification	(674)
Revaluation	<u>25,883</u>
At 31 December 1994	<u><u>621,568</u></u>

Included in additions is the acquisition of Citibank Aktiebolag, incorporated in Sweden, which was dissolved on 12 December 1994, this being reflected in 'Disposals' above. Also disposed of during the year was the wholly owned subsidiary, Admiral Underwriting Agencies Limited.

During the year an overseas branch network was established by Citibank International plc, one of the Company's subsidiary undertakings. Branches were established in Austria on 29 November 1994, Denmark on 1 May 1994, Finland on 1 June 1994, France on 30 November 1994, Norway on 1 May 1994 and Sweden on 1 April 1994. These branches acquired are reflected within 'Revaluations' above.

The principal subsidiary undertakings of the Company are :

	Nature of business
CIB Properties Limited	Group services company
Citibank International plc	International merchant banking
Citicorp Dealing Resources International Limited	Foreign exchange systems
Citicorp Trustee Company Limited	Trustee for unit and investment trusts
Citifutures Limited	Futures broker

A full list of the subsidiary companies will be included in the Company's annual return.

All of the above subsidiary undertakings are wholly owned and are incorporated in Great Britain with their respective registered offices in England and Wales. All the above subsidiary undertakings are included in the consolidated accounts and have accounting reference dates of 31 December.

CITIBANK INVESTMENTS LIMITED AND SUBSIDIARIES

NOTES TO THE ACCOUNTS (continued)

18. INTERESTS IN ASSOCIATED UNDERTAKINGS

Group:	1994 £'000
At 1 January 1994 - as previously disclosed	-
Reclassification from participating interests	4,252
Prior year restatement	(3,559)
At 1 January 1994 -as restated	693
Reclassification from Group undertakings	30,961
Additions	333
Exchange adjustments	(50)
Share of losses	(642)
	<u>31,295</u>

The prior year restatement arises as a result of a change in accounting policy regarding the Group's investment in The EBS Partnership as described in note 1.

On an historical cost basis the group's interest in associated undertakings would have been included as follows:

	1994	1993 restated
Cost and Net book value	<u>19,060</u>	<u>4,252</u>

The associated undertakings are :

	London Capital Holdings Limited	The EBS Partnership
Nature of business	Property investment and development	Development and provision of an exchange dealing information system
Issued share capital/partners funds at 31 December (Percentage held by the Group)	7,607,749 'B' £1 Ordinary (100%) 26,388,814 'A' £1 Ordinary (Nil) 50,000,000 £1 non-voting Deferred (Nil)	£5,076,336 partners funds (14.14%)
Group interest	9.06 % of total shares 22.378% of voting shares	14.14 %
Group's share of results for year ended 31 December 1994	£(129,345)	£(513,000)
Principal area of operation	Great Britain	Great Britain

The Group interest in London Capital Holdings Limited is held directly by the Company. The Group interest in The EBS Partnership is held by subsidiaries of the Company.

The above associated undertakings have their respective registered offices in England and Wales.

CITIBANK INVESTMENTS LIMITED AND SUBSIDIARIES

NOTES TO THE ACCOUNTS (continued)

18. INTERESTS IN ASSOCIATED UNDERTAKINGS (continued)

Company:

	1994 £'000
At 1 January 1994	-
Reclassification from Group undertakings	30,961
Share of losses	(129)
At 31 December 1994	<u>30,832</u>

19. PARTICIPATING INTERESTS

Group:	1994 £'000	1993 £'000 restated
Unlisted	<u>279</u>	<u>19</u>
	Cost £'000	
At 1 January 1994 - as previously disclosed	4,271	
Reclassification to associated undertaking	(4,252)	
At 1 January 1994 - as restated	19	
Branch undertakings acquired	260	
At 31 December 1994	<u>279</u>	

The Group has participating interests in the following entities:

	1994 £'000	1993 £'000	Country of residence	Percentage holding
FXNET Limited	19	19	Great Britain	9.68%
BVP Pension Skaffen AG	259	-	Austria	4%
SNC CitiGestion	<u>1</u>	<u>-</u>	France	1%
	<u>279</u>	<u>19</u>		

CITIBANK INVESTMENTS LIMITED AND SUBSIDIARIES

NOTES TO THE ACCOUNTS (continued)

20. FIXED ASSETS	Freehold Land & Buildings £'000	Long Leasehold Property £'000	Short term Leasehold Property £'000	Leasehold Improvements £'000	Furniture & Equipment £'000	Leased or Hire Purchase Assets £'000	Total £'000
Group:							
Cost							
1 January 1994	127,743	144,238	11,322	46,401	102,827	5,781	438,312
Additions	3,992	10,009	824	6,961	27,074	28,643	77,503
Reclassifications	1,200	(1,200)	-	(485)	485	-	-
Transfers from group companies	-	-	-	2,701	-	-	2,701
Branch undertakings acquired	-	102	-	9,093	5,455	-	14,650
Net surplus on revaluation	3,439	8,871	-	-	-	-	12,310
Dilution of interest in subsidiary undertaking	(93,085)	(149,250)	-	-	-	-	(242,335)
Sale of subsidiary	-	-	-	-	(629)	-	(629)
Disposals	(7,980)	-	(157)	(3,956)	(36,648)	(5,043)	(53,784)
Assets written off	(1)	(962)	-	(6,793)	-	-	(7,756)
Exchange adjustments	-	2	3	80	409	-	494
31 December 1994	<u>35,308</u>	<u>11,810</u>	<u>11,992</u>	<u>54,002</u>	<u>98,973</u>	<u>29,381</u>	<u>241,466</u>
Depreciation :							
1 January 1994	5,514	1,722	6,264	22,119	66,957	2,886	105,462
Reclassifications	-	-	-	(485)	485	-	-
Branch undertakings acquired	-	-	-	5,809	3,645	-	9,454
Charged in the year	554	304	1,505	5,757	17,882	523	26,525
Dilution of interest in subsidiary undertaking	-	-	-	-	(107)	-	(107)
Sale of subsidiary	-	-	-	-	(238)	-	(238)
Disposals	-	-	(148)	(2,989)	(35,151)	(3,019)	(41,307)
Assets written off	(1)	(962)	-	(6,688)	-	-	(7,651)
Exchange adjustments	-	-	2	49	147	-	198
31 December 1994	<u>6,067</u>	<u>1,064</u>	<u>7,623</u>	<u>23,572</u>	<u>53,620</u>	<u>390</u>	<u>92,336</u>
Net book value:							
31 December 1994	<u>29,241</u>	<u>10,746</u>	<u>4,369</u>	<u>30,430</u>	<u>45,353</u>	<u>28,991</u>	<u>149,130</u>
31 December 1993	<u>122,229</u>	<u>142,516</u>	<u>5,058</u>	<u>24,282</u>	<u>35,870</u>	<u>2,895</u>	<u>332,850</u>

The net book value of Freehold Land not subject to depreciation is £5,911,000 (1993: £3,315,000).

The Group occupies all the Land and Buildings for its own activities.

CITIBANK INVESTMENTS LIMITED AND SUBSIDIARIES

NOTES TO THE ACCOUNTS (continued)

21. OTHER ASSETS

	1994 Group £'000	1994 Company £'000	1993 Group £'000 restated	1993 Company £'000
Foreign exchange and interest rate contracts	1,729,775	150,093	3,682,197	-
Counterparty receivables on sale of securities	49,485	-	49,081	-
ACT recoverable	22,059	1,250	23,982	2,903
Taxation recoverable	93	3,603	780	-
Trade debtors of insurance business	-	-	2,195	-
Other balances	95,370	10,869	36,563	31,777
	<u>1,896,782</u>	<u>165,815</u>	<u>3,794,798</u>	<u>34,680</u>

22. DEPOSITS BY BANKS

	1994 Group £'000	1994 Company £'000	1993 Group £'000	1993 Company £'000
With agreed maturity dates or periods of notice, by remaining maturity				
- over 5 years	9,923	-	11,286	-
- 5 years or less but over 1 year	228,926	50,000	545,684	371,948
- 1 year or less but over 3 months	1,448,461	223,758	1,008,874	-
- 3 months or less but not repayable on demand	<u>686,058</u>	<u>-</u>	<u>1,470,839</u>	<u>-</u>
	2,373,368	273,758	3,036,683	371,948
Repayable on demand	53,395	-	6,575	-
	<u>2,426,763</u>	<u>273,758</u>	<u>3,043,258</u>	<u>371,948</u>
Due to other Citicorp/Citibank companies				
- unsubordinated	<u>2,380,931</u>	<u>273,758</u>	<u>3,010,899</u>	<u>371,948</u>

CITIBANK INVESTMENTS LIMITED AND SUBSIDIARIES

NOTES TO THE ACCOUNTS (continued)

23. CUSTOMER ACCOUNTS	1994 Group £'000	1994 Company £'000	1993 Group £'000	1993 Company £'000
With agreed maturity dates or periods of notice, by remaining maturity				
- over 5 years	-	-	1,163	-
- 5 years or less but over 1 year	100,945	-	92,764	-
- 1 year or less but over 3 months	105,610	-	42,051	-
- 3 months or less but not repayable on demand	125,869	-	54,372	-
Repayable on demand	178,953	2,484	16,165	1,531
	<u>511,377</u>	<u>2,484</u>	<u>206,515</u>	<u>1,531</u>
Due to fellow subsidiary companies				
- unsubordinated	-	2,484	-	1,531
Due to other Citicorp/Citibank companies				
- unsubordinated	-	-	16,313	-
24. DEBT SECURITIES IN ISSUE	1994 Group £'000		1993 Group £'000	
Bonds and medium term notes:				
- due one year and over	175,778		137,500	
Other debt securities in issue, by remaining maturity:				
- 5 years or less but over 1 year	120,200		-	
- 1 year or less but over 3 months	36,156		-	
- 3 months or less	28,885		-	
	<u>361,019</u>		<u>137,500</u>	
Due to other Citicorp/Citibank companies	<u>293,692</u>		<u>137,500</u>	

CITIBANK INVESTMENTS LIMITED AND SUBSIDIARIES

NOTES TO THE ACCOUNTS (continued)

25. OTHER LIABILITIES

	1994 Group £'000	1994 Company £'000	1993 Group £'000 restated	1993 Company £'000
Treasury bills and other eligible bills				
- other eligible bills	1,827	-	-	-
Debt securities				
- government securities	175,701	-	50,219	-
- bank and building society certificates of deposit	140	-	-	-
- other debt securities	1,064	-	630	-
Foreign exchange and interest rate contracts	1,839,324	-	3,481,185	-
Counterparty payables on purchase of securities	137,269	-	194,310	-
Trade creditors of insurance business	-	-	9,704	-
Trade creditors of charge card business	93,255	-	26,951	-
ACT payable	1,250	1,250	2,903	2,903
Taxation - due within one year	13,386	-	51,094	-
Finance lease obligations (note 33)	28,991	-	2,712	-
Other balances	36,564	-	26,433	-
	<u>2,328,771</u>	<u>1,250</u>	<u>3,846,141</u>	<u>2,903</u>

26. DEFERRED TAXATION

	1994 Group £'000	1994 Company £'000	1993 Group £'000	1993 Company £'000
The deferred tax liabilities have been recognised in full as follows :				
Capital allowances	6,336	-	11,896	-
Short term timing differences	(3,627)	3,806	(5,644)	4,106
	<u>2,709</u>	<u>3,806</u>	<u>6,252</u>	<u>4,106</u>
At 1 January	6,252	4,106	3,200	3,828
Arising during the year	(3,765)	(300)	3,052	278
Branch undertakings acquired	257	-	-	-
Disposals during the year	(32)	-	-	-
Exchange adjustments	(3)	-	-	-
At 31 December	<u>2,709</u>	<u>3,806</u>	<u>6,252</u>	<u>4,106</u>

CITIBANK INVESTMENTS LIMITED AND SUBSIDIARIES

NOTES TO THE ACCOUNTS (continued)

27. OTHER PROVISIONS FOR LIABILITIES AND CHARGES

	Pension obligations and other post-retirement benefit commitments	Provisions for contingent liabilities and commitments	Other	Total
Group:	1994 £'000	1994 £'000	1994 £'000	1994 £'000
At 1 January	-	21,487	-	21,487
Exchange adjustments	12	-	2	14
Charge against profits	632	(101)	-	531
Branch undertakings acquired	2,339	-	267	2,606
Provisions utilised	(100)	(2,394)	-	(2,494)
Amounts written off	(19)	-	-	(19)
Other movements	(50)	(2,605)	-	(2,655)
At 31 December	<u>2,814</u>	<u>16,387</u>	<u>269</u>	<u>19,470</u>

	Provisions for contingent liabilities and commitments	
Company:	1994 £'000	1993 £'000
At 1 January	12,180	3,417
Charge against profits	(614)	5,351
Provisions utilised	(1,722)	(2,402)
Other movements	(2,605)	5,814
At 31 December	<u>7,239</u>	<u>12,180</u>

CITIBANK INVESTMENTS LIMITED AND SUBSIDIARIES

NOTES TO THE ACCOUNTS (continued)

28. SUBORDINATED LOAN CAPITAL FROM PARENT COMPANY

	1994 £'000	1993 £'000
Term	93,140	77,568
Perpetual	-	25,000
Total outstanding at 31st December	<u>93,140</u>	<u>102,568</u>

TERM SUBORDINATED LOAN CAPITAL

The Group has subordinated loans of £10,000,000, US \$100,000,000, ATS 60,000,000 and FRF 131,099,500. The loan of £10,000,000 from Citibank N.A. which is subordinated to the rights and claims of other creditors is repayable on 30 December 1999 and bears interest at the Eurosterling interbank rate. Citibank N.A. has also made available a term subordinated loan facility in the form of dated floating rate notes up to a maximum aggregate amount of US \$100,000,000. The notes which have a maturity of 31 December 2034 and are fully subordinated to the rights and claims of other creditors of the Company, bear interest at one percent below the London Interbank Offered Rate. Dated subordinated floating rate notes issued under this facility may not be redeemed without prior consultation with the Bank of England. At 31 December 1994 US\$100,000,000 (£63,918,000) (1993 - £67,568,000) of the facility had been drawn.

The subordinated loan of 60,000,000 ATS (£3,519,000) (1993 - £nil) from Citibank Overseas Investment Corporation repayable on 30 November 1995, bears interest at 3/8 percent above an average of the Vienna interbank one year rate.

The subordinated loan of FRF 131,099,500 (£15,703,000) (1993 - £nil) from Citibank Overseas Investment Overseas repayable on 31 December 2003, bears interest at the Paris Interbank Offered Rate plus 36 basis points.

PERPETUAL SUBORDINATED LOAN CAPITAL

The subordinated loan of £25,000,000 from Citibank, N.A. London was fully repaid in April 1994.

CITIBANK INVESTMENTS LIMITED AND SUBSIDIARIES

NOTES TO THE ACCOUNTS (continued)

29. CALLED UP SHARE CAPITAL

Share capital comprised :

Ordinary
Shares of
£1 each
£'000

Authorised:

At 1 January 1994 and 31 December 1994

500,000

Allotted, called up and fully paid:

At 1 January 1994 and 31 December 1994

447,085

30. RESERVES

Group:	Profit and Loss Account £'000	Capital Contribution Reserve £'000	Revaluation Reserve £'000	Associated Undertaking Revaluation Reserve £'000	Total £'000
At 1 January 1994 - as previously disclosed	124,074	566	17,385	-	142,025
Prior year restatement	(3,559)	-	-	-	(3,559)
At 1 January 1994 - as restated	<u>120,515</u>	<u>566</u>	<u>17,385</u>	<u>-</u>	<u>138,466</u>
Retained profit	21,559	-	-	-	21,559
Goodwill written off	(3,772)	-	-	-	(3,772)
Goodwill written back on disposals	5,565	-	-	-	5,565
Currency translation differences	2,332	-	-	-	2,332
Transfers re properties sold	(2,736)	-	2,736	-	0
Net surplus on revaluation of properties	-	-	12,310	-	12,310
Transfer on sale of subsidiary	-	-	(32,431)	22,962	(9,469)
At 31 December 1994	<u>143,463</u>	<u>566</u>	<u>-</u>	<u>22,962</u>	<u>166,991</u>

The prior year restatement arises as a result of a change in accounting policy regarding the Group's investment in The EBS Partnership as described in note 1.

Company:

	Profit and Loss Account £'000	Revaluation Reserve £'000	Total £'000
At 1 January 1994	75,468	66,557	142,025
Prior year restatement	-	(3,559)	(3,559)
	<u>75,468</u>	<u>62,998</u>	<u>138,466</u>
Retained profit	(2,794)	-	(2,794)
Revaluation of subsidiary undertaking	-	25,883	25,883
Revaluation of associated undertakings	-	(129)	(129)
Goodwill written back on disposals	5,565	-	5,565
At 31 December 1994	<u>78,239</u>	<u>88,752</u>	<u>166,991</u>

CITIBANK INVESTMENTS LIMITED AND SUBSIDIARIES

NOTES TO THE ACCOUNTS (continued)

31. MEMORANDUM ITEMS, FOREIGN EXCHANGE AND INTEREST RATE CONTRACTS

The tables below give the nominal principal amounts and risk weighted amounts of off-balance sheet transactions. The nominal principal amounts indicate the volume of business outstanding at the balance sheet date and do not represent amounts at risk. The risk weighted amounts have been calculated in accordance with the Bank of England's guidelines implementing the Basle agreement on capital adequacy.

	1994 Contract amount £'000	1994 Risk weighted amount £'000	1993 Contract amount £'000	1993 Risk weighted amount £'000
CONTINGENT LIABILITIES				
Acceptances and endorsements	3,328	3,328	-	-
Guarantees and assets pledged as collateral - guarantees and irrevocable letters of credit	102,933	61,514	33,779	6,756
Other contingent liabilities	-	-	788	-
	<u>106,261</u>	<u>64,842</u>	<u>34,567</u>	<u>6,756</u>
COMMITMENTS				
Other commitments				
- documentary credits and short term trade related transactions.	140,492	72,687	-	-
- forward asset purchases and forward deposits placed	35,810	34,610	28,125	12,379
- undrawn note issuance and revolving underwriting facilities	-	-	6,081	3,041
- undrawn formal standby facilities, credit lines and other commitments to lend:	9,604	4,190	-	-
- 1 year and over	61,521	30,760	117,879	14,859
- less than 1 year	280,230	-	11,604	-
	<u>527,657</u>	<u>142,247</u>	<u>163,689</u>	<u>30,279</u>
Exchange rate contracts				
- trading		469,348		429,009
Interest rate contracts				
- hedging		-		5,000
- trading		715,107		731,481
		<u>1,326,702</u>		<u>1,195,769</u>
Gross replacement cost				
- exchange rate contracts		1,192,352		1,118,777
- interest rate contracts		2,860,111		2,735,460
		<u>4,052,463</u>		<u>3,854,237</u>

CITIBANK INVESTMENTS LIMITED AND SUBSIDIARIES

NOTES TO THE ACCOUNTS (continued)

32. TRANSACTIONS WITH DIRECTORS

A division of the Group operates an international travel and entertainment charge card and own label charge card schemes. Similar facilities to those offered to members are available to Directors of the Company on a personal liability basis. Under the terms of the Companies Act 1985, any balance on such an account falls to be classified as a quasi loan.

	Maximum liabilities during the year	Balance at 31 December	
	£	1994 £	1993 £
PA Cohen	1,187	143	609
I D Cormack	67	67	-
G R Whittaker	130	-	-

These accounts are payable upon presentation under the normal rules of membership. A service charge of 3% per month is applied to accounts remaining unpaid at the end of forty five days after they have been rendered. All amounts outstanding from the Directors as at 31 December 1994 were settled following the end of the year.

33. HIRE PURCHASE, FINANCE AND OPERATING LEASE COMMITMENTS

	1994 £'000	1993 £'000
The maturity of obligations under finance leases and hire purchase contracts were as follows :		
Within one year	2,752	2,522
In the second to fifth years	35,800	483
Less: future finance charges	(9,561)	(293)
Total	<u>28,991</u>	<u>2,712</u>

	Land and Buildings 1994 £'000	Other 1994 £'000	Total 1994 £'000
The maturity of obligations under operating leases were as follows :			
Within one year	2,602	-	2,602
In the second to fifth years	10,830	132	10,962
Over five years	<u>7,931</u>	<u>52</u>	<u>7,983</u>
Total	<u>21,363</u>	<u>184</u>	<u>21,547</u>

34. EMPLOYEE INFORMATION

The average number of persons employed by the Group during the year were as follows:

	1994	1993
Managers	701	641
Clerical staff	596	515
Others	73	87
Total	<u>1,370</u>	<u>1,243</u>

The total remuneration (including bonuses) was £54,808,000 (1993 - £46,605,000).

CITIBANK INVESTMENTS LIMITED AND SUBSIDIARIES

NOTES TO THE ACCOUNTS (continued)

35 ACQUISITIONS OF THE GROUP

During the year the Group established branch operations in Austria, Denmark, Finland, France, Norway and Sweden. In connection with the establishment of these branches, the Group acquired the entire issued share capital of Citibank Aktiebolag, Citibank International S.A. and Citibank (Austria) Aktiengesellschaft. The businesses and undertakings of these subsidiaries were transferred to and vested in a subsidiary of Citibank Investments Limited forming branches in the respective countries.

The fair values of the net tangible assets acquired were:

	Book Value	Accounting Policy Alignments	Revaluations	Other	Fair Value to the Group
	£'000	£'000	£'000	£'000	£'000
Cash and balances at Central banks	1,466	1	-	-	1,467
Loans and advances	798,683	(3,096)	-	-	795,587
Debt securities	96,710	-	1,205	1	97,916
Equity securities	337	-	-	-	337
Tangible fixed assets	5,555	(625)	266	-	5,196
Other assets and prepayments	133,885	134,880	-	626	269,391
Deposits and Customer accounts	(830,000)	-	-	-	(830,000)
Debt Securities in issue	(37,697)	-	-	-	(37,697)
Other liabilities and accruals	(59,960)	(132,809)	(410)	(1,417)	(194,596)
Provisions for liabilities and charges	(2,658)	52	-	-	(2,606)
Subordinated dated term loans	(19,003)	-	-	-	(19,003)
Net assets	<u>87,318</u>	<u>(1,597)</u>	<u>1,061</u>	<u>(790)</u>	85,992
Goodwill arising on acquisitions					3,772
Fair value of consideration					<u>89,764</u>

Of the fair value of consideration, £64,153,000 was satisfied by cash, £11,157,000 by a promissory note and £14,454,000 by inter-group debt created.

a) All goodwill arising on the acquisitions during the year has been taken directly to reserves.

b) The fair value adjustments arise for two main reasons:

i) Adjustments to bring accounting policies into line with those of the Group, including valuing contracts entered into for trading purposes at market rates prevailing on acquisition.

ii) Revaluing assets and liabilities to their estimated market value.

CITIBANK INVESTMENTS LIMITED AND SUBSIDIARIES

NOTES TO THE ACCOUNTS (continued)

36. SEGMENTAL ANALYSIS

(i) Classes of business

	Turnover attributable to non-banking business 1994 £'000	Segmental results before taxation 1994 £'000	Total Assets 1994 £'000
Group funding	-	(3,223)	54,339
Investment banking	-	6,902	3,768,203
Consumer banking	-	7,833	2,206,385
Insurance underwriting	404	115	-
Financial information services	19,763	7,786	21,811
Charge card business	26,022	(97)	200,925
Futures brokerage	14,109	3,458	129,233
Property investment	18,271	(3,338)	-
Property service	38,244	7,399	81,596
Other	3,174	2,797	11,637
	<u>119,987</u>	<u>29,632</u>	<u>6,474,129</u>

	Turnover attributable to non-banking business 1993 £'000	Segmental results before taxation 1993 £'000	Total Assets 1993 £'000
Group funding	-	(3,640)	65,344
Investment banking	-	117,147	5,480,115
Consumer banking	-	14,343	1,798,147
Insurance underwriting	2,653	1,618	12,380
Financial information services	12,025	(3,893)	22,913
Charge card business	32,309	2,736	140,316
Futures brokerage	14,093	7,424	206,260
Property investment	14,131	17	234,476
Property service	31,980	(135)	71,490
Other	2,626	3,009	10,499
	<u>109,817</u>	<u>138,626</u>	<u>8,041,940</u>

CITIBANK INVESTMENTS LIMITED AND SUBSIDIARIES

NOTES TO THE ACCOUNTS (continued)

36 SEGMENTAL ANALYSIS (continued)

(ii) Geographical Segment

	Turnover attributable to non-banking business	Segmental results before taxation	Total Assets
	1994 £'000	1994 £'000	1994 £'000
UK	106,665	32,015	5,493,408
Europe	5,555	(4,866)	962,678
USA	1,562	380	14,840
Australasia	142	35	1,789
Far East	6,063	2,068	1,414
	<u>119,987</u>	<u>29,632</u>	<u>6,474,129</u>
	Turnover attributable to non-banking business	Segmental results before taxation	Total Assets
	1993 £'000	1993 £'000	1993 £'000
UK	104,151	140,658	8,042,953
Europe	2,688	(1,579)	(841)
Far East	2,978	(453)	(172)
	<u>109,817</u>	<u>138,626</u>	<u>8,041,940</u>

The profit before tax is stated before intra-segment eliminations as trading is conducted on commercial terms.

Total assets have been disclosed as they are considered to be more meaningful than the segmental analysis of net assets required under SSAP 25 'Segmental reporting'. The majority of the Group's assets relate to the banking sector. Within this sector, liabilities, which mainly constitute the source of funds, are generally substitutable in nature and some subjective allocations are necessary to provide segmental information on net assets.

CITIBANK INVESTMENTS LIMITED AND SUBSIDIARIES

NOTES TO THE ACCOUNTS (continued)

37. RECONCILIATION OF OPERATING PROFIT TO NET CASH INFLOW FROM OPERATING ACTIVITIES

	1994 £'000	1993 £'000
Profit on ordinary activities before tax	29,632	138,626
Less: dividends receivable	-	(4,861)
Operating profit before taxation	29,632	133,765
Decrease/(increase) in interest receivable	2,267,101	(746,279)
(Decrease)/increase in interest payable	(1,792,640)	822,995
Depreciation and amortisation	26,525	22,016
Loss/(profit) on sale of tangible fixed assets, trade investments and subsidiary undertakings	1,014	(6,712)
Effect of other deferrals and accruals on operating activity cash flow	(22,214)	25,927
Net cashflow from trading activities	509,418	251,712
Net (decrease)/increase in deposits	(1,112,080)	492,620
Net increase in loans and advances	(184,899)	(139,295)
Net (increase)/decrease in deposits with banks, maturing in more than 3 months	(119,012)	260,371
Net change in assets leased to customers	1,728	(14,345)
Increase in securities (other than those treated as investment activities)	(164,205)	(134,178)
Increase in debt securities	185,822	-
Net cash (outflow)/inflow from operating activities	(883,228)	716,885

CITIBANK INVESTMENTS LIMITED AND SUBSIDIARIES

NOTES TO THE ACCOUNTS (continued)

38. ANALYSIS OF CHANGES IN CASH AND CASH EQUIVALENTS DURING THE YEAR

	1994 £'000	1993 £'000
Balance at 1 January	971,689	513,993
Net cash (outflow)/inflow before adjustments for the effect of FX rate changes	(585,095)	456,312
Effect of FX rate changes	(56)	1,384
Balance at 31 December	<u>386,538</u>	<u>971,689</u>

39. ANALYSIS OF BALANCES OF CASH AND CASH EQUIVALENTS AS SHOWN IN THE BALANCE SHEET

	1994 £'000	1993 £'000	Change in year £'000
Cash and balances at central banks	111,448	168,645	(57,197)
Cheques in course of collection from other banks	3,058	-	3,058
Loans and advances to banks, maturing in less than 3 months	<u>272,032</u>	<u>803,044</u>	<u>(531,012)</u>
	<u>386,538</u>	<u>971,689</u>	<u>(585,151)</u>

40. ANALYSIS OF CHANGES IN FINANCING DURING THE YEAR

	Loan capital £'000
Balance at 1 January 1994	102,568
Group undertakings acquired	19,003
Effect of foreign exchange differences	(3,431)
Cash outflow from financing	(25,000)
Balance at 31 December 1994	<u>93,140</u>

CITIBANK INVESTMENTS LIMITED AND SUBSIDIARIES

NOTES TO THE ACCOUNTS (continued)

41. PURCHASE OF GROUP UNDERTAKINGS

	1994 £'000	1993 £'000
Net assets acquired :		
Cash and balances at Central Banks	1,467	-
Loans and advances to banks maturing in less than 3 months	283,981	-
Other loans and advances	511,606	-
Debt Securities	97,916	-
Equity Securities	337	-
Tangible fixed assets	5,196	147,516
Other assets and prepayments	269,391	7,730
Liquid deposits at banks	-	(146,054)
Deposits and Customer accounts	(830,000)	-
Debt Securities in issue	(37,697)	-
Other liabilities and accruals	(194,596)	(3,108)
Provisions for liabilities and charges	(2,606)	-
Subordinated liabilities	(19,003)	-
	<u>85,992</u>	<u>6,084</u>
Goodwill	3,772	416
Fair value of consideration	<u>89,764</u>	<u>6,500</u>
Satisfied by		
Cash	64,153	6,500
Promissory note	11,157	-
Intra group debt	14,454	-
	<u>89,764</u>	<u>6,500</u>

The undertakings acquired during the year utilised £177,223,000 of the Group's net operating cashflow, paid £1,065,000 and contributed £808,000 to investing activities.

42. ANALYSIS OF THE NET INFLOW/(OUTFLOW) OF CASH AND CASH EQUIVALENTS IN RESPECT OF THE PURCHASE OF GROUP UNDERTAKINGS

	1994 £'000	1993 £'000
Cash consideration	(64,153)	(6,500)
Cash and balances at Central Banks	1,467	-
Loans and advances to banks maturing in less than 3 months	283,981	7,129
Liquid deposits at banks	-	(146,054)
Net cash inflow/(outflow) in respect of the purchase of Group undertakings	<u>221,295</u>	<u>(145,425)</u>

CITIBANK INVESTMENTS LIMITED AND SUBSIDIARIES

NOTES TO THE ACCOUNTS (continued)

43.SALE OF INVESTMENT IN GROUP UNDERTAKING

	1994 £'000	1993 £'000
Net assets disposed of :		
Loans and advances to banks maturing in less than 3 months	9,937	39,815
Tangible fixed assets	123	7,974
Other assets and prepayments	2,435	8,514
Customer accounts		
Other liabilities and accruals	(11,394)	(45,904)
	<u>1,101</u>	<u>10,399</u>
Gain on disposal	4,755	304
Reversal of holding company provisions	(2,606)	-
	<u>3,250</u>	<u>10,703</u>
Satisfied by :		
Cash	3,250	10,703
	<u>3,250</u>	<u>10,703</u>

Admiral Underwriting Agencies Limited was sold on 29 March 1994.

The contribution made by the subsidiary undertaking sold during the year to the Group's cashflow was immaterial.

44.ANALYSIS OF THE NET OUTFLOW OF CASH AND CASH EQUIVALENTS IN RESPECT OF THE SALE OF SUBSIDIARY UNDERTAKING

	1994 £'000	1993 £'000
Cash consideration	3,250	10,703
Cash and balances at central banks	(9,937)	(39,815)
Net cash outflow in respect of the sale of subsidiaries	<u>(6,687)</u>	<u>(29,112)</u>

CITIBANK INVESTMENTS LIMITED AND SUBSIDIARIES

NOTES TO THE ACCOUNTS (continued)

45. DILUTION OF INTEREST IN SUBSIDIARY UNDERTAKING

	1994 £'000	1993 £'000
Net assets on dilution:		
Loans and advances to banks maturing in less than 3 months	9,925	-
Tangible fixed assets	242,496	-
Other assets and prepayments	1,182	-
Customer accounts	(205,000)	-
Other liabilities and accruals	(8,174)	-
	<u>40,429</u>	<u>-</u>

The Group's interest in London Capital Holdings Limited was reduced from 100% to 22.378% on 16 December 1994.

London Capital Holdings Limited utilised £1,136,000 of the Group's net operating cashflow, received tax of £495,000 and contributed £5,113,000 to investing activities.

46. ANALYSIS OF THE NET OUTFLOW OF CASH AND CASH EQUIVALENTS IN RESPECT OF THE DILUTION OF THE GROUP'S INTEREST

	1994 £'000	1993 £'000
Loans and advances to banks maturing in less than 3 months	(9,925)	-
Net cash outflow in respect of the dilution	<u>(9,925)</u>	<u>-</u>

47. PARENT COMPANIES

The Company is a subsidiary undertaking of Citicorp incorporated in the United States of America under the laws of the state of Delaware.

The largest group in which the results of the Company are consolidated is that headed by Citicorp. The smallest group in which the results of the accounts are consolidated is that headed by Citibank N.A. Copies of these group accounts are available to the public and may be obtained from their offices at 399, Park Avenue, New York 10043, United States of America.