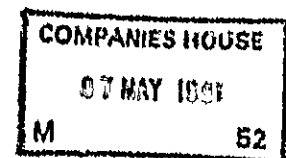


25 FEB 1991

Report
and Accounts
for the year
1990



Coutts & Co



Coutts & Co

440, Strand, London WC2R 0QS
Telephone 071-753 1000

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The Coutts Philosophy

We aim to provide our customers with banking and financial services offered and delivered in a manner that is

- understanding of their needs
- professional in its approach
- prompt in its response
- error-free
- reliable
- and courteous

These are not empty words and to provide such service cannot be cheap. The aim, therefore, is to provide services whose quality justifies their expense and which give greater benefit to the customer than similar services provided by others.

We regard as our customers those who use any of our services. Although primarily a bank we do not necessarily expect users of our services, our customers, to have a current account.

Our customers may be anywhere in the world but our services are provided essentially from London with managers travelling to visit customers as necessary. Offshore representation is only established where that is necessary to satisfy customers' fiscal or political preference.

We cannot be all things to all men and therefore concentrate our efforts on meeting the needs of

- those individuals and families with high incomes
- those individuals and families with substantial capital
- those businesses to whose services our services can give added value
- those institutions and trusts which can derive benefit from something more than standard services

We aim to continue to grow but do not wish to be a big bank. We wish to retain the personality of a small bank and to be the best bank for our chosen markets. We will if necessary reduce the size of our markets in order to maintain quality of service and not to become too big.

Whilst meeting the needs of our chosen customers we aim to provide

- a satisfactory return to our shareholders
- enjoyable and satisfying employment, followed by security in retirement, to our staff
- a due contribution to the community

and to conduct our business honourably in accordance with the spirit of the laws of those countries in which we are based and with moral principles

In pursuit of this philosophy the Bank, formed in 1692, offers its chosen markets a full range of banking and other financial services. Although the Bank's branches are mainly in London it has a full net work of correspondent banks throughout the world. In Great Britain and Ireland, routine banking transactions can be passed through branches of the Bank's parent company, National Westminster Bank, and the latter's subsidiaries, Ulster Bank and the Isle of Man Bank.

Commercial Banking Group

Head of Group: 27, Bush Lane, Cannon Street, London EC4R 0AA	071-623 3434
Deputy Head of Group: 27 Bush Lane, Cannon Street, London EC4R 0AA	071-623 3434
Robarts' Office	
15, Lombard Street, London EC3V 9AU	071-623 1010
Lloyd's Representative Office, Suite 626, Lloyd's, Lime Street, London EC3M 7DQ	071-623 7100
St. Martin's Office	
440, Strand, London WC2R 0QS	071-753 1000
Business Finance & Services Department	
440, Strand, London WC2R 0QS	071-753 1000
International Banking Office	
27, Bush Lane, Cannon Street, London EC4R 0AA	071-623 3434
Treasurer's Office	
27, Bush Lane, Cannon Street, London EC4R 0AA	071-623 1010
Dealing Department	
27, Bush Lane, Cannon Street, London EC4R 0AA	071-623 3434
Corporate Trust Office	
15, Lombard Street, London EC3V 9AU	071-623 1010

Trading Subsidiaries

Coutts Finance Co.	
New London Bridge House, London Bridge Street, London SE1 9SQ	071-357 7272
Coutts & Co. (Suisse) S.A.	
7, Place du Molard, 1211 Geneva 3, Switzerland	010 41 22 7810011
Coutts & Co. (Nassau) Limited	
PO Box N-3249, Nassau, Bahamas	
Coutts & Co. (Isle of Man) Limited	
33, Athol Street, Douglas, Isle of Man	0624 661677

Telex		Answerback
Head Office, Personal Banking, Strand Branches		
Tax Department, Trustee Department	268612	TRICRO G
Campbell's Office, International Private Banking		
Department, Investment Department	268612	TRICRO G
Securities Department	268415	COUSEC G
Commercial Banking, International Banking Office,		
Dealing Department	883421	COUTTS G
Robarts' Office	893283	ROBART G
Corporate Trust Office	8952425	COUCOR G
Coutts Finance Co.	268415	COUSEC G
Coutts & Co. (Suisse) S.A.	422942	CTTS CH
Coutts & Co. (Nassau) Limited	20111	BAHGEN

Financial Highlights

	1990 £m	1989 £m	1988 £m	1987 £m	1986 £m
Group profit before taxation	19.3	21.3	15.0	13.8	12.0
Group profit after taxation	12.0	13.6	9.8	7.8	7.6
Dividends	3.7	3.3	3.4	3.2	4.6
Shareholders' funds	136.1	128.4	117.1	98.5	76.4
Current, deposit and other accounts	4,553.6	4,402.2	3,194.9	2,466.0	1,957.1
Advances, less provision	1,440.4	1,216.7	1,062.1	812.7	593.2
Total assets	5,357.9	4,927.1	3,513.5	2,685.0	2,137.5

Directors

David Burdett Money-Coutts
Chairman

Anthony Julian Robarts
Managing Director

The Hon. Nicholas Assheton

Denis Marsden Child, C.B.E.*

Gerald Anthony Davies

Roger Flemington*

The Hon. Michael Albemarle Bowes Lyon*

David Cameron Macdonald*

Stuart Walter Marshall

Carel Maurits Mosselmans, T.D.*

Sir John Lindsay Eric Smith, C.B.E.*

John Tugwell*

*non-executive

Associate Directors

Christopher M. Horne
Senior Associate Director

Anthony H. Corin

Clifford E. Franklin

Kevin Garvey

Henry G. Hopper

Warwick J. Newbury

Malcolm E. Ramsay

Stuart H. Wells

Local Directors

Bath: Jeremy J. Thring

Bristol: Malcolm A. Anson

W. H. Robert Durie

Winchester: Anthony W. C. Edwards

Secretary
Christopher M. Horne

Auditors
Touche Ross & Co., Chartered Accountants

Report of the Directors

To be presented at the Annual General Meeting of Members to be held on the 12th April, 1991.

Results for the Year

The Directors have pleasure in submitting the Accounts for the year ended on the 31st December, 1990 and report that, after providing for taxation, the Group Profit for the year amounts to £12,029,000 which has been utilised as follows:

Dividends paid and proposed	£000
Interim paid 28th September, 1990	150
Second Interim payable 15th April, 1991	3,517
Retained Profit transferred to reserves	8,362
	<hr/>
	12,029

The Accounts include provisions for Bad & Doubtful Debts on the basis set out in the notes to the Accounts. National Westminster Bank PLC is disclosing details of Bad & Doubtful Debt provisions on a Group basis only.

A commentary on the year's trading is contained in the Chairman's Review.

Activities

The Bank and its subsidiaries continued to provide a wide range of banking and allied financial services.

Premises

The Directors estimate that the freehold and leasehold premises of the Bank now shown in Note 19 to the Accounts at £46,761,000 have a market value of not less than £31,000,000 in excess of this figure.

Report of the Directors (continued)

Staff

The average number of persons employed in the United Kingdom by the Bank and its subsidiaries during the year was 2,060 and the aggregate remuneration paid or payable in respect of the year to those employees was £46,240,125.

Employee Involvement

It is the Bank's policy to ensure that all employees are aware of the aims of the Bank, the nature of its business and the financial performance. Managers hold meetings and discussions with their staff in order to secure the necessary degree of involvement and participation; written information is also made available and circulated to the staff from time to time to make them aware of any developments which may affect them or the course of the business.

The Bank recognises the Coutts Section of the National Westminster Staff Association as the body to represent the interests of the staff in discussions and negotiations on all matters including remuneration and general conditions of service. Regular meetings are held and the resultant decisions and information are promulgated to the staff.

Staff participate in the National Westminster Group Profit-Sharing Scheme which is based on overall Group profits. In addition, the Bank introduced in 1990 an Incentive Bonus Scheme based upon a combination of individual and Bank performance.

Employment of Disabled Persons

During 1990 the Bank maintained its policy of giving disabled applicants for employment equal consideration to that given to the able for available vacancies, without regard to the difficulties which their disability might cause. It also ensured that disabled staff received suitable training and development.

Directors

The names of the present Directors of the Bank appear on page 5. Mr. J. Tugwell was appointed a Director on 9th November, 1990. Mr. G. T. Spencer resigned from the Board on 14th September, 1990 and Mr. E. W. Barron resigned as Alternate Director to Mr. R. Flemington on 31st December, 1990.

Auditors

Messrs. Touche Ross & Co. have indicated that they will not be seeking re-appointment at the forthcoming Annual General Meeting and special notice has been received of the intention to propose the appointment of Messrs. ~~ICP M & C~~ ^{ICP M & C} Peat Marwick ~~McLintock~~ ^{McLintock} as the auditors of the Bank for the forthcoming period.

Amr
Asht
Asht

Amr
Asht
Asht

Report of the Directors (continued)

Directors' Interests

The following served as Directors during the year under review and, according to the Register held by the Bank, their interests in shares of National Westminster Bank PLC were as follows:

	As at 1st January, 1990 or date of appointment to the Board if later. Ordinary shares of £1 each			As at 31st December, 1990 Ordinary shares of £1 each		
	Beneficial	Options	Non-beneficial	Beneficial	Options	Non-beneficial
D. B. Money-Coutts	4,544	11,896	9,000	6,392	28,130	9,000
The Hon. N. Assheton	1,707	8,990	1,830	1,762	16,109	1,830
E. W. Barron (Alternate)	2,880	40,843	—	4,178	39,545	—
				Resigned 31st December 1990		
D. M. Child	*	*	*	*	*	*
G. A. Davies	678	10,128	—	678	19,234	—
R. Flemington	*	*	*	*	*	*
Hon. M. A. Bowes Lyon	7,794	—	—	7,794	—	—
D. C. Macdonald	—	—	—	—	—	—
S. W. Marshall	11,532	12,639	—	13,714	19,472	—
C. M. Mosselmans	—	—	—	—	—	—
A. J. Roberts	9,348	11,510	—	11,036	24,821	—
Sir John L. E. Smith	—	—	—	—	—	—
G. T. Spencer	3,594	11,836	—	Resigned 14th September, 1990		
J. Tugwell	*	*	*	*	*	*

Under the terms of the National Westminster Bank PLC Group 1979 Profit Sharing Share Scheme Ordinary Shares of £1 each in that Bank as indicated below were held by the Trustees of the Scheme for the following Directors:-

	As at 1st January 1990 or date of appointment to the Board if later	As at 31st December, 1990
D. B. Money-Coutts	8,078	6,659
Hon. N. Assheton	1,718	2,071
E. W. Barron (Alternate)	4,034	4,034
		Resigned 31st December, 1990
D. M. Child	*	*
G. A. Davies	5,584	5,584
R. Flemington	*	*
S. W. Marshall	5,100	4,396
A. J. Roberts	7,434	6,179
G. T. Spencer	633	Resigned 14th September, 1990
J. Tugwell	*	*

The Directors indicated by an asterisk (*) were also Directors of National Westminster Bank PLC and details of their interests may be seen in the Accounts of that Bank.

Donations

The following contributions were made for the purposes stated:

Political	None
Charitable	£364,000

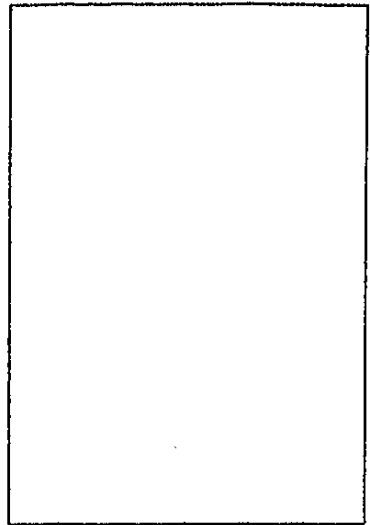
By Order of the Board,
C. M. HORNE
Secretary.



440, Strand, WC2R 0QS
8th February, 1991

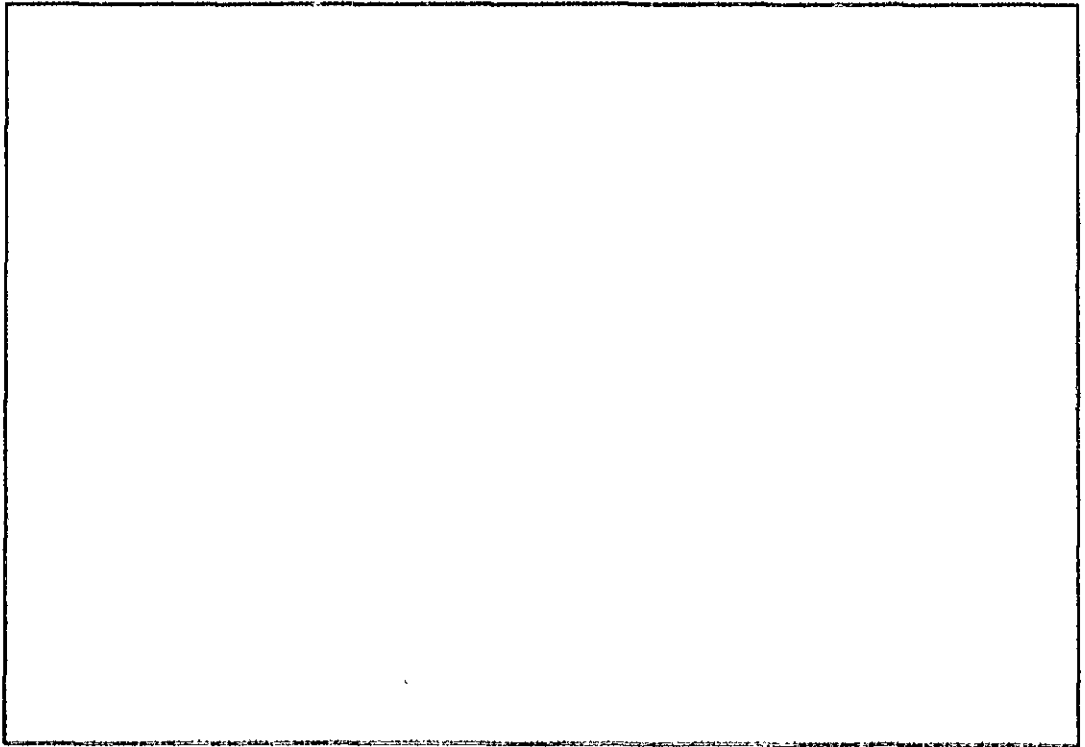
Chairman's Review

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Chairman's Review (continued)

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Chairman's Review (continued)

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David Honey-Coutts

Chairman

Report of the Auditors

To the Members of Coutts & Co.

We have audited the accounts and notes on pages 13 to 26 in accordance with Auditing Standards.

In our opinion the accounts and notes give a true and fair view of the state of affairs of the Bank and the Group at 31st December, 1990 and of the profit and source and application of funds of the Group for the year then ended and have been properly prepared in accordance with the Companies Act 1985.

Touche Ross & Co

Touche Ross & Co.
Chartered Accountants

Hill House, 1 Little New Street, London EC4A 3TR

8th February, 1991.

Consolidated Profit
and Loss Account

Year ended
31st December, 1990

	1990 £000	1989 £000
Group Trading Profit before Profit-Sharing and Taxation (Notes 1 and 2)	20,852	23,010
Payments made under Profit-Sharing Scheme (Note 1 (ix))	(1,581)	(1,720)
Group Profit before Taxation	19,271	21,290
Taxation (Note 3)	(7,242)	(7,733)
Group Profit for the year after Taxation of which £9,414,000 (1989 £20,887,000) has been dealt with in the Bank's Accounts	12,029	13,557
The Bank received £437,000 (1989 £13,166,000) in dividends from its subsidiaries which were eliminated on consolidation		
Dividends (Note 4)	(3,667)	(3,296)
Retained Profit of the Group transferred to Reserves (Note 6)	8,362	10,261

Consolidated Balance Sheet

	1990 £000	1989 £000
Share Capital and Reserves		
Share Capital (Note 5)	41,333	31,000
Retained Earnings (Note 6)	65,196	56,984
Other Reserves (Note 7)	7,439	17,772
	<u>113,968</u>	<u>105,756</u>
Undated Loan Capital (Note 8)	22,090	22,617
	<u>136,058</u>	<u>128,373</u>
Deferred Taxation (Notes 1 (vi) and 9)	298	450
Amounts owing to Group Companies (Note 10)	583,322	318,776
Current, Deposit and other accounts (Note 11)	4,553,579	4,402,200
Other Liabilities (Note 12)	84,687	77,314
Authorised to be signed by the Board at its meeting held on 8th February, 1991		
D. B. MONEY-COUTTS } Directors		
A. J. ROBARTS }		
A. H. CORIN Head of Financial Control		
	<u>5,357,944</u>	<u>4,927,113</u>

Money-Coutts
A. J. Robarts
A. H. Corin

31st December, 1990

	1990 £000	1989 £000
Coin, Bank Notes and Balances with the Bank of England	6,629	4,895
Items in course of collection on other Banks	26,167	46,425
Money at Call and Short Notice	566,337	360,552
Bills Discounted (Note 13)	18,412	—
Certificates of Deposit (Note 1 (v))	117,992	78,196
Amounts owing by Group Companies (Note 10)	3,109,309	3,120,875
Customers' and other accounts (Note 14)	1,440,382	1,244,472
Investments (other than trade investments) (Notes 1 (v) and 15)	13,307	14,483
Trade Investments (Note 1 (v) and 16)	1,032	1,032
Premises and Equipment (Note 19)	58,377	56,183
	<u>5,357,944</u>	<u>4,927,113</u>

Balance Sheet

	1990 £000	1989 £000
Share Capital and Reserves		
Share Capital (Note 5)	41,333	31,000
Retained Earnings (Note 6)	48,727	42,543
Other Reserves (Note 7)	7,439	17,772
	97,499	91,315
Undated Loan Capital (Note 8)	21,090	22,617
	118,589	113,932
Deferred Taxation (Notes 1 (vi) and 9)	298	450
Amounts owing to Group Companies (Note 10)	628,767	410,803
Current, Deposit and other accounts (Note 11)	4,423,337	4,231,114
Other Liabilities (Note 12)	81,952	75,236

Authorised to be signed by the Board
 at its meeting held on 8th February, 1991
 D. B. MONEY-COUTTS } Directors
 A. J. ROBERTS }

A. H. CORIN
 Head of Financial Control

5,252,943 4,831,535

31st December, 1990

	1990 £000	1989 £000
Coin, Bank Notes and Balances with the Bank of England	6,618	4,875
Items in course of collection on other Banks	26,167	46,425
Money at Call and Short Notice	561,371	325,586
Bills Discounted (Note 13)	18,412	—
Certificates of Deposit (Note 1 (v))	117,522	78,196
Amounts owing by Group Companies (Note 10)	3,277,678	3,304,217
Customers' and other accounts (Note 14)	1,165,969	989,015
Investments (other than trade investments) (Notes 1 (v) and 15)	13,307	14,483
Trade Investments (Note 1 (v) and 16)	1,032	1,032
Investment in Subsidiary Companies (Note 17)	6,361	11,749
Premises and Equipment (Note 19)	58,036	55,957
	<u>5,252,943</u>	<u>4,831,535</u>

Notes to the Accounts

Year ended
31st December, 1990

I. Accounting Policies

(i) Accounting Convention and Basis of Consolidation:

The Accounts are prepared in accordance with the historic cost convention, as modified by the inclusion of freehold properties at 1988 valuation and dealing assets at market value. The Group Accounts consolidate the Accounts of the Company and all subsidiaries for the year ended 31st December, 1990.

(ii) The Accounts are prepared in compliance with Chapter II of Part VII of the Companies Act 1985.

(iii) Provisions for bad and doubtful debts:

Provisions for bad and doubtful debts are made as considered necessary having regard to both specific and general factors. The general element arises in relation to existing losses which, although not separately identified, are known from experience to be present in any portfolio of bank advances.

Provisions made (less amounts released) during the year are charged against profits. Advances are written down to estimated realisable value when the normal banking relationship with the borrower has ceased. Interest on advances up to that time is credited to profit and loss account and provision made as appropriate.

(iv) Dealing assets:

Securities held for dealing purposes are included at market value.

(v) Certificates of Deposit and Investments:

Certificates of Deposit and Investments (other than trade investments) are included at cost adjusted for amortisation of premiums and discounts.

Trade investments are included at cost less provision which is made when the Directors are of the opinion that there has been a permanent diminution in value. Income from investments includes amortisation of premiums and discounts on dated stocks on a straight line basis from the date of purchase to maturity. If sold before maturity, the difference between the proceeds and the cost (adjusted for amortisation of premiums and discounts) is taken to profit and loss account in the year of realisation. Franked investment income is grossed up for the imputed tax credits.

(vi) Deferred taxation (Note 9):

Tax deferred because of timing differences is provided at the rates of tax expected to be applicable when the taxation liabilities will arise.

(vii) Foreign currencies:

Assets and liabilities, including forward contracts and the results of overseas subsidiary companies in foreign currencies, have been translated to sterling at rates current on 31st December, 1990. Exchange differences arising from retranslation of opening net assets of overseas subsidiary companies have been taken to reserves together with an equivalent amount of exchange differences on translating foreign currency borrowing.

(viii) Depreciation and amortisation:

Land is not amortised. It is the Bank's policy to maintain its properties in a state of good repair. In the case of freehold and long leasehold properties, the Directors have assessed the lives of these properties and consider that residual values are such that amortisation is not significant, consequently these properties are not amortised. Depreciation and amortisation of other fixed assets are provided on a straight line basis over the estimated useful lives, generally as follows:

Short leases	unexpired periods
Computers	5 years
Motor vehicles	5 years
Other plant & equipment (including fixed plant in buildings)	10-15 years

(ix) Profit-sharing scheme:

Payments made to employees in accordance with the profit-sharing scheme are based on the annual results of the National Westminster Bank Group. As these results for the year are not known at the time of the preparation of these Accounts the payments are charged in the year when made.

1 Accounting Policies (continued)

(x) Pensions (Note 22):

In accordance with the provisions of Statement of Standard Accounting Practice No. 24 "Accounting for pension costs", the pension cost relating to the Coutts Staff Pension Scheme is assessed in accordance with the advice of independent qualified actuaries so as to recognise the cost of pensions on a systematic basis over employees' service lives.

2. Group Trading Profit before Profit-Sharing and Taxation

	1990 £000	1989 £000
The Profit for the year is stated after crediting:		
(i) Income from investments (Note 1 (v)):		
Trade--unlisted	302	253
Other--listed	1,463	1,739
Other--unlisted	16	27
(ii) Rent receivable (less outgoings)	1,644	910
and after charging:		
(iii) Deposit and other interest payable	608,863	450,063
(iv) Interest on undated loan capital	2,596	2,763
(v) Rents payable	4,032	3,813
(vi) Hire of computers and equipment	603	409
(vii) Depreciation and amortisation of premises and equipment (Note 1 (viii))	4,397	3,612
(viii) Auditors' remuneration (The Bank £136,000--1989 £103,000)	173	190
(ix) The emoluments of the Directors of the Bank were as follows:		
In respect of services as Directors	58	54
Other emoluments, including pension contributions	120	910
Pensions (including past Directors)	272	212
	450	1,276

Excluding pension contributions:

The emoluments of the Chairman amounted to £109,042 (1989 £111,926).

The number of Directors with emoluments:	Number of Directors	
	1990	1989
Up to £5,000	2	3
£5,001 - £10,000	5	6
£10,001 - £15,000	1	—
£15,001 - £20,000	—	—
£20,001 - £25,000	1	—
£25,001 - £30,000	—	1
£30,001 - £35,000	—	1
£35,001 - £40,000	1	1
£40,001 - £45,000	—	3
£45,001 - £50,000	—	—
£50,001 - £55,000	2	—
£55,001 - £60,000	—	—
£60,001 - £65,000	1	—

Notes to the
Accounts (continued)

Year ended
31st December, 1990

3. Taxation based on the Group Profit

	1990 £000	1989 £000
United Kingdom Corporation Tax at 35% (1989—35%)	7,863	9,242
Tax Credit on Franked Investment Income	76	65
Deferred Taxation	(152)	(1,124)
	<u>7,787</u>	<u>8,183</u>
Adjustment in respect of prior years	(545)	(450)
	<u>7,242</u>	<u>7,733</u>

The adjustment in respect of prior years is due mainly to relief for the 1989 profit-sharing payment made during the year (see Note 1 (ix)).

4. Dividends

	1990 £000	1989 £000
Dividends paid and proposed:		
0.36 pence on 41,333,333 ordinary shares of £1 each paid 28th September, 1990	150	740
8.51 pence on 41,333,333 ordinary shares of £1 each payable 15th April, 1991	3,517	2,556
	<u>3,667</u>	<u>3,296</u>

5. Share Capital

Ordinary Shares of £1 each—Authorised, Issued and Fully Paid
At 31st December, 1990

41,333,333	31,000,000
------------	------------

The increase in share capital is due to a 1 for 3 capitalisation issue on 20th April 1990, which was made to improve the capital base of the Bank.

6. Retained Earnings

	<i>The Bank</i> £000	<i>The Group</i> £000
At 31st December, 1989	42,543	56,984
Revaluation of Subsidiary's Reserves	—	(150)
Retained Profit for the year	6,184	8,362
At 31st December, 1990	<u>48,727</u>	<u>65,196</u>

7. Other Reserves

	<i>The Bank</i> £000	<i>The Group</i> £000
Premises Revaluation Reserve:		
At 31st December, 1989	17,772	17,772
Capitalisation of Reserve (Note 5)	(10,333)	(10,333)
At 31st December 1990	<u>7,439</u>	<u>7,439</u>

8. Undated Loan Capital

		The Bank		The Group	
		1990	1989	1990	1989
		£000	£000	£000	£000
£13,300,000	Primary Capital Floating Rate Stock (note a)	13,300	13,300	13,300	13,300
US\$ 15,000,000	Primary Capital Floating Rate Stock (note b)	7,790	9,317	7,790	9,317
£1,000,000	Primary Capital Floating Rate Stock (note c)	—	—	1,000	—
		<u>21,090</u>	<u>22,617</u>	<u>22,090</u>	<u>22,617</u>

- (a) This stock issued in 1987 to the Parent Company has no final maturity but all or part of it may be redeemed by the borrower subject to the Bank of England's prior consent at any time after 12th December, 1992. Additionally the Bank of England has agreed to earlier redemption provided it is simultaneously replaced by the equivalent amount of a new issue.
- (b) This stock issued in 1988 to the Parent Company has no final maturity but all or part of it may be redeemed by the borrower, subject to the Bank of England's prior consent, at any time after 30th November, 1993.
- (c) This stock issued on 14th March 1990 to the Isle of Man Bank Ltd. by Courtts & Co. (Manx Holdings) Ltd. may be redeemed by the borrower on the last day of any interest period subject to the borrower giving 30 days notice to the stockholders.

Both primary loan capital issues by the Bank and the primary loan capital issued by Courtts & Co. (Manx Holdings) Ltd. are unsecured and are subordinated to the claims of senior creditors. The primary loan capital is available to absorb losses but ranks ahead of other existing capital in the event of liquidation.

9. Deferred Taxation

		The Bank		The Group	
		1990	1989	1990	1989
		£000	£000	£000	£000
Potential liability for deferred taxation which is fully provided in these accounts:					
Short-term timing differences		(727)	(789)	(727)	(789)
Capital allowances on fixed assets		1,025	1,239	1,025	1,239
		<u>298</u>	<u>450</u>	<u>298</u>	<u>450</u>

The liability for U.K. deferred taxation relating to capital allowances has been calculated at 35% being the rate of corporation tax at which the liability is expected to crystallise.

The Directors are of the opinion that, in view of the type and use of properties involved, the likelihood of any material tax liabilities arising on the disposal of the Group's properties at current market values is so remote that no useful purpose would be served in attempting to quantify it. Most of the Group's properties are occupied for the purposes of the Group's trade and consequently any gains arising on disposal are normally rolled-over pursuant to Capital gains Tax Act 1979, Section 115.

		The Bank		The Group	
		1990	1989	1990	1989
		£000	£000	£000	£000
10. Balances with Group Companies					
Amounts owing to:					
Holding company and fellow subsidiaries		571,849	315,290	583,322	318,776
Subsidiary companies		56,918	95,513	Nil	Nil
		<u>628,767</u>	<u>410,803</u>	<u>583,322</u>	<u>318,776</u>
Amounts owing by:					
Holding company and fellow subsidiaries		3,040,965	3,102,871	3,109,309	3,120,875
Subsidiary companies		236,713	201,346	Nil	Nil
		<u>3,277,678</u>	<u>3,304,217</u>	<u>3,109,309</u>	<u>3,120,875</u>

Notes to the
Accounts (continued)

Year ended
31st December, 1990

	The Bank		The Group	
	1990	1989	1990	1989
	£000	£000	£000	£000
11. Current, Deposit and other accounts				
Sterling:				
Current accounts	813,787	632,405	818,952	632,953
Savings accounts and time deposits	3,000,262	3,017,258	3,076,067	3,093,911
Currency:				
Current accounts	19,042	14,741	22,525	17,289
Savings accounts and time deposits	590,246	566,710	636,035	658,047
	<u>4,423,337</u>	<u>4,231,114</u>	<u>4,553,579</u>	<u>4,402,200</u>

	The Bank		The Group	
	1990	1989	1990	1989
	£000	£000	£000	£000
12. Other Liabilities				
Creditors and accrued expenses	74,865	70,036	76,611	71,570
Taxation	7,087	5,200	8,076	5,744
	<u>81,952</u>	<u>75,236</u>	<u>84,687</u>	<u>77,314</u>

	The Bank		The Group	
	1990	1989	1990	1989
	£000	£000	£000	£000
13. Bills Discounted				
Commercial Bills	18,412	Nil	18,412	Nil
	<u>18,412</u>	<u>Nil</u>	<u>18,412</u>	<u>Nil</u>

	The Bank		The Group	
	1990	1989	1990	1989
	£000	£000	£000	£000
14. Customers' and other accounts				
Market placings over one month	266,040	200,964	266,422	202,638
Due from customers (less provision)	860,187	763,944	1,131,004	1,014,098
Other debtors and prepaid expenses	39,742	24,107	42,956	27,736
	<u>1,165,969</u>	<u>989,015</u>	<u>1,440,382</u>	<u>1,244,472</u>

15. Investments (other than trade investments)

	1990	1990	1990	1989	1989	1989
	At Adjusted Cost	Valuation	Redemption Value	At Adjusted Cost	Valuation	Redemption Value
	(Note 1 (c))			(Note 1 (c))		
	£000	£000	£000	£000	£000	£000
The Bank and The Group						
Listed						
British Government Securities	13,298	13,186	12,500	14,474	14,042	13,500
Unlisted at cost	9	9	9	9	9	9
	<u>13,307</u>	<u>13,195</u>	<u>12,509</u>	<u>14,483</u>	<u>14,051</u>	<u>13,509</u>

The valuation represents middle market values for listed investments and Directors' valuation for unlisted investments.

16. Trade Investments

The Bank and the Group

	1990 At cost less amount written off £000	1990 Directors' Valuation £000	1989 At cost less amount written off £000	1989 Directors' Valuation £000
Unlisted equity interests	1,029	4,723	1,029	4,889
Unlisted other interests	3	3	3	3
	<u>1,032</u>	<u>4,726</u>	<u>1,032</u>	<u>4,892</u>

Equity holding
1990 1989

The principal trade investments are:

BCH Property Limited £1 Shares

3i Group plc £1 shares

%	%
1.9	1.9
0.7	0.7

17. Subsidiary Companies

Coutts Finance Co., Coutts & Co. (Nassau) Ltd., Coutts & Co. (Suisse) S.A. and Coutts & Co. (Isle of Man) Ltd. are wholly owned trading subsidiaries of the Bank.

Other wholly owned subsidiaries, with the exception of Coutts & Co. (Manx Holdings) Ltd., are used mainly for nominee purposes.

Coutts & Co. (Nassau) Ltd. is incorporated in the Bahamas; Coutts & Co. (Suisse) S.A. is incorporated in Switzerland; Coutts & Co. (Isle of Man) Ltd and Coutts & Co. (Manx Holdings) Ltd are incorporated in the Isle of Man.

All other subsidiaries are incorporated in Great Britain. The investment is shown at cost.

18. Holding Company

The Bank's ultimate holding company is National Westminster Bank PLC, incorporated in Great Britain.

19. Premises and Equipment

	Freehold land and buildings £000	Leases of 50 years or more unexpired £000	Leases of less than 50 years unexpired £000	Computer and other equipment £000	Total £000
The Bank					
Cost or valuation at 1st January, 1990	23,447	28,530	3,918	18,981	74,876
Additions	557	722	51	5,583	6,913
Disposals	—	—	(209)	(1,236)	(1,445)
Cost or valuation at 31st December, 1990	<u>24,004</u>	<u>29,252</u>	<u>3,760</u>	<u>23,328</u>	<u>80,344</u>
Accumulated depreciation and amortisation	<u>(760)</u>	<u>(8,714)</u>	<u>(781)</u>	<u>(12,053)</u>	<u>(22,308)</u>
Net book value at 31st December, 1990	<u>23,244</u>	<u>20,538</u>	<u>2,979</u>	<u>11,275</u>	<u>58,036</u>
Net book value at 31st December, 1989	<u>22,796</u>	<u>20,320</u>	<u>3,269</u>	<u>9,572</u>	<u>55,957</u>

Notes to the
Accounts (continued)

Year ended
31st December, 1990

19. Premises and Equipment (continued)

	Freehold land and buildings £000	Leases of 50 years or more unexpired £000	Leases of less than 50 years unexpired £000	Computer and other equipment £000	Total £000
The Group					
Cost or valuation at 1st January, 1990	23,447	28,530	3,918	19,336	75,231
Exchange Differences	—	—	—	(11)	(11)
Additions	557	722	51	5,842	7,172
Disposals	—	—	(209)	(1,236)	(1,445)
Cost or valuation at 31st December, 1990	24,004	29,252	3,760	23,931	80,947
Accumulated depreciation and amortisation	(760)	(8,714)	(781)	(12,315)	(22,570)
Net book value at 31st December, 1990	23,244	20,538	2,979	11,616	58,377
Net book value at 31st December, 1989	22,796	20,320	3,269	9,798	56,183

	The Bank and The Group	
Cost or valuation of freehold land and buildings at 31st December, 1990 comprises:	1990	1989
At 1988 valuation excluding fixed plant in buildings	£000	£000
At cost—fixed plant in buildings	22,333	21,671
	1,671	1,776
	<u>24,004</u>	<u>23,447</u>

	The Bank		The Group	
Future capital expenditure	1990	1989	1990	1989
	£000	£000	£000	£000
Contracted expenditure not provided for in the accounts	1,501	366	1,501	366
Expenditure authorized by the Directors but not contracted	300	25	300	25
	<u>1,801</u>	<u>391</u>	<u>1,801</u>	<u>391</u>

20. General

- (i) Acceptances, endorsements and other engagements entered into on behalf of customers and in respect of which there are corresponding obligations by customers are not included in the Balance Sheet; these amount to £164,336,000 (1989 £146,240,000) in the Bank and the Group. Additional contingent liabilities which cannot be quantified arise in the normal course of business. It is not anticipated that any material loss will arise from these transactions. In addition there are outstanding contracts for the sale and purchase of foreign currencies and certificates of deposit.

20. General (continued)

(ii) Operating leases:	The Bank		The Group	
	1990	1989	1990	1989
At the year end annual commitments under non-cancellable operating leases were:	£000	£000	£000	£000
Premises—operating leases which expire:				
— within one year	289	—	289	—
— between one and five years	3,041	3,041	3,041	3,041
— in five years or more	1,005	1,005	1,005	1,005
Equipment—operating leases which expire:				
— within one year	—	—	—	—
— between one and five years	60	50	60	50
— in five years or more	—	—	—	—
(iii) The turnover of the Group is wholly attributable to the business of banking and is not required to be shown.				

21. Transactions involving Directors and others

The aggregate amounts outstanding from Directors (7), connected persons (2) and senior managers (9) at 31st December, 1990 were as follows:

Beneficial loans and guarantees	£1,191,355
Non-beneficial loans and guarantees	£5,931,605

Such matters relating to three Directors who were also Directors of National Westminster Bank PLC (as shown on page 8) are included in the Accounts of that Bank.

22. Pension Scheme

The Courts Staff Pension Scheme, which covers 100% of the Group's employees, is a defined benefit scheme and its assets are held in a trust fund separate from the Group.

The total pension cost for the Group was £3,810,000 (1989 £3,147,000). The pension cost relating to the scheme is assessed in accordance with the advice of qualified actuaries.

At the date of the latest actuarial valuation of the scheme which was as at 31st December, 1988, the market value of the assets was £105.3 million and the actuarial value of the assets was sufficient to cover 121% of the benefits that had accrued to members after allowing for expected increases in earnings. The valuation was carried out using the projected unit method, on the basis that any imbalance between assets and liabilities will be spread forward over the average future service life of members of the scheme. The assumptions which have the most significant effect on the results of the valuation are those relating to the period of return on investments and the rates of increase in salaries, pensions and dividends. It was assumed that the rate of return on new investments will be 10% per annum, that the real rate of increase in future earnings will be 8% per annum, that pensions increases will be equal to approximately 90% of the rate of price inflation, that dividend growth will be 5.5% per annum, and that there will be price inflation of 6% per annum.

Consolidated Statement of Source and Application of Funds

Year ended
31st December, 1990

	1990 £000	1990 £000	1989 £000	1989 £000
Source of Funds		19,271		21,290
Group profit before taxation				
Adjustments for items not involving the movement of funds:		4,397		3,612
Depreciation and amortisation		<u>23,668</u>		<u>24,902</u>
Funds generated by operations				
Funds from other sources		1,000		—
Net increase in issued loan capital		575		223
Realisation of fixed assets		—		1
Realisation of trade investments		(1,527)		1,007
Exchange difference on issued loan capital		<u>(144)</u>		<u>32</u>
Exchange difference re overseas subsidiaries		23,572		26,165
Application of Funds				
Taxation paid in the year	(5,062)		(8,162)	
Dividends paid in the year	(2,706)		(3,217)	
Additions to premises and equipment	<u>(7,172)</u>		<u>(7,022)</u>	
		<u>(14,940)</u>		<u>(18,401)</u>
		8,632		7,764
Represented by:				
Increase/(Decrease)		195,910		164,858
Customers' and other accounts net of provisions		244,293		155,678
Liquid and other banking assets		<u>(275,151)</u>		<u>932,622</u>
Net amount due from group companies		165,052		1,253,158
(Increase)/Decrease		<u>(156,420)</u>		<u>(1,245,394)</u>
Current, deposit and other accounts		8,632		7,764