

**SALOMON BROTHERS EUROPE LIMITED
AND SUBSIDIARY UNDERTAKINGS**

(Registered Number: 1548967)

FINANCIAL STATEMENTS

FOR THE YEAR ENDED 31 DECEMBER 1991

COMPANIES HOUSE
30 OCT 1992

Salomon Brothers Europe Limited and Subsidiary Undertakings

DIRECTORS' REPORT

- for the year ended 31 December 1991

The directors present their annual report on the affairs of the Company and the Group together with the financial statements and auditors' report for the year ended 31 December 1991.

Principal Activities and Business Review:

The Company is an investment holding company. During the year, the Group conducted business in three separate areas; securities, mortgages and commodities.

The Group's securities activities are principally conducted through Salomon Brothers International Limited ("SBIL"), Salomon Brothers UK Limited and Salomon Brothers UK Equity Limited. These companies act as dealers and market makers in fixed income securities, equity securities and related products in the domestic and international capital markets. SBIL acts as an underwriter, provider of corporate finance services and also markets securities owned by its affiliates on a commission basis to European customers.

The Group's mortgage activities are conducted through various companies owned by The Mortgage Corporation Group Limited. The principal activities of these companies are to provide mortgage loans secured on residential properties within England, Wales and Scotland and, through separate subsidiaries, issue Mortgage Backed Floating Rate Notes. The Group also provides related administrative services.

During the year, the Group's commodities activities were principally conducted through Philipp Brothers Limited ("PBL") and Philipp Brothers Futures Limited. These companies acted as dealers and market makers in non-ferrous metals and soft commodities and related products and acted as brokers on various commodity futures exchanges. These activities were rationalised as a result of a prolonged period of difficult market conditions and trading losses. The rationalisation programme provided for the fulfilment of all outstanding commitments.

In addition to the above, on 11 January 1991 Anglo Chemical Metals Limited, an Associate Broker Clearing Member of the London Metal Exchange, resigned its membership of the Association of Futures Brokers and Dealers and, as such, is no longer authorised to carry on investment business.

In July 1991 the Company acquired the subsidiary undertakings of PBL. PBL subsequently repurchased its US dollar ordinary shares held by the Company. The repurchase occurred on 30 September 1991 and resulted in the Company realising a loss on its investment. This loss was reflected in the Company's accounts as at 31st December 1990. On 31 October 1991 the Company sold its PBL sterling ordinary shares to Phibro Energy, Inc., a fellow subsidiary of Salomon Inc.

The Group's investment business activities are regulated either under the Financial Services Act 1986 by the appropriate self regulatory organisation or by the Bank of England.

For the year ended 31 December 1991, the profit on ordinary activities after tax, extraordinary items and minority interests for the Group was £83,894,000 (1990: Profit £15,092,000).

The directors do not propose to pay a dividend (1990: nil).

Salomon Brothers Europe Limited and Subsidiary Undertakings

DIRECTORS' REPORT - (continued) **- for the year ended 31 December 1991**

Change of Name:

On 26 February 1991, Phibro-Salomon Limited changed its name to Salomon Brothers Europe Limited.

Directors:

The Directors of the Company are listed below and served throughout the year ended 31 December 1991.

| | |
|------------------|---|
| M.H. Lambert | (resigned 1 February 1991) |
| D.S. Howard | |
| J.L. Massey | (appointed Chairman 1 February 1991; resigned 7 May 1992) |
| C.S. McVeigh III | |

None of the directors had at any time during the year any interest in the shares or contracts of the Company or Group which is required to be disclosed by the Companies Act 1985.

Tangible Fixed Assets:

Information relating to changes in tangible fixed assets is given in Note 10 to the financial statements.

Liability Insurance for Company Officers:

As permitted by the Companies Act 1985, the Company maintains insurance cover for the directors against liabilities in relation to the Company.

Charitable and Political Contributions:

Charitable contributions amounted to £75,450 (1990: £109,000). No political contributions were made during the year.

Employment of Disabled People:

In line with its general policy of equal opportunity in employment practice, the Group supports the employment of disabled persons wherever possible, by recruitment, by retention of those who become disabled during their employment and generally through training, career development and promotion.

Salomon Brothers Europe Limited and Subsidiary Undertakings

DIRECTORS' REPORT - (continued)
- for the year ended 31 December 1991

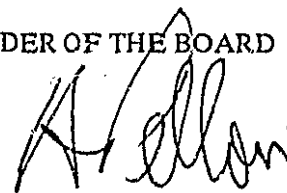
Employee Consultation:

The Group places considerable value on the involvement of its employees and has continued its previous practice of keeping them informed by formal and informal meetings on matters affecting them as employees and on the various factors affecting the Group.

Auditors:

The directors will place a resolution before the Annual General Meeting to re-appoint Arthur Andersen (formerly Arthur Andersen & Co.) as auditors for the ensuing year.

BY ORDER OF THE BOARD



I.A. Pellow
Company Secretary

111 Buckingham Palace Road
LONDON SW1W 0SB

30 October 1992

COMPANES HOUSE
30 OCT 1992

ARTHUR ANDERSEN

London

To the Members of SALOMON BROTHERS EUROPE LIMITED:

We have audited the financial statements on pages 5 to 31 in accordance with Auditing Standards.

In our opinion, the financial statements give a true and fair view of the state of affairs of the Company and of the Group as at 31 December 1991 and of the Group's profit and source and application of funds for the year then ended and have been properly prepared in accordance with the Companies Act 1985.



Chartered Accountants and Registered Auditor
1 Surrey Street
London WC2R 2PS

30 October 1992

Salomon Brothers Europe Limited and Subsidiary Undertakings

CONSOLIDATED PROFIT AND LOSS ACCOUNT
- for the year ended 31 December 1991

| | Note | 1991 (£'000) | 1990 (£'000) |
|--|------|-----------------|-----------------|
| NET REVENUE | 2 | 379,261 | 433,136 |
| Interest income | 3 | 1,150,917 | 1,108,497 |
| Interest expense | 3 | (1,072,349) | (1,132,743) |
| | | <hr/> | <hr/> |
| GROSS PROFIT | | 457,829 | 408,890 |
| Operating expenses | 4 | (311,914) | (378,712) |
| | | <hr/> | <hr/> |
| PROFIT ON ORDINARY ACTIVITIES BEFORE EXCEPTIONAL ITEMS AND TAXATION | | 145,915 | 30,178 |
| Exceptional items | 6 | - | (27,929) |
| | | <hr/> | <hr/> |
| PROFIT ON ORDINARY ACTIVITIES BEFORE TAXATION | | 145,915 | 2,249 |
| Tax on profit on ordinary activities | 7 | (64,855) | (3,130) |
| | | <hr/> | <hr/> |
| (LOSS)/PROFIT ON ORDINARY ACTIVITIES AFTER TAXATION | | 81,060 | (881) |
| Extraordinary items | 8 | - | 15,195 |
| Minority interests | 22 | 2,834 | 778 |
| | | <hr/> | <hr/> |
| RETAINED PROFIT FOR THE YEAR | 21 | 83,894 | 15,092 |
| | | <hr/> | <hr/> |
| RETAINED AS FOLLOWS | | | |
| Holding company | | (80,797) | 23,423 |
| Subsidiary undertakings | | 164,691 | (8,331) |
| | | <hr/> | <hr/> |
| | | 83,894 | 15,092 |
| | | <hr/> | <hr/> |

The accompanying notes are an integral part of this profit & loss account.

Salomon Brothers Europe Limited and Subsidiary Undertakings

CONSOLIDATED BALANCE SHEET
- at 31 December 1991

| ASSETS | Note | 1991 (£'000) | 1990 (£'000) | LIABILITIES | Note | 1991 (£'000) | 1990 (£'000) |
|--------------------------|------|-----------------|-----------------|--|------|-----------------|-----------------|
| FIXED ASSETS | | | | CAPITAL AND RESERVES | | | |
| Intangible assets | 9 | 12,279 | 10,375 | Called-up share capital | 17 | 509,645 | 509,645 |
| Tangible fixed assets | 10 | 29,128 | 30,180 | Capital reserve | 20 | 5,578 | 5,578 |
| Investments | 11 | 499 | 475 | Retained earnings | 21 | 153,684 | 69,790 |
| | | | | | | | |
| | | 41,906 | 41,030 | Minority interests | 22 | 668,907 | 585,013 |
| | | | | | | 24,390 | 27,224 |
| MORTGAGE ADVANCES | 12 | 2,958,130 | 3,002,707 | PROVISION FOR LIABILITIES AND CHARGES | 19 | 693,297 | 612,237 |
| | | | | | | 69,244 | 10,743 |
| CURRENT ASSETS | | | | CREDITORS | | | |
| Stocks | 13 | - | 111,517 | Amounts falling due after more than one year | 16 | 3,463,354 | 2,997,446 |
| Debtors | 14 | 4,543,556 | 4,605,947 | Amounts falling due within one year | 16 | 11,794,885 | 12,413,984 |
| Investments | 15 | 8,202,479 | 8,163,972 | | | | |
| Cash at bank and in hand | | 274,709 | 109,237 | | | | |
| | | | | | | 15,258,239 | 15,411,430 |
| | | 13,020,744 | 12,990,673 | | | | |
| | | | | | | 16,020,780 | 16,034,410 |
| | | | | | | | |


SIGNED ON BEHALF OF THE BOARD

C.S. McVeigh III
Director


30 October 1992

The accompanying notes are an integral part of this balance sheet.

Salomon Brothers Europe Limited and Subsidiary Undertakings

BALANCE SHEET
- at 31 December 1991

| ASSETS | Note | 1991 (£'000) | 1990 (£'000) | LIABILITIES | Note | 1991 (£'000) | 1990 (£'000) |
|--------------------------|------|-----------------|-----------------|--------------------------------|------|-----------------|-----------------|
| FIXED ASSETS | | | | | | | |
| Tangible fixed assets | 10 | 8,770 | 13,128 | Called-up share capital | 17 | 509,645 | 509,645 |
| Investments | 11 | 572,639 | 614,905 | Capital reserve | 20 | 5,578 | 5,578 |
| | | | | Accumulated deficit | 21 | (110,213) | (29,416) |
| | | | | | | | |
| | | 581,409 | 628,033 | | | 405,010 | 485,807 |
| CURRENT ASSETS | | | | | | | |
| Debtors | 14 | 388,609 | 262,087 | PROVISION FOR LIABILITIES | | | |
| Cash at bank and in hand | | 1,209 | 343 | AND CHARGES | 19 | 184 | 1,244 |
| | | | | CREDITORS | | | |
| | | | | Amounts falling due after more | | | |
| | | | | than one year | 16 | 478,733 | 402,756 |
| | | | | Amounts falling due within one | | | |
| | | | | year | 16 | 87,300 | 656 |
| | | | | | | | |
| | | 389,818 | 262,430 | | | 566,033 | 403,412 |
| | | | | | | | |
| | | 971,227 | 890,463 | | | 971,227 | 890,463 |



SIGNED ON BEHALF OF THE BOARD

C.S. McVeigh III
Director

30 October 1992

The accompanying notes are an integral part of this balance sheet.

Salomon Brothers Europe Limited and Subsidiary Undertakings

STATEMENT OF CONSOLIDATED SOURCE AND APPLICATION OF FUNDS
- for the year ended 31 December 1991

| | 1991 (£'000) | 1990 (£'000) |
|--|------------------|------------------|
| SOURCE OF FUNDS | | |
| Retained profit for the year | 83,894 | 15,092 |
| Items not involving the movement of funds: | | |
| -minority interest in result for the year | (2,834) | (778) |
| -depreciation | 7,640 | 7,546 |
| -amortisation of intangible fixed assets | 3,183 | 3,122 |
| -increase/(decrease) in deferred taxation | 58,501 | (1,933) |
| -share of profit from associated undertakings | (61) | (88) |
| -loss/(profit) on sale of fixed assets and fixed asset investments | 1,702 | (37) |
| Total funds generated by operations | 152,025 | 22,924 |
| Funds from other sources: | | |
| -proceeds from sale of fixed assets and fixed asset investments | 609 | 1,122 |
| -floating rate notes issued | 653,100 | 446,660 |
| -bank loans obtained for mortgage advances | - | 200,000 |
| -redemption of mortgage advances | 490,263 | 573,865 |
| -increase in other creditors due after one year | 202,143 | 193,751 |
| | 1,498,140 | 1,438,322 |
| | ===== | ===== |
| APPLICATION OF FUNDS | | |
| Purchase of fixed assets | 8,862 | 9,481 |
| Mortgage loans advanced | 445,686 | 725,520 |
| Issue costs | 5,087 | 2,982 |
| Movement on foreign currency reserve | - | 5,565 |
| Capital redemption of floating rate notes | 293,893 | 409,548 |
| Redemption of preference shares | - | 250,000 |
| Purchase of goodwill and minority interest | - | 3,167 |
| Increase in other debtors due after one year | 8,031 | - |
| Bank loans repaid | 95,442 | - |
| Increase in net current assets (as shown below) | 641,139 | 32,059 |
| | 1,498,140 | 1,438,322 |
| | ===== | ===== |
| INCREASE/(DECREASE) IN NET CURRENT ASSETS | | |
| Stocks | (111,517) | (147,375) |
| Debtors | (70,422) | (2,159,452) |
| Creditors due within one year | 619,099 | 4,187,676 |
| Investments | 38,507 | (1,744,253) |
| | 475,667 | 136,596 |
| Movement in net liquid funds: | | |
| -cash at bank and in hand | 165,472 | (104,537) |
| | 641,139 | 32,059 |
| | ===== | ===== |

The accompanying notes are an integral part of this statement.

NOTES TO THE FINANCIAL STATEMENTS
- for the year ended 31 December 1991

1. Principal Accounting Policies

The principal accounting policies, which have been applied consistently throughout the current year and the preceding year, are set out below:

(a) Basis of accounting

The financial statements have been prepared under the historical cost convention, except for marketable investments which are valued at the market rate ruling at the balance sheet date. The financial statements have been prepared in accordance with applicable accounting standards.

(b) Basis of consolidation

The consolidated financial statements include the audited financial statements of the holding company and its subsidiary undertakings made up to the end of its financial year.

Associated undertakings are dealt with by the equity method of accounting.

Goodwill arising on consolidation is written off against reserves on acquisition.

No profit and loss account is presented for the Company, as provided by Section 230 of the Companies Act 1985.

(c) Net revenue

Net revenue includes trading profit earned from dealing, market making and arbitrage activities in marketable investments, including commodities and bullion, and related products and commission income.

Commission income is derived from underwriting activities, marketing securities for foreign affiliates and corporate finance fees associated with mergers and acquisitions and other corporate finance advisory activities.

Gains and losses, including commission revenues and expenses, are credited on the trade date of the related transaction.

(d) Intangible fixed assets

Intangible fixed assets comprise capitalised costs relating to the issue of Mortgage Backed Floating Rate Notes. These are amortised in line with redemptions of the underlying mortgage pool, to write off the costs over their expected useful life.

The underlying mortgage pool is calculated as the original mortgage pool plus anticipated substitutions during the substitution period.

Salomon Brothers Europe Limited and Subsidiary Undertakings

NOTES TO THE FINANCIAL STATEMENTS - (continued)
- for the year ended 31 December 1991

(e) Current asset investments

Current asset investments and securities sold, but not yet purchased, are recorded in the balance sheet on a settlement date basis, with the exception of the Group's gilt and equity market making activities which are shown on a trade date basis. Current asset investments and securities sold, but not yet purchased for which market price quotations are readily available are carried at market value, taking into account the significance of the Group's position in relation to the overall liquidity of the market. When market price quotations are not readily available, the valuation is based upon the Group's estimate of the price it will receive or pay upon settlement, assuming the liquidation of the underlying positions in an orderly manner over a reasonable period of time under present market conditions.

(f) Stocks

Stocks comprise commodities held both physically and in the form of warrants deliverable on recognised futures exchanges. Stocks are stated in the balance sheet at the lower of cost and net realisable value.

Stocks, and forward and option contracts for the purchase and sale of commodities and foreign exchange are evaluated against market prices. Profits arising on revaluation are recognised on all commodities to the extent that the directors consider it prudent to do so. Provision is made for all anticipated losses on a commodity by commodity basis. The mark-to-market gains or losses, to the extent not included in the stocks figure, are included in either debtors or creditors as unrealised profits or losses on forward contracts. Such amounts are disclosed in Notes 14 and 16.

(g) Tangible fixed assets

Fixed assets are stated at cost, less accumulated depreciation. Depreciation is provided at rates calculated to write-off the cost of each asset on a straight-line basis over its expected useful economic life, as follows:

| | | |
|------------------------|-----------|------------|
| Leasehold improvements | - 5 years | - 15 years |
| Equipment and cars | - 3 years | - 5 years |

Investment properties are not depreciated. The directors consider that this accounting policy, which represents a departure from statutory accounting rules, is necessary to provide a true and fair view.

Salomon Brothers Europe Limited and Subsidiary Undertakings

NOTES TO THE FINANCIAL STATEMENTS - (continued) - for the year ended 31 December 1991

(h) Fixed asset investments

Fixed asset investments are stated at cost or directors' valuation.

Investments in subsidiary undertakings are stated in the Company's balance sheet at cost less any write down or provision for reductions in value where material.

(i) Taxation

Corporation tax is recognised on taxable profits/losses at the current rate.

The tax benefits arising from group relief are recognised in the financial statements of the surrendering and recipient companies. Deferred taxation, calculated on the liability method at the rate at which the liability is likely to be paid, is provided to take account of timing differences arising from the different treatment of certain items for taxation purposes and for financial statement purposes. No deferred taxation is provided on those differences where it is probable that they will not reverse.

Advance corporation tax payable on dividends paid or provided for in the year is written off except when recoverability against corporation tax payable is considered to be reasonably assured. Credit is taken for advance corporation tax written off in previous years when it is recovered against corporation tax liabilities.

(j) Pension costs

Group companies account for pension costs in accordance with Statement of Standard Accounting Practice 24. For defined contribution schemes, the charge against profit is the amount of contributions payable in respect of the year. For defined benefit schemes, the pension cost is calculated using actuarial valuation methods which give rise to a regular pension cost that is a substantially level percentage of the current and expected future pensionable payroll. Variations from the regular cost are allocated over the average remaining service lives of current employees in the scheme.

(k) Foreign currency

Monetary assets and liabilities denominated in currencies other than sterling have been translated into sterling at the rates of exchange prevailing at the year-end.

Non-monetary assets denominated in currencies other than sterling have been translated at the relevant historical exchange rate.

Transactions in foreign currencies are translated into sterling at rates of exchange approximating to those at the transaction date. Any gain or loss arising from a change in exchange rates subsequent to the date of the transaction is included under operating expenses in the profit and loss account.

Salomon Brothers Europe Limited and Subsidiary Undertakings

NOTES TO THE FINANCIAL STATEMENTS - (continued) - for the year ended 31 December 1991

(l) Leases

The Group enters into operating leases which are charged to the profit and loss account on a straight line basis over the term of the lease. See Note 18 (b).

(m) Mortgage advances

The advances are floating rate, fixed rate, interest only or LIBOR-linked, endowment-linked or pension-linked, mortgage loans of £16,000 or more advanced to individual borrowers, in accordance with the Group's established lending criteria and secured by mortgages over freehold or leasehold residential properties located in England, Wales and Scotland and assignments of the related endowment life assurance policies. Mortgage advances include properties in possession.

Mortgage advances are stated after deducting provision for mortgage losses. A provision is maintained that is considered adequate by management to absorb losses inherent in the existing portfolio of mortgage advances held by the company and fellow subsidiary undertakings. A judgment as to the adequacy of the provision is made at the end of each year after allowing for any anticipated recoveries under the mortgage indemnity guarantee and other insurance policies. Should the provision be judged inadequate either because of reductions due to write-offs or because of changes to the size and characteristics of the portfolio, the provision is increased and charged to other operating expenses in the current year.

The group allows, in certain circumstances, for mortgages in arrears to be switched into other products where there is compliance with established underwriting criteria.

2. Net Revenue

As detailed in Note 1 (c), net revenue as disclosed in the consolidated profit and loss account includes the trading profits earned and commission income for all the Group's activities. This amount can be analysed as follows:

| | 1991 (£'000) | 1990 (£'000) |
|---|-----------------|-----------------|
| Commodities and Mortgage Activities | | |
| Turnover | 194,090 | 2,755,201 |
| Cost of Sales | (178,319) | (2,762,531) |
| | <hr/> | <hr/> |
| | 15,771 | (7,330) |
| Net Revenue from Financial Services Activities | 363,490 | 440,466 |
| | <hr/> | <hr/> |
| Net Revenue as shown in the Consolidated Profit and Loss Account | 379,261 | 433,136 |
| | ===== | ===== |

Salomon Brothers Europe Limited and Subsidiary Undertakings

NOTES TO THE FINANCIAL STATEMENTS - (continued)
- for the year ended 31 December 1991

2. Net Revenue - continued

The reduction in turnover results from the rationalisation of the Group's commodities activities during the year.

Turnover comprises:

- i. the value of physical deliveries resulting from dealing internationally in commodities,
and

- ii. commission income and other fees.

Cost of sales includes costs directly associated with the turnover as noted in 2(i) above and net settlements of transactions on recognised terminal markets.

Turnover, relating to the sale of international securities and bonds, commission income on underwriting business and service fees received, and commission income and interest income on mortgage advances, amounted to £263,123,000,000 (1990: £237,764,000,000). The net revenues arising from these activities have been disclosed as net revenues from financial service activities in the profit and loss account. In the opinion of the directors, turnover, including particulars of turnover, is not a valid measure of activity in view of the nature of this aspect of the Group's business.

3. Interest

Interest income for the year ending 31 December 1991 amounted to £1,150,917,000 (1990: £1,108,497,000) and is accounted for on an accruals basis. Interest income is derived primarily from current asset investments, mortgage advances, interest bearing debtors and cash assets. Included in Interest income is £186,868,000 (1990: £17,087,000) from other affiliated companies.

Interest expense for the year ending 31 December 1991 amounted to £1,072,349,000 (1990: £1,132,743,000) and is accounted for on an accruals basis. Interest expense is incurred primarily on short-term borrowings, securities sold but not yet purchased, and interest bearing payables including Mortgage Backed Floating Rate Notes. Included in Interest expense is £313,970,000 (1990: £212,930,000) attributable to affiliated companies.

Salomon Brothers Europe Limited and Subsidiary Undertakings

NOTES TO THE FINANCIAL STATEMENTS - (continued) - for the year ended 31 December 1991

4. Operating Expenses

Operating expenses comprise:

| | 1991 (£'000) | 1990 (£'000) |
|---|-----------------|-----------------|
| Employee remuneration | 78,419 | 72,724 |
| Social security costs | 6,333 | 5,253 |
| Other pension costs | 4,859 | 5,645 |
| | <hr/> | <hr/> |
| | 89,611 | 83,622 |
| Directors' emoluments | 3,756 | 2,384 |
| Depreciation on tangible fixed assets | 7,640 | 7,546 |
| Hire of computers and other equipment | 4,861 | 6,143 |
| Amortisation of intangible fixed assets | 3,183 | 3,122 |
| Income from interests in associated undertaking | (107) | (135) |
| Exchange losses | 30,488 | 102,972 |
| Auditors' remuneration | 720 | 751 |
| Other operating expenses | 171,762 | 172,307 |
| | <hr/> | <hr/> |
| | 311,914 | 378,712 |
| | ===== | ===== |

The Salomon Brothers International Pension & Life Assurance Scheme is primarily a funded pension scheme providing defined benefits based on final pensionable salary. There is also a defined contribution section in the scheme which applies to earnings which are not pensionable under the defined benefit provision. The assets of the scheme are held separately from those of the Company in a trustee administered fund.

The pension cost in respect of defined benefits is assessed in accordance with the advice of a qualified actuary using the projected unit credit method. The most recent actuarial assessment of the scheme was as at 1 May 1991. The assumptions which have the most significant effect on the results of the valuation are those relating to the rate of return on investments and the rates of increase in salaries and pensions. It was assumed that the investments return would be 9% per annum, that salary increases would be 7% per annum, that statutory increases would apply to present and future guaranteed minimum pensions in payment and that increases of 5% per annum, or the Retail Price Index whichever is lower, would apply to the remainder of pensions in payment.

At the date of the last actuarial valuation the market value of the assets, excluding those held in respect of defined contribution benefits, was £15,800,000 and the actuarial value of those assets represented 96.8% of the value of benefits that had accrued to members, including allowance for future salary increases. The deficiency is being removed through increased employer contributions.

Salomon Brothers Europe Limited and Subsidiary Undertakings

NOTES TO THE FINANCIAL STATEMENTS - (continued) - for the year ended 31 December 1991

4. Operating Expenses - continued

Contributions to the scheme in respect of defined provisions are charged to the profit and loss account so as to spread the cost of pensions over the remaining service lives of current employees in the scheme. The current deficit is being allocated over the average remaining service lives of current employees in the scheme, which is 19 years. The pension cost in respect of defined contribution benefits represents contributions paid and payable in respect of the year.

From 1 June 1990 the Group's mortgage activities established their own pension scheme, The Mortgage Corporation Pension Plan, which is a funded scheme providing defined contribution benefits.

5. Directors' Emoluments

Directors' emoluments shown in Note 4 (excluding pensions and pension contributions) include the following:

| | 1991 (£'000) | 1990 (£'000) |
|-----------------------|-----------------|-----------------|
| Chairman | 3,131 | - |
| Highest paid director | - | 1,787 |

Directors received emoluments (excluding pensions and pension contributions) in the following ranges:

| | 1991 | 1990 |
|-------------------|------|------|
| Up to £5,000 | 1 | 1 |
| £5,001 - £10,000 | 1 | - |
| £10,001 - £15,000 | - | 1 |
| £15,001 - £20,000 | - | 1 |
| £20,001 - £25,000 | 1 | - |
| £25,001 - £30,000 | - | 1 |
| £30,001 - £35,000 | 1 | - |

The company has no employees. Services are provided by employees of subsidiary undertakings.

The average weekly number of persons employed by the group during the year was 1,205 (1990: 1,262) all of whom are directly involved in the Group's principal activities.

Salomon Brothers Europe Limited and Subsidiary Undertakings

NOTES TO THE FINANCIAL STATEMENTS - (continued) - for the year ended 31 December 1991

6. Exceptional Items

The following amounts were charged/(credited) during the year:

| | 1991 (£'000) | 1990 (£'000) |
|---|-----------------|-----------------|
| Bad debt written off | - | 840 |
| Release of the provision for losses on downsizing and impairment of asset values | - | (57,134) |
| Loss incurred on assignment of right to receive the return of an advance due from a supplier of cocoa | - | 84,223 |
| | <hr/> | <hr/> |
| | - | 27,929 |
| | ===== | ===== |

During 1989, a subsidiary undertaking prefinanced the purchase of commodities from a supplier in the ordinary course of its trade. On 28 December 1990 the subsidiary undertaking assigned the receivable arising from this prefinancing to Salomon Inc, the Group's ultimate parent company, at the estimated market value on that date.

7. Tax on Profit on Ordinary Activities

The taxation charge comprises:

| | 1991 (£'000) | 1990 (£'000) |
|--|-----------------|-----------------|
| Corporation tax at 33.25% (1990: 34.25%) | | |
| - current year | 20,330 | 16,681 |
| - advance corporation tax set off | (15,320) | (11,895) |
| - adjustment to prior years | 1,105 | - |
| | <hr/> | <hr/> |
| | 6,115 | 4,786 |
| Deferred taxation | | |
| - charge/(credit) for year | 58,501 | (1,933) |
| Advance corporation tax on franked investment income | 193 | 230 |
| Tax attributable to associated undertaking | 46 | 47 |
| | <hr/> | <hr/> |
| | 64,855 | 3,130 |
| | ===== | ===== |

Salomon Brothers Europe Limited and Subsidiary Undertakings

NOTES TO THE FINANCIAL STATEMENTS - (continued) - for the year ended 31 December 1991

8. Extraordinary Items

The following amount was credited during the year:

| | 1991 (£'000) | 1990 (£'000) |
|------------------------------------|-----------------|-----------------|
| Net settlement of litigation claim | - | 15,195 |
| | ===== | ===== |

No taxation was attributable to this settlement.

9. Intangible Assets

The movement in the year was as follows:

| GROUP | Capitalised Issue Costs (£'000) |
|---------------------------------------|---------------------------------------|
| COST - | |
| Balance at 31 December 1990 | 17,816 |
| -additions | 5,087 |
| | ----- |
| Balance at 31 December 1991 | 22,903 |
| | ----- |
| AMORTISATION - | |
| Balance at 31 December 1990 | 7,441 |
| -charges | 3,183 |
| | ----- |
| Balance at 31 December 1991 | 10,624 |
| | ----- |
| Net Book Value at 31 December 1990 | 10,375 |
| | ===== |
| Net Book Value at 31 December 1991 | 12,279 |
| | ===== |

NOTES TO THE FINANCIAL STATEMENTS - (continued)
- for the year ended 31 December 1991

10. Tangible Fixed Assets

GROUP

The movement in the year was as follows:

| | Investment Properties (£'000) | Leasehold Improvements, Plant, Equipment & Cars (£'000) | Total (£'000) |
|-----------------------------|-------------------------------------|--|------------------|
| COST - | | | |
| Balance at 31 December 1990 | 4,641 | 47,696 | 52,337 |
| -additions | 1,671 | 7,191 | 8,862 |
| -disposals | - | (4,154) | (4,154) |
| | <hr/> | <hr/> | <hr/> |
| Balance at 31 December 1991 | 6,312 | 50,733 | 57,045 |
| | <hr/> | <hr/> | <hr/> |
| DEPRECIATION - | | | |
| Balance at 31 December 1990 | - | 22,157 | 22,157 |
| -charges | - | 7,640 | 7,640 |
| -disposals | - | (1,880) | (1,880) |
| | <hr/> | <hr/> | <hr/> |
| Balance at 31 December 1991 | - | 27,917 | 27,917 |
| | <hr/> | <hr/> | <hr/> |
| Net Book Value | | | |
| at 31 December 1990 | 4,641 | 25,539 | 30,180 |
| | ===== | ===== | ===== |
| Net Book Value | | | |
| at 31 December 1991 | 6,312 | 22,816 | 29,128 |
| | ===== | ===== | ===== |

The directors have not obtained an independent valuation of the investment properties.

Salomon Brothers Europe Limited and Subsidiary Undertakings

NOTES TO THE FINANCIAL STATEMENTS - (continued)
- for the year ended 31 December 1991

10. Tangible Fixed Assets - continued

COMPANY

The movement in the year was as follows:

| | Leaschold Improvements, Plant, Equipment & Cars (£'000) |
|---------------------------------------|--|
| COST - | |
| Balance at 31 December 1990 | 17,040 |
| -additions | 163 |
| -disposals | (2,044) |
| | <hr/> |
| Balance at 31 December 1991 | 15,159 |
| | <hr/> |
| DEPRECIATION - | |
| Balance at 31 December 1990 | 3,912 |
| -charges | 3,158 |
| -disposals | (681) |
| | <hr/> |
| Balance at 31 December 1991 | 6,389 |
| | <hr/> |
| Net Book Value at 31 December 1990 | 13,128 ===== |
| Net Book Value at 31 December 1991 | 8,770 ===== |

Salomon Brothers Europe Limited and Subsidiary Undertakings

NOTES TO THE FINANCIAL STATEMENTS - (continued) - for the year ended 31 December 1991

11. Fixed asset investments

Investments comprise:

| | Group | | Company | |
|--|-----------------|-----------------|-----------------|-----------------|
| | 1991 (£'000) | 1990 (£'000) | 1991 (£'000) | 1990 (£'000) |
| Investment in associated undertaking | 499 | 438 | 350 | 350 |
| Investments in subsidiary undertakings | - | - | 572,289 | 614,555 |
| Unlisted investments | - | 37 | - | - |
| | <u>499</u> | <u>475</u> | <u>572,639</u> | <u>614,905</u> |
| | ===== | ===== | ===== | ===== |

| | Company | |
|---|-----------------|-----------------|
| | 1991 (£'000) | 1990 (£'000) |
| Shares at net book value at beginning of year | 614,905 | 633,837 |
| -additions | 38,114 | 3,168 |
| -disposals | (33,066) | - |
| -amounts written down | (47,314) | (22,100) |
| | <u>572,639</u> | <u>614,905</u> |
| | ===== | ===== |

In 1990 the Company acquired the remaining shares of Anglo Chemical Metals Limited taking the Company's holding to 100% from 75%. The consideration contained £80,000 of purchased goodwill (see note 21).

On 30 September 1991 Philipp Brothers Limited ("PBL") repurchased its US dollar ordinary shares held by the Company. The repurchase resulted in the Company realising a loss on its investment. This loss was reflected in the Company's accounts at 31 December 1990.

On 31 October 1991 the Company sold its sterling investment in PBL to Phibro Energy, Inc.

After due consideration of the current losses and expected future trading results of The Mortgage Corporation Group Limited ("TMC"), the directors of the Company have decided to write down the carrying value of the Company's investment in TMC to its share of net assets as at 31 December 1991.

Salomon Brothers Europe Limited and Subsidiary Undertakings

NOTES TO THE FINANCIAL STATEMENTS - (continued) - for the year ended 31 December 1991

11. Fixed asset investments - continued

The Company's principal subsidiary undertakings, all of which are registered and operate in the United Kingdom, are set out below. A schedule of all interests in subsidiary undertakings will be attached to the Company's Annual Return to the Registrar of Companies.

| Company | Class of Shares | Proportion of Shares Held by the Company | Principal Activity |
|--|-----------------|--|------------------------------|
| Anglo Chemical Metals Limited | Ordinary | 100% | Commodity broker |
| Salomon Brothers International Limited | Ordinary | 100% | Financial services company |
| Salomon Brothers UK Limited | Ordinary | 100% | Gilt edged market maker |
| Salomon Brothers UK Equity Limited | Ordinary | 100% | Equity market maker |
| The Mortgage Corporation Group Limited | Ordinary | 75.7% | Intermediate holding company |

Unlisted Investments:

The movement in the year was as follows:

| | 1991 (£'000) | Group 1990 (£'000) |
|------------------------------|-----------------|--------------------------|
| Balance at beginning of year | 37 | 287 |
| -disposals | (37) | (192) |
| -revaluation adjustment | - | (58) |
| Balance at end of year | - | 37 |
| | ===== | ===== |

NOTES TO THE FINANCIAL STATEMENTS - (continued)
- for the year ended 31 December 1991

12. Mortgage Advances

Mortgage advances comprise:

| | 1991 (£'000) | 1990 (£'000) |
|--|------------------|------------------|
| Completed advances | 2,957,482 | 2,995,546 |
| Monies advanced to solicitors pending confirmation of completion | 648 | 7,161 |
| | <u>2,958,130</u> | <u>3,002,707</u> |
| | ===== | ===== |

Mortgage advances are all due to be repaid after more than one year. Of the total number of borrowers within the group at 31 December 1991, there were 1,958 mortgages where properties were 12 months or more in arrears or where properties have been repossessed. The total amount of principal outstanding in respect of these properties was £171 million of which £90 million related to repossessed properties. Provision of £23.5 million have been made against the principal amounts outstanding.

The movement in mortgage advances in the year was as follows:

| | 1991 (£'000) | 1990 (£'000) |
|------------------------------|------------------|------------------|
| Balance at beginning of year | 3,002,707 | 2,851,052 |
| Advanced during year | 445,686 | 725,520 |
| Redemptions during year | (490,263) | (573,865) |
| | <u>2,958,130</u> | <u>3,002,707</u> |
| | ===== | ===== |

13. Stocks

The directors consider that, in view of the nature of the Group's activities and the general volatility of the commodity markets, it would be misleading to present an estimate of the replacement value of stocks.

Salomon Brothers Europe Limited and Subsidiary Undertakings

NOTES TO THE FINANCIAL STATEMENTS - (continued) - for the year ended 31 December 1991

14. Debtors

The following are included in debtors:

| | Group | | Company | |
|---|------------------|------------------|-----------------|-----------------|
| | 1991 (£'000) | 1990 (£'000) | 1991 (£'000) | 1990 (£'000) |
| Amounts falling due within one year: | | | | |
| Due from ultimate holding company | 4,154 | - | 5 | - |
| Due from subsidiary undertakings | - | - | 36,380 | 19,337 |
| Trade debtors | 1,423,488 | 2,784,299 | - | 2 |
| Due from other group undertakings | 2,820,397 | 723,628 | 3,117 | - |
| Other debtors | 267,958 | 1,075,726 | 1,542 | 572 |
| Prepayments and accrued income | 17,435 | 23,368 | 611 | 1,690 |
| Taxes recoverable | 5 | - | 5 | - |
| VAT recoverable | 675 | 324 | 122 | 18 |
| ACT recoverable | 1,413 | 1,517 | - | - |
| Provision for losses on downsizing and impairment of asset values | - | (2,915) | - | - |
| | <u>4,535,525</u> | <u>4,605,947</u> | <u>41,782</u> | <u>21,619</u> |
| Amounts falling due after more than one year: | | | | |
| Due from subsidiary undertakings | - | - | 338,796 | 240,468 |
| Due from other group undertakings | 8,031 | - | 8,031 | - |
| | <u>8,031</u> | <u>-</u> | <u>346,827</u> | <u>240,468</u> |
| | <u>4,543,556</u> | <u>4,605,947</u> | <u>388,609</u> | <u>262,087</u> |
| | ===== | ===== | ===== | ===== |

Trade debtors primarily represent amounts due from counterparties, including other financial institutions, arising from transactions and amounts receivable under reverse repurchase and stock borrowing agreements.

Certain prior year balances have been restated for comparative purposes.

Salomon Brothers Europe Limited and Subsidiary Undertakings

NOTES TO THE FINANCIAL STATEMENTS - (continued)
- for the year ended 31 December 1991

15. Current Asset Investments

The investments comprise marketable securities and related instruments taken into inventory as part of the Group's principal trading activities.

The Group's accounting policy for such investments is explained in Note 1(e). Included within current asset investments are:

| | 1991 (£'000) | 1990 (£'000) |
|---|-----------------|-----------------|
| UK and foreign government securities | 5,767,318 | 4,364,606 |
| Eurobonds and other corporate bonds | 804,431 | 1,235,424 |
| Equities | 262,032 | 558,330 |
| Options and other contractual commitments | 1,358,290 | 1,767,663 |
| Money market securities | 10,408 | 237,949 |
| | <hr/> | <hr/> |
| | 8,202,479 | 8,163,972 |
| | ===== | ===== |

Salomon Brothers Europe Limited and Subsidiary Undertakings

NOTES TO THE FINANCIAL STATEMENTS - (continued) - for the year ended 31 December 1991

16. Creditors

The following amounts are included in creditors:

| | Group | | Company | |
|--|-------------------|-------------------|-----------------|-----------------|
| | 1991 (£'000) | 1990 (£'000) | 1991 (£'000) | 1990 (£'000) |
| Amounts falling due within one year: | | | | |
| Due to ultimate holding company | 19,100 | - | - | - |
| Due to subsidiary undertakings | - | - | 84,852 | - |
| Securities sold not yet purchased | 2,987,451 | 4,309,480 | - | - |
| Trade creditors | 5,932,549 | 4,139,531 | 139 | 551 |
| Due to other group undertakings | 2,487,723 | 3,622,497 | 2,253 | - |
| Other creditors and accruals | 355,843 | 326,123 | 56 | 105 |
| Taxation payable | 6,556 | 5,001 | - | - |
| Social security and PAYE | 5,663 | 2,933 | - | - |
| Provision for unrealised losses on forward contracts | - | 8,419 | - | - |
| | <u>11,794,885</u> | <u>12,413,984</u> | <u>87,300</u> | <u>656</u> |
| Amounts falling due after more than one year: | | | | |
| Bank loans | 104,558 | 200,000 | - | - |
| Mortgage Backed Floating Rate Notes | 2,686,096 | 2,326,889 | - | - |
| Due to other group undertakings | 626,010 | 402,756 | 414,525 | 402,756 |
| Other creditors | 46,690 | 67,801 | - | - |
| Due to subsidiary undertakings | - | - | 64,208 | - |
| | <u>3,463,354</u> | <u>2,997,446</u> | <u>478,733</u> | <u>402,756</u> |
| | <u>15,258,239</u> | <u>15,411,430</u> | <u>566,033</u> | <u>403,412</u> |

Bank loans after more than one year are secured on the assets of the subsidiary undertakings which borrowed the funds, and are repayable within five years.

Included within amounts due to other affiliated undertakings falling due after more than one year are sterling and dollar subordinated loans on which interest is payable annually at a rate which is reset quarterly. The loans are repayable within five years.

Solomon Brothers Europe Limited and Subsidiary Undertakings

NOTES TO THE FINANCIAL STATEMENTS - (continued) - for the year ended 31 December 1991

16. Creditors - continued

Certain prior year balances have been restated for comparative purposes.

Mortgage Backed Floating Rate Notes fall due as follows:

| | | 1991 (£'000) | 1990 (£'000) |
|------|--------------------------------------|-----------------|-----------------|
| 2013 | TMC Private Placements No. 1 Limited | 31,974 | 42,360 |
| 2014 | TMC Mortgage Securities No. 1 PLC | 48,120 | 60,425 |
| 2014 | TMC Mortgage Securities No. 2 PLC | 28,683 | 35,857 |
| 2015 | TMC Mortgage Securities No. 3 PLC | 29,030 | 37,751 |
| 2015 | TMC Mortgage Securities No. 4 PLC | 28,520 | 37,422 |
| 2015 | TMC Mortgage Securities No. 5 PLC | 37,698 | 47,921 |
| 2015 | TMC Mortgage Securities No. 6 PLC | 28,125 | 38,570 |
| 2015 | TMC Mortgage Securities No. 7 PLC | 32,340 | 41,161 |
| 2018 | TMC Mortgage Securities No. 8 PLC | 51,600 | 67,600 |
| 2019 | TMC Mortgage Securities No. 9 PLC | 85,040 | 109,720 |
| 2019 | TMC Mortgage Securities No. 10 PLC | 105,230 | 139,250 |
| 2020 | TMC Mortgage Securities No. 11 PLC | 471,510 | 500,000 |
| 2028 | TMC P.I.M.B.S. Fifth Financing Plc | 215,595 | 246,660 |
| 2028 | Holmes Placement No. 1 Limited | 108,100 | - |
| 2029 | TMC P.I.M.B.S. Third Financing PLC | 141,970 | 192,192 |
| 2029 | TMC P.I.M.B.S. First Financing PLC | 247,120 | 250,000 |
| 2029 | TMC P.I.M.B.S. Fourth Financing PLC | 200,000 | 200,000 |
| 2029 | TMC P.I.M.B.S. Sixth Financing PLC | 192,261 | - |
| 2030 | TMC P.I.M.B.S. Second Financing Plc | 30,000 | 30,000 |
| 2030 | TMC P.I.M.B.S. Plc | 238,180 | 250,000 |
| 2031 | TMC P.I.M.B.S. Seventh Financing Plc | 335,000 | - |
| | | <hr/> | <hr/> |
| | | 2,686,096 | 2,326,889 |
| | | ===== | ===== |

The Mortgage Backed Floating Rate Notes are repayable on the basis of the redemptions of the underlying mortgage pool on a quarterly basis, and are to be wholly redeemed no later than the last day of the years shown above.

Salomon Brothers Europe Limited and Subsidiary Undertakings

NOTES TO THE FINANCIAL STATEMENTS - (continued) - for the year ended 31 December 1991

16. Creditors - continued

Trade Creditors primarily represent short-term borrowings from banks and other institutions, amounts due from counterparties including other financial institutions and amounts payable under repurchase and stock lending agreements.

Trade Creditors include both unsecured and secured financing arrangements. Security is provided in the form of current asset investments. Group borrowings from banks as at 31 December 1991 amounted to £512,501,000 (1990: £1,502,251,000).

Company borrowings from banks at 31 December 1991 amounted to £nil (1990: £nil).

17. Called-Up Share Capital

The Company's share capital comprises:

| | 1991 £'000 | 1990 £'000 |
|---|---------------|---------------|
| Authorised: | | |
| 930,000,000 ordinary shares of £1 each | 930,000 | 930,000 |
| 900,000,000 redeemable preference shares of £1 each | 900,000 | 900,000 |
| | <hr/> | <hr/> |
| | 1,830,000 | 1,830,000 |
| | ===== | ===== |
| Allotted, called-up and fully paid: | | |
| 25,000,000 ordinary shares of £1 each | 25,000 | 25,000 |
| redeemable preference shares of £1 each | 484,645 | 484,645 |
| | <hr/> | <hr/> |
| | 509,645 | 509,645 |
| | ===== | ===== |

Salomon Brothers Europe Limited and Subsidiary Undertakings

NOTES TO THE FINANCIAL STATEMENTS - (continued) - for the year ended 31 December 1991

19. Commitments

- (a) Certain companies within the Group enter into various contractual commitments involving forward settlement. These include a variety of transactions, such as commitments to buy and sell securities, commodities and foreign currencies. They also enter into interest rate swap agreements, denominated in either US dollars or non-US currencies, under which periodic payments are exchanged with counterparties based upon interest rate differentials applied to stated notional amounts established in the agreements.

Positions with each counterparty are marked to market. The resulting gains and losses to be realised upon future settlement are recognised currently in income, taking into consideration the time remaining until settlement and management's evaluation of future servicing costs and credit risk.

There are various established procedures to manage credit exposure related to contractual commitments, including initial credit approval, credit limits, collateral requirements and rights of offset. Letters of credit, credit insurance and guarantees are also utilised to limit credit risk if management's established credit criteria are not met. Based upon the credit quality of counterparties and historical loss experience, management believes that the carrying amount of contractual commitments will be realised.

- (b) At 31 December 1991, the Company and certain other companies within the Group had entered into lease agreements for office accommodation, the last of which expires in 2010. During the year lease rental payments of £13,023,541 were made.
- (c) Certain companies within the Group have issued Mortgage-Backed Floating Rate Notes. The assets of these companies are subject to a floating charge in favour of the Trustee for the Noteholders. The mortgages over the properties in these companies, and the related life assurance policies are subject to a fixed charge in favour of the Trustee for the Noteholders. These companies have given undertakings to the Trustee for the Noteholders which limit their operations, including their ability to raise funds.

- (d) At the year-end capital commitments were:

| | 1991 (£'000) | Group 1990 (£'000) |
|-----------------------------------|-----------------|--------------------------|
| Contracted for | - | 1,156 |
| Authorised but not contracted for | - | - |
| | <hr/> | <hr/> |
| | - | 1,156 |
| | ===== | ===== |

Salomon Brothers Europe Limited and Subsidiary Undertakings

NOTES TO THE FINANCIAL STATEMENTS - (continued) - for the year ended 31 December 1991

18. Commitments - continued

- (e) Commitments to buy and sell current asset investments and stocks arose in the ordinary course of business.
- (f) On 31 October 1991 the Company sold its investment in Philipp Brothers Limited ("PBL") to Phibro Energy, Inc. ("PEI"), a wholly owned subsidiary of Salomon Inc. The sale agreement provides for the consideration payable to be adjusted in certain circumstances.

The Group had £251,157,810 of contingent liabilities under guarantees and letters of credit at year end.

19. Provision for Liabilities and Charges

The provision for liabilities and charges comprises deferred taxation attributable to:

| | Group | | Company | |
|---|-----------------|-----------------|-----------------|-----------------|
| | 1991 (£'000) | 1990 (£'000) | 1991 (£'000) | 1990 (£'000) |
| Balance at beginning of year | 10,743 | 17,616 | 1,244 | 1,244 |
| Credited/(charged) to profit and loss in respect of accelerated capital allowances and other timing differences | 48,088 | (16,853) | (2,064) | - |
| Balances previously disclosed as receivable | - | (4,940) | - | - |
| Advanced Corporation Tax set off | 10,413 | 14,920 | 1,004 | - |
| Balance at end of year | 69,244 | 10,743 | 184 | 1,244 |

20. Capital Reserve

During 1981, the shareholders made a capital contribution in cash to the company of £5,578,000. This contribution forms part of the shareholders' funds.

Salomon Brothers Europe Limited and Subsidiary Undertakings

NOTES TO THE FINANCIAL STATEMENTS - (continued)
- for the year ended 31 December 1991

21. Retained Earnings/(Accumulated Deficit)

GROUP

| | 1991 (£'000) | 1990 (£'000) |
|-----------------------------------|-----------------|-----------------|
| Balance at beginning of year | 69,790 | 60,343 |
| Profit retained for the year | 83,894 | 15,092 |
| Goodwill arising on consolidation | - | (80) |
| Cumulative currency reserve | - | (5,565) |

| | | |
|------------------------|---------|--------|
| Balance at end of year | 153,684 | 69,790 |
| | ===== | ===== |

COMPANY

| | 1991 (£'000) | 1990 (£'000) |
|------------------------------|-----------------|-----------------|
| Balance at beginning of year | (29,416) | (52,839) |
| Profit/(loss) for the year | (80,797) | 23,423 |

| | | |
|------------------------|-----------|----------|
| Balance at end of year | (110,213) | (29,416) |
| | ===== | ===== |

22. Minority Interests

| | 1991 (£'000) | 1990 (£'000) |
|--------------------------------------|-----------------|-----------------|
| Balance at beginning of year | 27,224 | 31,089 |
| Minority investments | - | - |
| Share of loss for the year | (2,834) | (778) |
| Transfer to pre-acquisition reserves | - | (3,087) |

| | | |
|------------------------|--------|--------|
| Balance at end of year | 24,390 | 27,224 |
| | ===== | ===== |

NOTES TO THE FINANCIAL STATEMENTS - (continued)
- for the year ended 31 December 1991

23. Registered Charges

The bankers of Salomon Brothers UK Limited have been granted a fixed and floating charge over certain assets due to the nature of the Central Gilts Office of the Bank of England's assured payments settlement system.

Salomon Brothers UK Equity Limited has granted a floating charge in favour of the International Stock Exchange of the United Kingdom and the Republic of Ireland Limited over its holdings of Talisman Securities.

24. Group Structure

The Company's immediate and ultimate parent companies are Salomon Brothers Holding Company Inc and Salomon Inc, both of which are incorporated in the State of Delaware, United States of America. The consolidated accounts of Salomon Inc are available to the public and may be obtained from the registered office of the Company.