

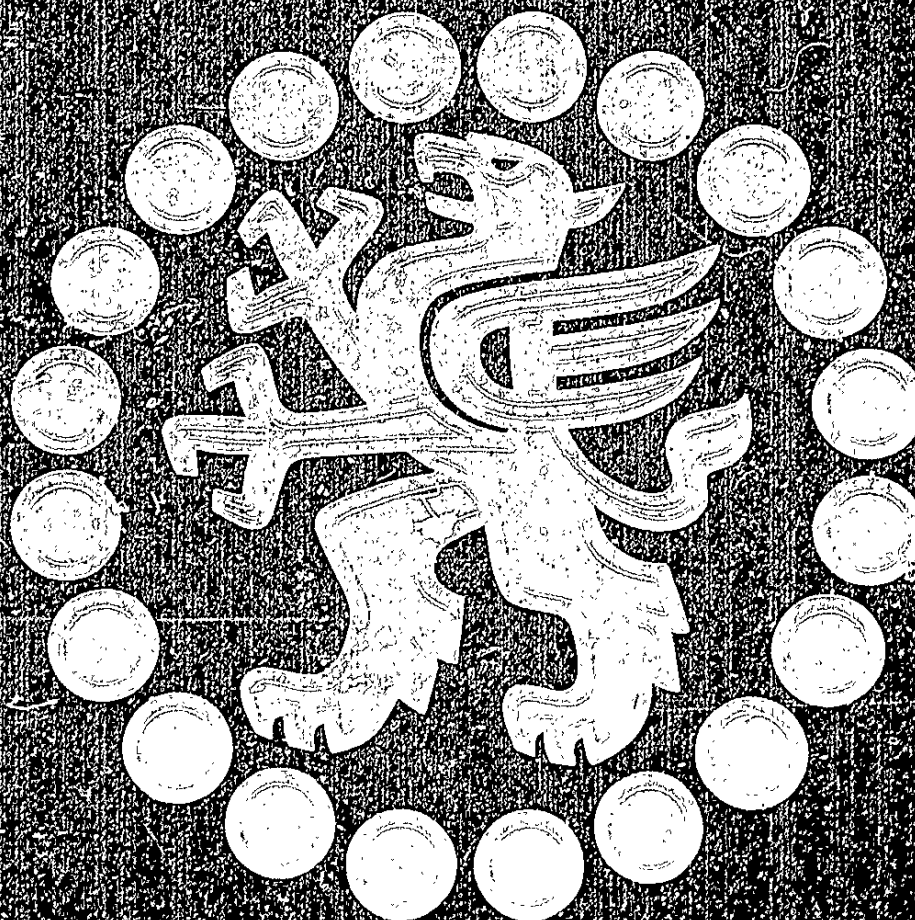
# Midland Bank

Report and Accounts, December 1974

WE HEREBY CERTIFY that the within printed Directors' Report, Profit & Loss Account, Balance Sheets and Auditors' Report are true copies of the respective documents of which they purport to be copies.

*[Signature]*  
..... Director

*[Signature]*  
..... Secretary



# Midland Bank Limited



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Sir  
Archibald  
Forbes  
GBE

a tribute

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After fifteen years as a Director, during ten of which he has been our Chairman, Sir Archibald Forbes has decided to retire from both these positions at our Annual General Meeting in April. So will end an era, short in time if measured against the long history of the Bank, but one of great change and impressive development towards which Sir Archibald has made an outstanding contribution.

It has fallen to me as one of his closest colleagues and oldest friends to try to pay the tribute we, his fellow directors, all feel he so richly deserves.

After qualifying as a Chartered Accountant in Glasgow in 1927 young Archie Forbes, as he was then, took the almost inevitable single ticket to London. For a time he continued his professional career, but eventually that restless brain and outstanding ability took him into the wider spheres of industry and commerce; in the war to special work in the Ministry of Aircraft Production; then to being the first Chairman of the Iron and Steel Board; and subsequently to the Boards of some of Britain's largest concerns and the holding of several public positions. In recognition of his services to the country in so many ways he was created a Knight Bachelor in 1943 and a GBE in 1957.

It was with this wide background that he joined the Midland Board in 1959, became a Deputy Chairman in 1962 and, in July 1964, was the natural successor to the Chair on the retirement of the late Lord Monckton.

When Sir Archibald took over, the Midland with its subsidiaries in Scotland and Northern Ireland operated essentially as a domestic clearing bank with a considerable international business based fundamentally on a correspondent relationship with numerous overseas banks. Under his leadership many innovations have been introduced and, even allowing for inflation, a phenomenal increase has been achieved in banking business in all areas of the United Kingdom.

But it is through developments into wider spheres, both geographically and in range of activities that Sir Archibald has created his greatest memorial, for to him is due so much of the credit for transforming the Midland Bank as it was into the Midland Bank Group as it is today.

Right from the outset he was convinced that Midland could no longer restrict its operations to banking in Britain, but should expand internationally. As a Deputy Chairman, he strongly supported such conceptions as the European Advisory Committee formed by several major European banks, and MAIBL (Midland and International Banks Limited) the first of the so-called consortium banks. Under his chairmanship further major developments followed including the establishment, in association with prominent banks abroad, of such financial institutions as the Banque Européenne de Crédit SA in Brussels, the European-American Banks in New York, the Euro-Pacific Finance Corporation in Australia and the European-Asian Bank operating in the Far East. Other smaller, but meaningful, partnerships were also formed in several other parts of the world.

At home Sir Archibald led the diversification of activities into the allied fields of merchant banking, bullion dealing, insurance broking and investment management, through the acquisition of Montagu Trust, involving Samuel Montagu & Co. and the Bland Payne Group, and later through the merger with the Drayton Group. The hire purchase business of Forward Trust was expanded and entry was made into the factoring and leasing fields. It was he, too, who led the consortium that successfully bid for the travel business of the Thomas Cook Group.

Many of these new developments have already justified themselves. The remaining few, because of present abnormal conditions, will take time to reach full fruition. But there can be no doubt of their actual and potential value to the inherent strength of the Midland Bank Group, nor of the courage of the decisions taken.

The years of Sir Archibald's Chairmanship have covered a period of great problems for the British economy, and resultant difficulties for the clearing banks with almost continuous credit restrictions, devaluation, the sterling crises and current liquidity and other challenges. In all of these Sir Archibald has been involved not only as Chairman of the Midland Bank, but also as a member – and for two years as Chairman – of the Committee of London Clearing Bankers. In both these roles he has been called upon to exercise skilful judgment and persuasive advocacy, always ready to fight forcefully for the interests of Midland and the British banking system as a whole without ever losing sight of the responsible part the banks have to play in the national economy.

From the achievements of Sir Archibald as Chairman, one's thoughts finally turn to the man himself, to that very human being – Archie as he is fondly known to so many. A man of fine character; of the highest integrity; and of wisdom. Never one to rush important decisions until all the facts have been marshalled and thoroughly discussed, but how right his final judgment invariably is. Perhaps at times a bit incisive, or is it puckish, in his criticism, but those who know him know he has the warmest of hearts and a quite unique gift for friendship. No matter how busy he may be, the papers will always be pushed aside if any friend comes for advice and that friend can be assured of a patient hearing and wise and understanding counsel.

We, his colleagues, will warmly welcome Sir Archibald as our President, but will greatly miss him as our Chairman, and we pay our full tribute and express our warmest gratitude to him for his dedicated leadership and outstanding services to the Midland Bank Group.

We shall not, however, miss him as a friend, for friendship with Archie does not cease with the passing of an office but continues for a lifetime.



McFadzean



# Midland Bank Limited

## Directors

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Chairman Sir Archibald Forbes, GBE

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Deputy Chairmen The Right Hon. Lord McFadzean  
The Right Hon. Viscount Watkinson, PC, CH  
The Right Hon. Lord Armstrong of Sanderstead, PC, GCB, MVO

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Directors	Sir David Barran	Neil Mills
	Sir Donald Barron, DL	F. D. O'Brien Newman
	Sir Stephen F. Burman, CBE	The Hon. Angus Ogilvy
	Sir Jack Callard	Sir Kenneth Preston
	J. A. Cave	The Right Hon. Lord Pritchard
	Sir Reay Geddes, KBE	Philip Shelbourne
	S. T. Graham, DFC	W. L. Stephens, DSC, VRD, DL
	Sir George Harvie-Watt, Bt, QC	Whitney W. Straight, CBE, MC, DFC
	E. J. W. Hellmuth	William Thyne, OBE
	The Right Hon. Lord Halsby, GCB, KBE	C. E. Trott, MBE
	Sir John Hunter, CBE, DSc, DL	M. G. Wilcox, MBE
	Leonard C. Mather	



# Midland Bank Limited

## General Management

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**Chief General Managers**

S.T. Graham, DFC, M.G. Wilcox, MBE

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**Assistant Chief General Managers**

W.G. Kneale, G.W. Taylor, R.O. Barker, MBE

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**United Kingdom Banking****General Managers**

J. Cox, A.R. Holmes, L.R. Needham, D.W.C. Kitching, A.J. Knights

Assistant General Manager P.G.H. Avis

**Regional Directors**

D.M. Corbett, JP

M.L.F. Dwerryhouse

R. Griffin

C. Parmley

A.T. Wood

M.T.J. Wallis

H.R. Gamble

J.D. Greenwell

R.H. Fisher

B.G. Millward

W.T.B. Lewis

D.R. West

A.C. Clark

R.B. Hesketh, MC

P.C. Barrett

W.E. Evans

P.G. Coleman

G.D. Perfect

R.A. Berns

P.J. Nicholson

J.B. Smith

D.W. Sawyer

G.A. Gilhespy

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**International Division**

General Managers (International) J. Hendley, B.T. Smith

Deputy General Manager (International) K.F. Einfeld

Assistant General Managers (International) A.B. Curtis, W.G. Barrett,  
G.F. Bryen

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**Group Services****General Managers**

W.C. Woodman (Staff), P.J.V. Ashurst (Administration),

Dr R. Bruce (Agriculture), D.A. Gladwell (Finance),

K.B. Cox (Treasurer), J.A. Brooks (Computer Operations)

**Assistant General Managers**

W.D. Jarman (Computer Operations), D.H.V. Beckwith (Staff),

T.E.H. Crawford (Computer Operations), B.L. Goldthorpe (Planning)

Group Economic Adviser J.R. Sargent

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**Secretary**

D.P.G. Wyatt

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# Report of the Directors

## Profit and Appropriations

The profit for the Group attributable to members of Midland Bank Limited, as shown in the Consolidated Profit and Loss Account on page 11, amounted to

£42,192,000

This has been dealt with as follows:

First interim dividend  
of 4.2p per share paid 4 October 1974

4,076,000

Second interim dividend  
of 6.55563p per share payable 4 April 1975

6,362,000

10,438,000

Retained profit transferred to Reserves

31,754,000

£42,192,000

The Directors have declared a second interim dividend for 1974, instead of recommending a final dividend at the annual general meeting, because it was impracticable to prepare the Accounts in time for the meeting to be held before the end of the fiscal year. The interim dividend for 1974 total 10.75563p per share, compared with 9.98865p per share for 1973, and represent the maximum distribution permitted under existing official controls.

## Group Activities

The Bank and its subsidiaries provide a full range of services in banking, including merchant banking, in instalment finance, leasing, factoring, insurance, portfolio management, foreign travel, shipping and forwarding, and act as trustees and executors. Information regarding the turnover and the contribution to profit of different classes of business is given in Note 3 to the Accounts on page 17. The value of goods exported by non-banking subsidiaries is not considered to be significant.

As foreshadowed in the Report of the Directors last year, the Bank has purchased the issued share capital of Drayton Group Limited for a consideration of £13,333,334 7½ per cent Convertible Subordinated Unsecured Loan Stock 1983/93 and £8,000,000 cash. (Mr Angus Ogilvy, a Director of the Bank, held 12,903 shares in Drayton Group, which were among those acquired by the Bank.) The management of Drayton's merchant banking activities has been merged with that of Samuel Montagu & Co. Limited, and the investment management and other services provided by Drayton have also been placed under Samuel Montagu's control.

Arising from a reorganisation within the Group midway through the year, the deposit taking, corporate finance, term lending and related equity participation activities previously carried on by Midland Bank Finance Corporation Limited were transferred to Samuel Montagu, and a new company, Midland Montagu Leasing Limited, was formed to bring the Group's leasing activities within a unified operation.

Midland Bank Finance Corporation retains its role as a governing company, being the parent of Forward Trust Limited, Midland Montagu Leasing Limited, the Trust Corporations in Jersey, Guernsey and the Isle of Man, and Griffin Factors Limited. This latter company, in which a 50 per cent interest was acquired in 1973, is now a wholly owned subsidiary.

**Group  
Activities**  
*continued*

In the international field, the Bank has acquired a participation in Banque Européenne pour l'Amérique Latine SA, which has its head office in Brussels and a branch network in Brazil and Argentina. An interest has also been acquired in Ship Mortgage International NV of Amsterdam, which specialises in the provision of finance for ships and oil rigs.

**Capital and  
Reserves**

There have been no changes in the authorised or issued capital of the Bank since the previous year. Reserves, movements on which are set down in Note 9 to the Accounts on page 19, now stand at £376,922,000 for the Group and include an addition of £75,904,000 arising from a revaluation of certain of the Group's properties. Note 20 to the Accounts on pages 24 and 25 gives details of this revaluation.

The Directors are not aware of any person or body corporate having an interest in 10 per cent or more of the Bank's issued capital.

**Rights Issue**

By the time of receipt of this Report, shareholders will have received a letter dated 3 March 1975 from the Chairman giving details of the proposed rights issue of 28,627,741 new shares at 185p per share. The offer of new shares will be made to shareholders and to holders of the 7½ per cent Convertible Subordinated Unsecured Loan Stock 1983/93 on the registers of members and of stockholders on 28 February 1975 and will be in the proportions of one new share for every four then held and 21 new shares for every £400 nominal of Convertible Stock then held.

In order that the issue may be made, it is necessary for the authorised share capital of the Bank to be increased, and an extraordinary general meeting for this purpose is to be held on 19 March 1975.

**Chairman**

As already announced, the Chairman, Sir Archibald Forbes, will retire from the Board after the forthcoming annual general meeting, and a tribute to him appears on pages 2 and 3. The Board intends to appoint Sir Archibald to be President of the Bank, and to elect Lord Armstrong of Sanderstead to the office of Chairman of the Board. Lord Armstrong was appointed a Director in October last and is presently a Deputy Chairman.

**Directors**

Mr Leonard C. Mather relinquished the office of Vice-Chairman at the end of October, upon his appointment as Chairman of United Dominions Trust Limited, but has agreed to continue to serve on the Board of the Bank.

Mr Bernard F. Clarke retired from the Board at the annual general meeting last April, and to the great sadness of his colleagues Mr O. E. Wood, who had intended to retire at the same meeting, died in the previous month; an appreciation of the services rendered to the Group by Mr Clarke and Mr Wood appeared in the Report of the Directors last year.

Sir Colin S. Anderson retired from the Board last July, and Mr William Thyne, who retires by rotation at the forthcoming annual general meeting, will not be offering himself for re-appointment. Sir Colin served as a Director of the Bank for twenty-four years and Mr Thyne, who joined the Midland Bank Board in 1970, has been a Director of Clydesdale Bank Limited since 1948 and its Chairman for the last five years. The Directors wish to record their warm gratitude for the important contribution both these gentlemen have made to the affairs of the Group during their many years of service.



## Report of the Directors — *continued*

### **Directors** *continued*

Following Mr C. E. Trott's retirement from the office of Chief General Manager at the end of June, Mr S. T. Graham and Mr M. G. Wilcox were appointed Directors and Chief General Managers. At the same time, Mr J. A. Cave was appointed a Director and Deputy Chief General Manager; Mr Cave has since retired from his executive office with the Bank, and has been elected Chairman of Forward Trust Limited in succession to Mr Bernard F. Clarke.

Mr Philip Shelbourne, Chairman and Chief Executive of Samuel Montagu & Co. Limited, was appointed a Director of the Bank in March 1974 and was re-appointed to the Board at the last annual general meeting. Mr Neil Mills, Chairman of Bland Payne Holdings Limited, joined the Board of the Bank last October.

In accordance with the Bank's Articles of Association, Lord Armstrong, Mr S. T. Graham, Mr M. G. Wilcox, Mr J. A. Cave and Mr Neil Mills retire at the annual general meeting and offer themselves for re-appointment.

The Directors retiring by rotation and offering themselves for re-appointment are Sir Stephen F. Burman, Mr W. L. Stephens and Mr C. E. Trott.

The names of all persons who were Directors of the Bank on 31 December 1974 are set out in the table on page 10, which also gives details of their interests and family interests (as defined by the Companies Act 1967) in shares and loan stocks of the Group.

Except as previously mentioned in this Report, there were not at the end of the year, or at any time during the year, any contracts between the Bank and third parties which were, in the opinion of the Directors, of significance in relation to the Bank's business and in which any Director had an interest which was, in the opinion of the Directors, material.

### **Management and Staff**

Mr W. G. Kneale, Mr G. W. Taylor and Mr R. O. Barker have been appointed Assistant Chief General Managers of the Bank. Mr L. R. Needham, Mr D. W. C. Kitching and Mr A. J. Knights have been appointed General Managers, and Mr J. Hendley and Mr B. T. Smith, General Managers (International). Mr K. B. Cox and Mr J. A. Brooks have been appointed General Manager (Treasurer) and General Manager (Computer Operations) respectively.

Mr K. L. Barber has retired from the office of Secretary after long and valuable service to the Bank, and has been succeeded by Mr D. P. G. Wyatt.

The weekly average number of employees in the Group, excluding those who worked wholly or mainly outside the United Kingdom, was 57,900 and their aggregate remuneration for the year was £123,003,000.

### **Charitable and Political Donations**

The aggregate amount of money given by the Group during the year for charitable purposes was £198,000. In addition, donations amounting to £4,554 were made to the Economic League, and a contribution of £10,000 was made to the Conservative and Unionist Party by Drayton Group Limited prior to that company becoming a subsidiary of the Bank.

**Close Company Provisions**

Midland Bank Limited is not a close company as defined by the Income and Corporation Taxes Act 1970.

**Auditors**

Messrs Whinney Murray & Co. have informed the Bank of their willingness to continue in office as auditors; a resolution will be proposed at the annual general meeting in respect of their remuneration.

Registered Office:  
Poultry, London EC2P 2BX  
28 February 1975

By Order of the Board  
D. P. G. Wyatt  
*Secretary*

## Capital Gains

For the purpose of capital gains tax, the market value of Midland Bank shares at 6 April 1965 was £1·708333, and the adjusted market value of shares issued in exchange for shares of Northern Bank Limited in 1965 was £1·673077. Both these figures have been adjusted for the capitalisation issue made in April 1972. Also for the purpose of capital gains tax, the assumed market values at 6 April 1965 of Midland Bank Loan Stocks arising from shares of Montagu Trust Limited held since that date are: £16·84755 per £100 nominal of 7½ per cent Convertible Subordinated Unsecured Loan Stock 1983/93, £16·34395 per £100 nominal of 10½ per cent Subordinated Unsecured Loan Stock 1993/98.

## Directors' interests in shares and loan stocks of the Group

Shares of Midland Bank Limited	At 1 January 1974 or date of appointment if later		At 31 December 1974	
	Beneficial	Non-beneficial	Beneficial	Non-beneficial
Lord Armstrong of Sanderstead	Nil	Nil	250	Nil
Sir David Barran	250	Nil	250	Nil
Sir Donald Barron	250	225	250	225
Sir Stephen F. Burman	3,748	675	3,748	675
Sir Jack Callard	375	Nil	375	Nil
J. A. Cave	1,841	Nil	1,841	Nil
Sir Archibald Forbes	3,748	Nil	3,748	Nil
Sir Reay Geddes	1,500	Nil	1,500	Nil
S. T. Graham	391	Nil	641	Nil
Sir George Harvie-Watt	1,594	Nil	1,594	Nil
E. J. W. Hellmuth	1,555	Nil	1,555	Nil
Lord Helsby	375	Nil	375	Nil
Sir John Hunter	200	1,500	200	1,500
Leonard C. Mather	2,051	Nil	2,051	Nil
Lord McFadzean	2,550	Nil	2,550	Nil
Neil Mills	750	Nil	750	Nil
F. D. O'Brien Newman	1,500	Nil	1,500	Nil
The Hon. Angus Ogilvy	1,500	Nil	12,500	Nil
Sir Kenneth Preston	5,737	Nil	5,737	Nil
Lord Pritchard	1,500	Nil	1,500	Nil
Philip Shelbourne	250	Nil	35,000	Nil
W. L. Stephens	375	Nil	375	Nil
Whitney W. Straight	3,856	Nil	3,856	Nil
William Thyne	2,050	Nil	2,050	Nil
C. E. Trott	750	Nil	750	Nil
Viscount Watkinson	1,500	Nil	1,500	Nil
M. G. Wilcox	550	Nil	550	Nil

### Loan Stocks of Midland Bank Limited

Mr Neil Mills was beneficially interested in £147,256 7½ per cent Convertible Subordinated Unsecured Loan Stock 1983/93 and in £49,382 10½ per cent Subordinated Unsecured Loan Stock 1993/98, both at the date of his appointment to the Board and at the end of the year.

Mr F. D. O'Brien Newman was beneficially interested throughout the year in £49,500 7½ per cent Convertible Subordinated Unsecured Loan Stock 1983/93 and in £16,600 10½ per cent Subordinated Unsecured Loan Stock 1993/98.

Mr Philip Shelbourne was beneficially interested in £100,000 7½ per cent Convertible Subordinated Unsecured Loan Stock 1983/93 at the date of his appointment to the Board, but had no interests in this stock at the end of the year.

### Notes:

1. Except as stated above, none of the Directors had interests in loan stocks of Midland Bank Limited either at 1 January (or at the date of appointment to the Board, if later), or at 31 December 1974.
2. There were no changes in Directors' interests in shares or loan stocks between 31 December 1974 and 14 February 1975.
3. The Directors had no interests in shares or debentures of any of the Bank's subsidiaries.

# Midland Bank Group

## Consolidated Profit and Loss Account Year ended 31 December 1974

			1974		1973	
		Notes	£000	£000	£000	£000
<b>Trading Surplus before Depreciation and Obsolescence</b>				123,189		125,717
<b>Depreciation and Obsolescence of Fixed Assets</b>			4	12,466		10,167
<b>Trading Profit</b>				110,723		115,550
<b>Additional Provision against Advances</b>				10,000		10,600
				100,723		105,050
<b>Income from Trade Investments</b>				1,704		1,329
<b>Share of Profits of Associated Companies</b>			4	3,618		7,053
				106,045		113,432
<b>Interest on Loan Capital</b>				9,813		3,307
<b>Profit before Taxation and Extraordinary Items</b>			4	96,232		110,125
<b>Taxation</b>	Midland Bank Limited and Subsidiaries	7	51,821		44,633	
	Associated Companies		2,056		3,129	
				53,877		47,762
				42,355		62,363
<b>Minority Interests</b> --share of profits less losses				163		586
				42,192		61,777
<b>Extraordinary Items less taxation</b>				—		3,679
<b>Profit Attributable to Members of Midland Bank Limited</b>				42,192		65,456
<b>Dividends</b>	First Interim 4.2p per share, (1973 : 2.45p)		4,076		2,378	
	Second Interim 6.55p per share, (1973 : 1.75p)		6,362		1,698	
	(1973 Third Interim : 5.78p per share)		—		5,618	
				10,438		9,694
<b>Retained Profit</b>	Midland Bank Limited		24,489		38,799	
	Subsidiaries		7,553		10,736	
				32,042		49,535
	Associated Companies		(288)		6,227	
				31,754		55,762
				42,192		65,456
<b>Earnings per share</b>	Basic	8		43.5p		63.7p
	Fully diluted			39.5p		57.2p

The notes on pages 16 to 25 form part of these accounts

# Midland Bank Group

## Consolidated Balance Sheet 31 December 1974

	Notes	1974 £000	1973 £000
<b>Share Capital and Reserves</b>			
Issued share capital of Midland Bank Limited		97,046	97,046
Reserves	9	378,288	270,630
deduct Investment Suspense Accounts, less taxation	9	1,366	561
		<u>376,922</u>	<u>270,069</u>
<b>Shareholders' Funds</b>		<b>473,968</b>	<b>367,115</b>
<b>Minority Interests</b>		<b>6,983</b>	<b>7,168</b>
<b>Loan Capital</b>	10	<b>118,414</b>	<b>101,573</b>
<b>Deferred Taxation</b>		<b>48,512</b>	<b>21,509</b>
<b>Provisions</b>	11	<b>32,091</b>	<b>25,952</b>
<b>Current Liabilities</b>			
Current, deposit and other accounts		9,032,516	7,563,223
Taxation		58,362	60,080
Creditors	15	109,507	150,302
Dividend		6,362	7,316
Notes in circulation		<u>53,521</u>	<u>44,674</u>
		<b>9,260,268</b>	<b>7,825,595</b>

A. F. Forbes, *Chairman*  
 McFadzean, *Deputy Chairman*  
 Watkinson, *Deputy Chairman*  
 Armstrong of Sanderstead, *Deputy Chairman*  
 S. T. Graham, *Director and Chief General Manager*  
 M. G. Wilcox, *Director and Chief General Manager*  
 D. A. Gladwell, *General Manager (Finance)*

The notes on pages 16 to 25 form part of these accounts

9,940,236

8,348,912

		1974		1973	
	Notes	£000	£000	£000	£000
<b>Liquid Assets</b>					
Coin, bank notes, balances with the Bank of England and gold	12		582,401		481,820
Money at call and short notice			1,487,322		1,198,650
Bills discounted:					
British Treasury Bills		185,807		123,724	
Other bills		173,862		121,561	
			359,669		245,285
			2,429,392		1,925,755
<b>Cheques in course of collection on other banks in the British Isles</b>			294,734		303,524
<b>Certificates of Deposit</b>			334,119		274,925
<b>Dealing Assets</b>	13		105,328		73,546
<b>Special Deposits with the Bank of England</b>			140,150		215,095
<b>Investments</b>	14		350,635		398,685
<b>Debtors</b>	15		77,099		83,743
<b>Customers' Accounts, less provisions</b>					
Advances		5,579,429		4,599,839	
Instalment Finance		135,385		129,882	
Leased Assets	16	61,190		34,051	
			5,776,004		4,763,772
<b>Trade Investments</b>	19		18,390		18,221
<b>Associated Companies</b>	19		61,568		44,735
<b>Fixed Assets</b>	20	280,379		179,503	
deduct provision for obsolescence of freehold and long leasehold buildings		10,635		9,299	
			269,744		170,204
<b>Premium on acquisition of shares in subsidiaries</b>			83,073		76,707
			9,940,236		8,348,912

# Midland Bank Limited

## Balance Sheet 31 December 1974

		1974		1973
	Notes	£000	£000	£000
<b>Share Capital and Reserves</b>				
Share capital authorised: 125,000,000 shares of £1 each		125,000	125,000	
Share capital issued: 97,046,200 shares of £1 each, fully paid			97,046	97,046
Reserves	9	277,941	183,132	
deduct Investment Suspense Account, less taxation	9	1,064	827	
		276,877		182,505
<b>Shareholders' Funds</b>		373,923		279,551
<b>Loan Capital</b>	10	106,584		93,250
<b>Deferred Taxation</b>		1,548		2,801
<b>Provisions</b>	11	14,955		14,138
<b>Current Liabilities</b>				
Current, deposit and other accounts		6,995,394	5,835,365	
Balances due to subsidiaries		192,987	25,031	
Taxation		68,741	48,661	
Creditors		11,205	8,671	
Dividend		6,362	7,316	
		7,274,689		5,925,044

A. F. Forbes, *Chairman*  
 McFarzean, *Deputy Chairman*  
 Watkinson, *Deputy Chairman*  
 Armstrong of Sanderstead, *Deputy Chairman*  
 S. T. Graham, *Director and Chief General Manager*  
 M. G. Wilcox, *Director and Chief General Manager*  
 D. A. Gladwell, *General Manager (Finance)*

The notes on pages 16 to 25 form part of these accounts

7,771,699

8,314,784

		1974		1973	
	Notes	£000	£000	£000	£000
<b>Liquid Assets</b>					
Coin, bank notes and balances with the Bank of England			316,396		303,191
Money at call and short notice			1,123,116		918,713
Bills discounted:					
British Treasury Bills		163,734		113,386	
Other bills		140,042		105,272	
			307,376		218,664
			1,746,888		1,440,568
Cheques in course of collection on other banks in the British Isles			221,272		219,015
Certificates of Deposit			306,920		134,887
Special Deposit with the Bank of England			112,825		176,720
Investments	14		224,616		257,729
Debtors			6,760		5,980
<b>Customers' Accounts, less provisions</b>					
Advances		4,312,245		3,569,351	
Balances due by subsidiaries		415,030		196,317	
			4,727,275		3,765,668
Trade Investments	19		14,021		12,270
Associated Companies	19		37,718		27,530
Shares in Subsidiaries at cost			160,455		137,372
Fixed Assets	20	221,099		144,107	
Deduct provision for obsolescence of freehold and long leasehold buildings		8,150		7,062	
			212,949		137,045
			<u>7,771,699</u>		<u>6,314,784</u>





# Notes on the Accounts

## 1 Basis of Consolidation

The Group Accounts at 31 December 1974 deal with the state of affairs and profits of Midland Bank Limited and its subsidiaries listed in Note 18 and the attributable share of the profits and reserves of its associated companies listed in Note 17.

They include, for the first time, the accounts of Drayton Group Limited and its subsidiaries for the year to 31 December 1974 and Griffin Factors Limited for the period 1 July 1974 to 31 October 1974. The attributable share of profits of Griffin Factors Limited for the period 1 October 1973 to 30 June 1974 has been included in Share of Profits of Associated Companies.

The accounts of the undermentioned subsidiaries have been made up to the following dates, in order to avoid delay in the presentation of Group Accounts:

31 October 1974:

Clydesdale Bank Finance Corporation Limited,  
Clydesdale Bank Insurance Services Limited,  
Forward Leasing (UK) Limited,  
Forward Trust Limited and its subsidiaries,  
Griffin Factors Limited,  
Midland Bank Trust Corporation (Guernsey) Limited,  
Midland Bank Trust Corporation (Jersey) Limited,  
Scottish Computer Services Limited,  
The Thomas Cook Group Limited and its subsidiaries.

30 September 1974:

Bland Payne Holdings Limited and its subsidiaries.

31 December 1973:

River Thames Insurance Company Limited and its subsidiaries, in the manner authorised for Insurance Companies.

The accounts of the Associated Companies are made up to the dates shown in Note 17. Midland and International Banks Limited is a banking company which avails itself of the provisions of Part III of the Eighth Schedule of the Companies Act 1948; the directors of that company only consider transfers to contingency provisions annually and no accounts made up to a date subsequent to 31 March 1974 are available to Midland Bank Limited.

Where necessary, the comparative figures for 1973 have been adjusted to accord with the presentation adopted in 1974.

## 2 Accounting Policies

a. **Bad Debts.** The charge for bad debts in the Profit and Loss Accounts of Midland Bank Limited, Clydesdale Bank Limited and Northern Bank Limited reflects the average bad debt experience of the year and the preceding years and the current volume of lending. The amount so charged is added to the provision for bad and doubtful debts from which provision actual bad debts less recoveries are deducted. The outstanding provision is deducted from Advances in the Balance Sheet.

Other subsidiaries maintain appropriate provisions against bad debts.

b. **Instalment Finance.** Income from fixed rate instalment finance business, after making a deduction for certain initial expenses, is credited to Profit and Loss Account in proportion to the reducing balances outstanding. These balances are stated in the Balance Sheet after deduction of unearned charges and interest.

**Accounting Policies**  
*continued*

- c. **Leased Assets.** Income from leasing contracts, after setting aside amounts for depletion of the assets on a rising scale, is credited to Profit and Loss Account in proportion to the investments in related leasing contracts.
- d. **Depreciation and Obsolescence of Fixed Assets.** Freehold and long leasehold (100 years and over unexpired) land and buildings are not depreciated but a provision for obsolescence of the buildings is maintained by annual charges against profit, and obsolescence is charged against this provision on major reconstruction of those buildings. Other leasehold land and buildings are written off on the straight-line basis over 50 years, or the period of the lease whichever is the shorter.

Furniture, fittings and equipment are depreciated on the straight-line basis over their estimated useful lives.

- e. **Dealing Assets.** Certain subsidiaries acquire assets with the intention of reselling them in the short term at a profit. These assets are stated in the Consolidated Balance Sheet at market value in the case of bills and bullion other than gold, and at the lower of cost or market value in the case of certificates of deposit and investments.
- f. **Fixed Interest Investments.** Where British Government Securities and other investments with fixed redemption dates have been purchased for the long term at a premium or discount, these premiums and discounts are amortised through the Profit and Loss Account over the period from date of purchase to date of maturity. If the date of maturity is at the borrower's option within a specified range of years, the maturity date which gives the more conservative result is adopted. These investments are included in the Balance Sheet at amortised cost. Profits and losses on the realisation of these investments are dealt with by spreading such profits and losses equally over five years, the period being the year of sale and the four succeeding years. The remaining portion, less taxation, is held on an Investment Suspense Account, the balance of which is aggregated with Reserves.
- g. **Retirement Benefits.** Full provision has been made by Midland Bank Limited and its subsidiaries for the unfunded amount estimated to be required to cover retirement benefits relating to past service, except for ex gratia increases granted to pensioners since 31 December 1970. Amounts paid during the year in respect of such increases have been charged to Profit and Loss Account.
- h. **Taxation.** The charge for taxation is based on the profit for the year and takes into account the deferred taxation adjustments resulting from the adoption of policies described above and the excess of capital allowances over the relevant depreciation charge. The deferred taxation shown in the Balance Sheet is in respect of taxation equalisation and has been calculated by the liability method using the current rate of corporation tax and takes into account recoverable advance corporation tax.
- i. **Exchange Rates.** Assets and liabilities of UK resident companies expressed in foreign currencies, including commitments for future purchases or sales, have been converted to sterling at the rates ruling at the balance sheet dates of those companies. The Balance Sheets of overseas subsidiaries have been converted into sterling at the rate ruling at their balance sheet dates; adjustments arising from this conversion are included in Trading Surplus.
- j. **Premium on Acquisition of Shares in Subsidiaries.** The excess of the consideration paid for shares in subsidiaries since 1 January 1972 over book amounts of the net tangible assets at the effective date of acquisition is stated in full in the Consolidated Balance Sheet, since the value to the Group of the undertakings acquired is considered to be not less than this amount.

**3 Turnover**

The turnover of the Group as a whole is not shown as it results, in the main, from the business of banking. Non-banking turnover and contribution to profit before taxation and interest on loan capital are as follows:

Class of business	Non-banking turnover	Contribution to profit			
		1974 £000	1973 £000	1974 £000	1973 £000
Insurance	premiums receivable from clients	218,923	101,309*	6,707	4,643*
Instalment Finance, leasing and factoring	new business, rental income and commission	113,069	123,954	4,544	6,290
Travel	commission and profit margins on travel arrangements	23,420	19,852	1,643	1,942
				(Loss)	

\* For six months only.

4	Profit before taxation	Is arrived at after charging:	1974		1973	
			£000	£000	£000	£000
		Auditors' remuneration (including £38,000 (1973: £27,000) for Midland Bank Limited)		325		197
		Directors' emoluments (of which £106,000 (1973: £38,000) was borne by subsidiaries):				
		Fees	83		76	
		Other emoluments	207		119	
				290		194
		Pensions in respect of past services		12		10
		Interest allowed on deposits		671,361		571,766
		Amounts set aside for depletion of Leased Assets		11,481		8,641
		Hire of computers and other equipment		3,519		3,233
		Depreciation and obsolescence of Fixed Assets:				
		Freehold land and buildings	1,614		1,531	
		Leasehold land and buildings:				
		50 years and over unexpired	308		263	
		under 50 years unexpired	1,403		1,109	
		Furniture, fittings and equipment	9,141		7,264	
				12,466		10,167
		Amortisation of discount on loan capital		106*		-
		and after crediting:				
		Income from Investments, including Trade Investments:				
		Quoted	30,944		27,122	
		Unquoted	2,187		2,799	
				33,131		29,921
		Share of profits of Associated Companies:				
		Quoted	(306)		786	
		Unquoted	3,924		6,267	
				3,618		7,053
		Surplus on disposal of Fixed Assets		531		1,702
		Trading Profit and Income from Trade Investments include £5,630,000 (1973: £2,664,000) in respect of dividends received from UK companies grossed up for the current rate of corporation tax.				
		*Prior to 1 January 1974 the discount arising on the issue of loan capital was written off against Reserves. It has now been decided to amortise such discounts over the period from issue to the earliest date of redemption and to charge this amortisation against profits. In consequence of this decision the balance of Reserves at 31 December 1974 is £1,227,000 greater than if the previous accounting policy had been continued.				

## 5 Directors' Emoluments

The emoluments of the Chairman amounted to £37,000 (1973: £35,000)

The following table sets out the various ranges within which the emoluments of the Directors of Midland Bank Limited fell and the number of Directors in each range:

£	£ 1974	1973
1 - 2,500	3	2
2,501 - 5,000	10	12
5,001 - 7,500	3	3
7,501 - 10,000	4	3
10,001 - 12,500	2	1
12,501 - 15,000	1	1
15,001 - 17,500	3	2
17,501 - 20,000	-	1
20,001 - 22,500	2	-
22,501 - 25,000	1	-
25,001 - 27,500	-	1
27,501 - 30,000	-	-
30,001 - 32,500	1	-
32,501 - 35,000	-	-
35,001 - 37,500	1	-

Some of the Directors served on the Board for part of the year only.

6 Employees	The number of employees of Midland Bank Limited, other than Directors of the Bank and persons working wholly or mainly outside the United Kingdom, whose total emoluments receivable from Midland Bank Limited and its subsidiaries exceeded £10,000 was as follows:	£		£ 1974 1973	
		10,000 -	12,500	57	29
		12,501 -	15,000	22	3
		15,001 -	17,500	6	5
		17,501 -	20,000	4	3
		20,001 -	22,500	1	-

7 Taxation	The charge for taxation is made up as follows:	1974		1973	
		£000	£000	£000	£000
	United Kingdom Corporation Tax at 52% (1973: 47.5%) including £17,520,000 (1973: £2,643,000) in respect of deferred taxation		51,499		47,424
	less relief in respect of overseas taxation		3,128		988
			48,362		46,436
	Overseas taxation		4,486		3,177
			52,848		49,613
	less Adjustment consequent upon the change in the rate of corporation tax	1,027		3,348	
	Relief for notional advance corporation tax	-		1,632	
			1,027		4,980
			51,821		44,633

- 8 Earnings per share
- a. **Basic.** The calculation of basic earnings per share is based on earnings of £42,192,000 (1973: £61,777,000) and the 97,046,200 shares in issue during 1974 (1973: 97,046,200).
- b. **Fully diluted.** The figure for fully diluted earnings is based on adjusted earnings of £45,186,000 (1973: £63,549,000) after adding back interest on the 7½% Convertible Subordinated Unsecured Loan Stock, less taxation, and 114,510,963 shares (1973: 111,710,964) including the 17,464,763 shares (1973: 14,664,764) into which the 7½% Convertible Subordinated Unsecured Loan Stock is convertible by 31 December 1983.

9 Reserves	The movements on Reserves and Investment Suspense Accounts are as follows:	Group		Midland Bank Limited	
		£000	£000	£000	£000
	<b>Reserves</b>				
	Balance at 31 December 1973		260,189		183,132
	Adjustment on acquisition of controlling interest in associated companies		152		-
	Surplus on revaluation of freehold and long leasehold premises (note 20)	76,220			
	less attributable to minority interests	316			
			75,904		70,320
	Retained profit for the year		32,042		24,489
	Balance at 31 December 1974		368,287		277,941
	<b>add Post-Acquisition Reserves of Associated Companies:</b>				
	Share at 31 December 1973	10,441			
	Adjustment on acquisition of associated companies	(152)			
	Retained	(288)			
	Share at 31 December 1974		10,001		-
	Balance at 31 December 1974		378,288		277,941
	<b>Investment Suspense Accounts, less taxation</b>				
	Debit balance at 31 December 1973		561		627
	Losses, less profits, on sales during the year		1,440		992
	Amount charged to Profit and Loss Account		(635)		(555)
	Debit balance at 31 December 1974		1,366		1,064

# 10 Loan Capital

	1974	1973
	£000	£000
Midland Bank Limited:		
7½% Convertible Subordinated Unsecured Loan Stock 1983/93	83,166	69,032
10½% Subordinated Unsecured Loan Stock 1993/98	23,418	23,418
	106,584	92,450
Subsidiaries: 9.9% Secured Loan due 1997	4,080	
6½% Secured Loan Stock 1981/86	2,500	2,500
9½% Bonds due 1985 (US\$12,325,000)	5,250	5,823
	11,830	8,323
	118,414	101,673

The 7½% Convertible Subordinated Unsecured Loan Stock 1983/93, including £13,333,334 Loan Stock issued on the 22 March 1974 in part satisfaction of the purchase of the whole of the share capital of Drayton Group Limited, may be converted at the holders' option into Midland Bank Limited shares, on the basis of 21 shares for each £100 of Loan Stock, on 31 May in any of the years 1977 to 1983 inclusive, and the balance of the stock outstanding at 31 December 1993 is redeemable at par with provision for earlier repayment.

The 9.9% Secured Loan is redeemable by semi-annual instalments of £42,500 until 31 December 1997 when the balance is repayable. The other Loan Capital is redeemable at par between the dates shown, except for the 9½% Bonds due 1985 which are redeemable by equal annual instalments, with provision for earlier repayment.

# 11 Provisions

	Group	Midland Bank Limited
	1974 £000	1973 £000
Provision for retirement benefits, less taxation	22,107	20,484
Provision for unexpired risks and outstanding claims of insurance subsidiaries	9,984	5,468
	32,091	25,952
	14,955	14,138

# 12 Coin, bank notes, balances with the Bank of England and gold

Coin, bank notes, balances with the Bank of England and gold includes gold bullion, amounting to £192,943,000 at current market value (1973: £99,984,000) held to meet customers' unallocated gold demand deposits.

# 13 Dealing Assets

	1974	1973
	£000	£000
Bullion other than Gold	54,462	36,714
British Treasury Bills	4,607	1,185
Other Bills	12,458	
Certificates of Deposit	11,806	15,254
Investments:		
Quoted in Great Britain (valuation: £20,898,000) (valuation 1973: £12,363,000)	20,811	12,334
Quoted elsewhere (valuation: £944,000) (valuation 1973: £1,390,000)	941	1,380
	21,752	13,714
Unquoted (valuation: £243,000) (valuation 1973: £6,682,000)	243	6,679
	21,995	20,393
	105,328	73,546

Bullion and bills are stated at market value and certificates of deposit and investments at the lower of cost or market value.

Quoted investments are valued at middle market prices and unquoted investments at Directors' valuation.

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**Investments**

		1974		1973	
		Book Amount £000	Valuation £000	Book Amount £000	Valuation £000
<b>Group</b>					
Held by other than insurance companies					
Quoted	Securities of, or guaranteed by, the British Government	303,129	276,695	344,371	311,492
	Others: quoted in Great Britain	10,540	9,284	12,395	11,981
	quoted elsewhere	26,851	25,336	28,311	27,010
		<u>340,520</u>	<u>311,315</u>	<u>385,077</u>	<u>350,483</u>
Unquoted		7,789	7,822	11,724	11,530
		<u>348,309</u>	<u>319,137</u>	<u>396,801</u>	<u>362,013</u>
Held by insurance companies		2,326		1,884	
		<u>350,635</u>		<u>398,685</u>	
<b>Midland Bank Limited</b>					
Quoted securities of, or guaranteed by, the British Government		224,616	204,605	257,729	232,950

Where British Government Securities and other investments with a fixed redemption date are held for the long term, they are stated at amortised cost amounting to £331,480,000 (1973: £355,154,000) for the Group and £224,616,000 (1973: £257,729,000) for Midland Bank Limited which, in total, is lower than their redemption value.

In the case of the Group, the large majority of these investments mature within eight years, the average period to maturity being within three years; in the case of Midland Bank Limited, these investments all mature within eight years, the average period to maturity being within three years.

Investments held by insurance companies are stated at cost less investment reserve which is below their market value.

All other investments are stated at cost less provision.

Quoted investments are valued at middle market prices and unquoted investments at Directors' valuation.

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**Creditors and Debtors**

Creditors and Debtors comprise:

	Creditors		Debtors	
	1974 £000	1973 £000	1974 £000	1973 £000
Banking	23,585	70,581	13,621	28,215
Insurance	56,647	56,532	44,788	39,888
Travel	29,275	23,189	18,690	15,540
	109,507	150,302	77,099	83,743

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**Leased Assets**

	1974 £000	1973 £000
Cost	89,095	53,703
less Aggregate amounts set aside for depletion	27,895	19,552
	61,190	34,151

**Details  
of Trade  
Investments  
and Associated  
Companies**

**Trade Investments**

The Agricultural Mortgage Corporation Limited  
The Bankers' Clearing House Limited  
European Banking Company Limited  
Banque Européenne de Crédit SA  
Banque Européenne pour l'Amérique Latine SA  
Euro-Pacific Finance Corporation Limited  
Europaisch Asiatische Bank AG  
Malta International Banking Corporation Limited

Country of  
Incorporation

Accounts  
made up to

Interest of  
Midland Bank  
Limited

at 31 December 1974  
Direct Indirect

Great Britain		13%	
Great Britain		17%	
Great Britain		14%	
Belgium		13%	
Belgium		15%	
Australia		15%	
West Germany		14%	
Malta		13%	13%

**Associated Companies**

Bankers' Automated Clearing Services Limited  
(Issued Share Capital £100,000  
Loan Capital £4,700,000)

Great Britain	30.11.74	24%	
		21%	1%

Finance for Industry Limited  
(Issued Share Capital £60,000,000)

Great Britain	30.9.74*	16%	2%
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The Joint Credit Card Company Limited  
(Issued Share Capital £300  
Loan Capital £8,253,000)

Great Britain	31.10.74	33%	
		30%	

Midland and International Banks Limited  
(Issued Share Capital £10,000,000  
Subordinated Loan Capital £5,000,000)

Great Britain	31.3.74	45%	
		45%	

UBAF Limited  
(Issued Share Capital £6,000,000  
Subordinated Loan Stock £5,000,000)

Great Britain	31.12.74*	25%	
		25%	

Arab Commercial Enterprises Holding SA  
(Issued Share Capital US\$900,000)

Luxembourg	30.6.74*		31%
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Capel Court Corporation Limited  
(Issued Share Capital A\$5,591,000)

Australia	30.5.74		26%
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European-American Banking Corporation  
(Issued Share Capital US\$19,000,000)

USA	31.12.74	20%	
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European-American Bank & Trust Company  
(Issued Share Capital US\$60,000,000)

USA	31.12.74	18%	2%
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Ship Mortgage International NV  
(Issued Share Capital Fl.20,000,000)

Holland	30.9.74*	25%	
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\*Unaudited interim accounts

The country of operation of the above companies is the same as their country of incorporation with the exception of Banque Européenne pour l'Amérique Latine SA which operates in Latin America and Arab Commercial Enterprises Holding SA which operates in the Middle East.

In none of the companies listed is there more than one class of share.

In addition there are certain other Trade Investments and Associated Companies which, in the opinion of the Directors, do not materially affect the profits or assets of the Group.

# 18 Principal Subsidiaries

	Country of incorporation and operation	Interest of Midland Bank Limited at 31 December 1974	
		Direct	Indirect
<b>Bland Payne Group</b>			
Bland Payne Holdings Limited	Great Britain		100%
Bland Payne Limited	Great Britain		80%
Bland Payne Reinsurance Brokers Limited	Great Britain		80%
Bland Payne (UK) Limited	Great Britain		80%
Bland Payne Australia Limited	Australia		80%
River Thames Insurance Company Limited	Great Britain		100%
Southern Marine & Aviation Underwriters Incorporated	USA		100%
<b>Clydesdale Bank Group</b>			
Clydesdale Bank Limited*	Great Britain	100%	
Clydesdale Bank Finance Corporation Limited*	Great Britain		100%
Clydesdale Bank Insurance Services Limited*	Great Britain		100%
Scottish Computer Services Limited*	Great Britain		100%
<b>Midland Bank Finance Corporation Group</b>			
Midland Bank Finance Corporation Limited	Great Britain	100%	
Forward Trust Limited	Great Britain		100%
Forward Leasing (UK) Limited	Great Britain		100%
Griffin Factors Limited	Great Britain		100%
Midland Bank Trust Corporation (Guernsey) Limited	Guernsey		100%
Midland Bank Trust Corporation (Jersey) Limited	Jersey		100%
Midland Montagu Leasing Limited	Great Britain		100%
<b>Midland Bank Insurance Services Limited</b>	Great Britain	100%	
<b>Midland Bank Trust Company Limited</b>	Great Britain	100%	
<b>Montagu Trust Limited</b>	Great Britain	100%	
<b>Montagu International Holdings Group</b>			
Montagu International Holdings Limited	Great Britain		100%
Guyerzeller Zurmout Bank AG	Switzerland		84%
<b>Northern Bank Group</b>			
United Northern Banks Limited	Northern Ireland	100%	
Northern Bank Limited	Northern Ireland		100%
Northern Bank Development Corporation Limited	Northern Ireland		100%
Northern Bank Executor and Trustee Company Limited	Northern Ireland		100%
Northern Bank Trustee Company Limited	Republic of Ireland		100%
<b>Samuel Montagu Group</b>			
Samuel Montagu & Co. Limited	Great Britain	77%	23%
Drayton Corporation Limited	Great Britain		100%
Drayton Montagu Portfolio Management Limited	Great Britain		100%
Jersey International Bank of Commerce Limited	Jersey		100%
Midland Montagu Industrial Finance Limited	Great Britain		100%
Northern Bank Finance Corporation Limited	Republic of Ireland		100%
Samuel Montagu (MBFC) Limited	Great Britain		100%
<b>Thomas Cook Group</b>			
The Thomas Cook Group Limited	Great Britain	70%	
Thomas Cook Limited	Great Britain		70%
Thomas Cook Bankers Limited	Great Britain		70%
Thomas Cook Overseas Limited	Great Britain		53%
Thomas Cook Incorporated	USA		53%

\*Registered in Scotland.

In addition there are certain other subsidiaries whose results, in the opinion of the Directors, do not materially affect the profits or assets of the Group.



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**Trade Investments and Associated Companies**
**Trade Investments (note 17)**

 Group,  
at cost less provision:

 Quoted  
Unquoted

1974 Book Amount £000	1974 Valuation £000	1973 Book Amount £000	1973 Valuation £000
5,007	7,073	4,715	10,241
13,383	15,192	13,500	15,719
<u>18,390</u>	<u>22,265</u>	<u>18,221</u>	<u>25,960</u>

 Midland Bank Limited,  
at cost less provision:

 Quoted  
Unquoted

4,735	6,944	4,647	10,118
9,286	11,156	7,623	9,826
<u>14,021</u>	<u>18,100</u>	<u>12,270</u>	<u>18,974</u>

**Associated Companies (note 17)**

 Group,  
at cost plus share of post-acquisition  
reserves:

 Quoted  
Unquoted

1,446	1,862	1,477	2,361
60,122	58,034	43,258	60,032
<u>61,568</u>	<u>59,896</u>	<u>44,735</u>	<u>62,393</u>

 Midland Bank Limited,  
at cost:

Unquoted

37,718	45,525	27,521	51,193
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Quoted investments are valued at middle market prices and unquoted investments at Directors' valuation.

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**Fixed Assets**

	Freehold land & buildings	Leasehold land & buildings 50 years and over unexpired	Leasehold land & buildings Under 50 years unexpired	Furniture fittings & equipment	Total
	£000	£000	£000	£000	£000
<b>Group</b>					
Cost or valuation at 31 December 1973	114,890	15,157	26,902	63,206	220,155
Additions and transfers:					
On acquisition of Subsidiaries	12,750	—	21	245	13,016
Others	6,527	2,707	3,103	11,326	23,663
Disposals	(441)	(3)	(165)	(3,751)	(4,360)
Surplus on revaluation	74,055	2,165	—	—	76,220
Cost or valuation at 31 December 1974	207,781	20,026	29,861	71,026	328,694
less Accumulated depreciation	—	1,596	10,087	36,632	48,315
Net book amount at 31 December 1974	207,781	18,430	19,774	34,394	280,379
Net book amount at 31 December 1973	114,890	13,769	18,094	32,750	179,503
<b>Midland Bank Limited</b>					
Cost or valuation at 31 December 1973	96,046	11,173	19,974	49,175	176,368
Additions and transfers	4,077	1,986	2,093	6,885	15,041
Disposals	(87)	(—)	(17)	(2,633)	(2,737)
Surplus on revaluation	68,155	2,165	—	—	70,320
Cost or valuation at 31 December 1974	168,191	15,324	22,050	53,427	258,992
less Accumulated depreciation	—	1,447	8,887	27,559	37,893
Net book amount at 31 December 1974	168,191	13,877	13,163	25,868	221,099
Net book amount at 31 December 1973	96,046	2,897	12,013	26,451	144,107

## 20 Fixed Assets *continued*

Cost or valuation of fixed assets  
at 31 December 1974 comprises:

	Group	Midland Bank Limited
	£000	£000
Land and buildings:		
at valuation 1970	5,496	—
1974	207,500	173,441
at cost to the Group	44,872	32,124
	267,668	205,565
Furniture, fittings and equipment, at cost	71,028	53,427
	328,694	258,992

The major freehold and long leasehold (100 years and over unexpired) premises of the Group excluding Northern Bank Limited, together with a proportion of other such premises, have been professionally valued by Messrs Healey & Baker as at 31 December 1974 (or in the case of certain subsidiaries by Messrs Jones, Lang, Wootton as at 31 October 1974) on the basis of their values as now occupied and for the purposes as now used. The values of the remaining premises in these categories have also been reviewed by Messrs Healey & Baker on the same basis.

The results of this valuation and review have been incorporated in the books and freehold premises are now stated at £207,781,000 for the Group and £168,191,000 for Midland Bank Limited, and long leasehold premises (100 years and over unexpired) are included at £7,988,000 and £5,250,000 respectively. The resultant surpluses of £76,220,000 for the Group, less amount attributable to minority interests, and £70,320,000 for Midland Bank Limited have been added to Reserves.

## 21 Capital Expenditure

Contracts for outstanding capital expenditure not provided for  
in these accounts amount to:

	1974 £000	1973 £000
Group	19,828	11,465
Midland Bank Limited	8,664	7,717

In addition, the Board has authorised capital expenditure amounting approximately to £14,572,000 (1973: £37,372,000) for the Group and £11,535,000 (1973: £33,446,000) for Midland Bank Limited.

## 22 Contingent Liabilities

There are the following contingent liabilities in respect of:

		1974 £000	1973 £000
Foreign currency transactions	Group	2,027,415	1,554,337
	Midland Bank Limited	793,297	575,758
Acceptances and Engagements	Group	1,078,903	785,428
	Midland Bank Limited	845,339	595,552
Billion transactions	Group	164,954	188,057

Midland Bank Limited has guaranteed payment of sums due, or which may become due, under policies signed and issued by the Institute of London Underwriters on behalf of River Thames Insurance Company Limited, a wholly owned subsidiary.

No provision has been made for any taxation liabilities which might arise on the proceeds of disposal of land and buildings at their revalued amounts in excess of cost.

# Report of the Auditors

## to the Members of Midland Bank Limited

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We have examined the accounts of Midland Bank Limited set out on pages 11 to 25. Incorporated in the consolidated accounts are accounts of subsidiaries and associated companies audited by other auditors. In our opinion the company's balance sheet and the consolidated accounts have been properly prepared in accordance with the provisions of the Companies Acts 1948 and 1967 and give for the company and for the group, so far as concerns members of the company, and so far as is practicable in view of the fact that the accounts of some subsidiaries and associated companies are made up to dates other than 31 December 1974, a true and fair view of the state of affairs at 31 December 1974, and of the profit.

**Whinney Murray & Co.**  
*Chartered Accountants*

London  
28 February 1975



# Midland Bank Group

The Midland Bank was established in 1836 as the Birmingham and Midland Bank, and in the period between its inception and the end of the First World War it absorbed a great number of banks throughout England and Wales — some of them local, others already operating on a wider basis. The name of the Bank has been changed on a number of occasions over the years to reflect its development and the present title of Midland Bank Limited was adopted in 1923.

Midland Bank moved north of the border in the 1920s, to acquire firstly the Clydesdale Bank and subsequently the North of Scotland Bank. These two banks have since been amalgamated and form the present Clydesdale Bank. Before its first Scottish acquisition, Midland Bank had already established itself in Ireland by taking over the Belfast Banking Company in 1917; in 1966, the Northern Bank was acquired, and these two banks were amalgamated five years later, with Northern Bank as the operating company.

In recent years, Midland Bank has extended its interests into fields outside the traditional business of the Clearing Banks, starting in 1958 when it acquired Forward Trust, the instalment finance company. In 1967, a substantial minority interest was obtained in Montagu Trust, and the remainder of its share capital was purchased in 1973; the Midland Bank Group thus added merchant banking, through Samuel Montagu & Co., and international insurance broking, through the Bland Payne Group, to its range of services. The merchant banking arm was further strengthened last year following the acquisition of Drayton Group.

In 1972, Midland Bank led a consortium which successfully bid for The Thomas Cook Group, the international travel and forwarding organisation, and in 1973 purchased a 50 per cent holding in Griffin Factors, which has since become a wholly owned subsidiary.

In addition to the various acquisitions it has made over the years, Midland Bank has itself formed subsidiaries to handle specialised lines of business, such as executor and trustee services, leasing facilities and insurance broking and advice.

Further information about the principal trading subsidiaries in the Group is given below, and a structure chart will be found following page 30. The Group also has substantial minority interests in a considerable number of banking and other financial institutions, both at home and abroad, some of which are listed on page 22.

The Midland Bank Group now operates through a total of 3,635 branches and offices in the British Isles, including the Republic of Ireland, and 149 in other parts of the world.

## Principal trading companies in the Midland Bank Group

### Clydesdale Bank group of companies

#### **Clydesdale Bank Limited**

Clydesdale Bank Limited operates in the commercial banking field through its branch network in Scotland and a number of branches in England. It also acts as trustee and executor and offers investment management and stock exchange services.

#### **Clydesdale Bank Finance Corporation Limited**

Clydesdale Bank Finance Corporation Limited undertakes a variety of banking services. Its main lending function lies in the granting of medium term loans to industry and commerce.

#### **Clydesdale Bank Insurance Services Limited**

Clydesdale Bank Insurance Services Limited provides an insurance broking and agency service. It operates mainly through the branch network of the Clydesdale Bank.

#### **Scottish Computer Services Limited**

Scottish Computer Services Limited has as its principal activity the provision of computer facilities, together with ancillary services through the operation of a computer bureau.

Northern Bank  
or up of companies

#### **Northern Bank Limited**

Northern Bank Limited provides commercial banking services through a network of branches in Northern Ireland and the Republic of Ireland.

#### **Northern Bank Development Corporation Limited**

Northern Bank Development Corporation Limited is a merchant bank based in Northern Ireland. Its primary functions are the acceptance of deposits in significant amounts, either at call or for periods up to 5 years, and term lending of a capital nature for up to 10 years. Other services include the handling of take-overs, mergers and public issues.

#### **Northern Bank Executor and Trustee Company Limited Northern Bank Trustee Company Limited**

These companies provide a wide range of financial services including personal financial planning, acting as executor and trustee, managing investments and advising on personal taxation and life assurance.

Midland Bank  
Insurance Services  
Limited

#### **Midland Bank Insurance Services Limited**

Midland Bank Insurance Services Limited provides insurance advice and broking services to customers of the Midland Bank and operates through the domestic branch network.

MBFC group of  
companies

#### **Midland Bank Finance Corporation Limited**

##### **Forward Trust Limited**

Forward Trust Limited is a deposit taking bank which specialises in the provision of instalment finance and, together with its subsidiaries, operates a network of branches throughout the British Isles, including the Republic of Ireland. Forward Trust also operates a number of "moneymarkets" which offer financial services, including savings and loan schemes, designed particularly for individuals who do not maintain a banking account.

##### **Midland Montagu Leasing Limited**

Midland Montagu Leasing Limited is responsible for all the leasing activities of the Midland Bank Group. It is involved directly in the financing of major capital investment areas, including energy exploration and production, shipping and aircraft; through its subsidiary, Forward Leasing (UK) Limited, it provides retail leasing facilities for plant, equipment and vehicles to all sectors of the economy.

##### **Griffin Factors Limited**

Griffin Factors Limited provides a complete factoring service which includes maintenance of sales ledgers and collection of accounts, the provision of insurance against bad debts, and the arrangement of secured financial facilities.

##### **Midland Bank Trust Corporation (Jersey) Limited Midland Bank Trust Corporation (Guernsey) Limited**

These Corporations offer merchant banking facilities and a complete range of trust services. They accept deposits in significant amounts, and lend in sterling and in other currencies at short and medium term. A Corporation with similar objectives was recently formed in the Isle of Man.

Midland Bank Trust  
Company Limited

#### **Midland Bank Trust Company Limited**

Midland Bank Trust Company Limited, operating through a countrywide network of branches, undertakes management and trustee services for pension funds and supplies custodian facilities. For private customers, it makes available executorship and trustee services and investment and taxation management facilities. It is particularly active as trustee of mutual fund operations and is trustee for over 25 per cent in number of all United Kingdom Authorised Unit Trusts.

**Thomas Cook  
group of companies**

**The Thomas Cook Group Limited**

The Thomas Cook Group Limited, through its subsidiaries, operates a worldwide chain of offices, trading as retail travel agents, tour operators, foreign exchange dealers and issuers of travellers cheques, freight forwarders and insurance agents.

**Thomas Cook Limited**

Thomas Cook Limited operates the largest retail travel agency in the United Kingdom and, additionally, acts as a tour operator.

**Thomas Cook Overseas Limited**

Thomas Cook Overseas Limited operates the business of The Thomas Cook Group, excluding banking, outside the United Kingdom either directly or, in the case of the United States of America, Australasia, South Africa and Continental Europe, through subsidiary companies.

**Thomas Cook Bankers Limited**

Thomas Cook Bankers Limited issues travellers cheques in various currencies and has wholesale note dealing operations in various centres, notably London, Paris and Amsterdam.

**Samuel Montagu  
group of companies**

**Samuel Montagu & Co. Limited (Incorporating Drayton)**

Samuel Montagu & Co. Limited has, since 1973, been a wholly owned subsidiary of Midland Bank Limited and now incorporates the businesses of Drayton Corporation Limited and Samuel Montagu (MBFC) Limited. As a leading international merchant bank Samuel Montagu provides services in connection with foreign exchange, sterling and currency deposits, credit facilities and advice on corporate finance. The bank is a member of the Accepting Houses Committee and of the Issuing Houses Association and is also a leading member of the London Gold and Silver markets.

**Drayton Montagu Portfolio Management Limited**

Drayton Montagu Portfolio Management Limited is a new company combining the investment divisions of Drayton Corporation and Samuel Montagu. It provides a full range of investment management services, covering many different types of portfolio and all the world's major stock markets.

**Northern Bank Finance Corporation Limited**

Northern Bank Finance Corporation Limited provides, from Dublin, a comprehensive range of merchant banking services. These include the acceptance of deposits, the provision of short and medium term loans, acceptance credits, advice and assistance in mergers, takeovers and capital flotations, underwriting services and equity participation in venture capital projects.

**Midland Montagu Industrial Finance Limited**

Midland Montagu Industrial Finance Limited is a development capital company, investing in the equity of private companies with the intention of assisting their growth to public flotation, merger or acquisition, within a period of, say, 5 years.

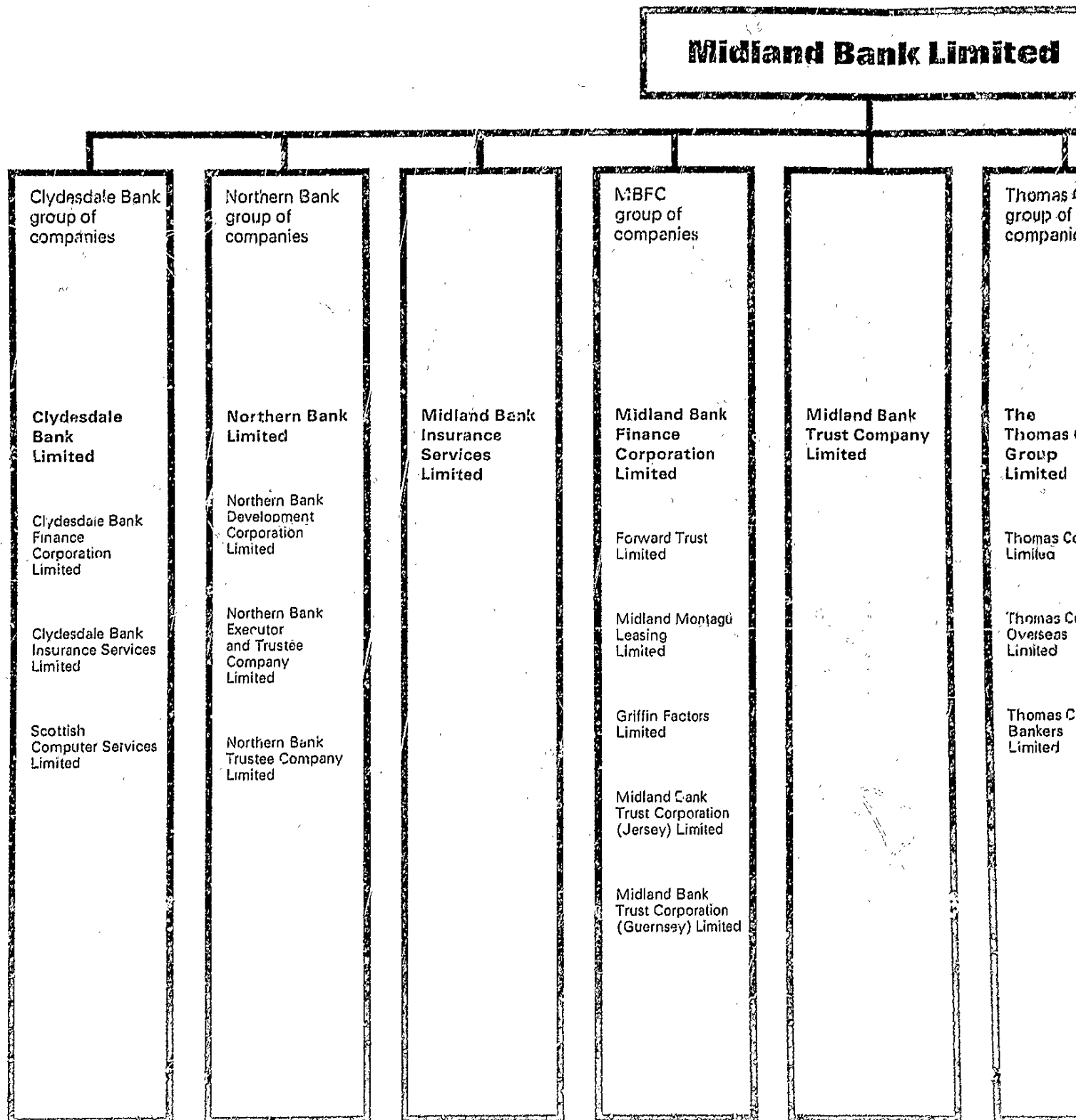
**Jersey International Bank of Commerce Limited**

Jersey International Bank of Commerce Limited is a merchant bank operating in Jersey. It provides a full banking service, including accepting deposits and making advances, and offers a complete range of trust and corporate services for residents and non-residents of the Sterling Area. It also acts as trustee for pension and superannuation funds and provides full administrative services and financial facilities for import/export business.

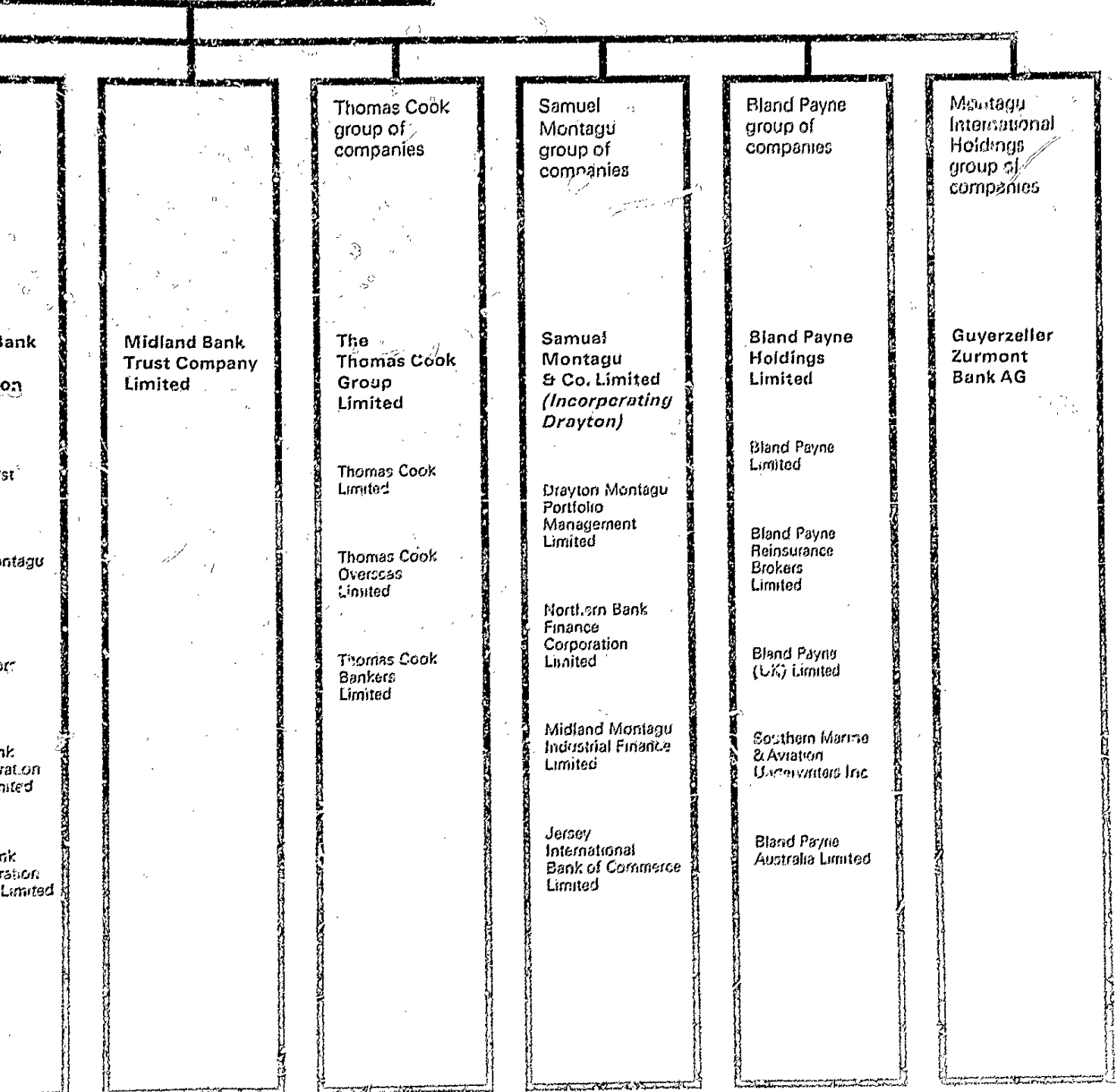


# Midland Bank Group

Structure of principal trading companies



# Midland Bank Limited





# Midland Bank Limited

MBFC  
group of  
companies

Midland Bank  
Finance  
Corporation  
Limited

Forward Trust  
Limited

Midland Montagu  
Leasing  
Limited

Griffin Factors  
Limited

Midland Bank  
Trust Corporation  
(Jersey) Limited

Midland Bank  
Trust Corporation  
(Guernsey) Limited

Midland Bank  
Trust Company  
Limited

Thomas Cook  
group of  
companies

The  
Thomas Cook  
Group  
Limited

Thomas Cook  
Limited

Thomas Cook  
Overseas  
Limited

Thomas Cook  
Bankers  
Limited

Samuel  
Montagu  
group of  
companies

Samuel  
Montagu  
& Co. Limited  
(Incorporating  
Drayton)

Drayton Montagu  
Portfolio  
Management  
Limited

Northern Bank  
Finance  
Corporation  
Limited

Midland Montagu  
Industrial Finance  
Limited

Jersey  
International  
Bank of Commerce  
Limited

Bland Payne  
group of  
companies

Bland Payne  
Holdings  
Limited

Bland Payne  
Limited

Bland Payne  
Reinsurance  
Brokers  
Limited

Bland Payne  
(UK) Limited

Southern Marine  
& Aviation  
Underwriters Inc

Bland Payne  
Australia Limited

Montagu  
International  
Holdings  
group of  
companies

Guyorzeller  
Zurmott  
Bank AG

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..... Limited

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