

NatWest Futures Limited

Directors' report and financial statements

31 December 1993

Registered number 1653117



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NatWest Futures Limited

Directors' report and financial statements

<i>Contents</i>	<i>Page</i>
Directors' report	1-3
Statement of directors' responsibilities	4
Auditors' report	5
Profit and loss account	6
Balance sheet	7
Notes	8-15

NatWest Futures Limited

Directors: SJ Dobbie (Chairman)
GR Southern (Deputy Chairman)
F Amman
JD Howland Jackson
S Harris
BS Larkman
RA Mapstone
SA Raybould
JR Retter
VA Ward

Secretary: SE Lewis

Registered office: 135 Bishopsgate, London EC2M 3EUR

Directors' report

The directors have pleasure in submitting their report and audited financial statements of the Company for the year ended 31 December 1993.

Principal activity

The principal activity of the Company consists of trading as a financial futures and traded options broker on the world's major exchanges.

Business review

The Company's business has developed satisfactorily during the year and it is expected that this progress will continue in the future.

The profit for the year attributable to shareholders amounts to £3,646,285 (1992:£2,601,167) and is dealt with as shown in the profit and loss account. The directors do not recommend the payment of a dividend.

Directors and directors' interests

The directors of the company are those shown above and the following directors who resigned during the period:

Date of resignation

DE Goldie-Morrison
JM Owen

29 January 1993
6 April 1993

JD Howland Jackson and JR Retter were appointed on 1 April 1993, RA Mapstone was appointed on 10 August 1993 and SJ Dobbie was appointed on 1 November 1993.

NatWest Futures Limited

Directors' report *(continued)*

Directors and directors' interests *(continued)*

The directors have no interests in the share capital of the company. The interests of the directors in the share capital of the parent undertaking, National Westminster Bank Plc, are as follows:

	Ordinary shares of £1 each			
	As at 1 January 1993 or date of appointment		As at 31 December 1993	
	Holding*	Options	Holding*	Options
SJ Dobbie	4,019	25,178 B 2,968 e 1,102 g 747 h	7,665	25,178 B 1,102 g 747 h 518 i
JD Howland-Jackson				99,403 G
BS Larkman	1,613	592 e 466 f 497 g 862 h 2,184 E 2,630 F	2,414	466 f 497 g 862 h 518 i 2,184 E 2,630 F 3,522 G
SA Raybould		1,645 g		1,645 g
JR Retter	1,802	592 e 1,071 g 862 h 2,584 E 2,986 F	1,540	1,071 g 862 h 518 i 2,584 E 2,986 F 3,827 G
GR Southern	200+		200+	518 i

* Includes interests in ordinary shares of £1 each held by Trustees under the National Westminster Bank Plc Group 1979 Profit Sharing Share Scheme.

+ Includes shares held in daughter's name.

NatWest Futures Limited

Directors' report *(continued)*

Directors and directors' interests *(continued)*

Options were granted under the National Westminster Bank Plc 1981 Savings Related Share Option Scheme to subscribe for ordinary shares of £1 at the subscription price per share shown below:

e	£2.425
f	£3.09
g	£1.96
h	£2.61
i	£3.99

and under the National Westminster Bank Plc Executive Share Option Scheme for Ordinary shares of £1 at subscriptions prices per share shown below:

B	£2.78
E	£3.38
F	£3.13
G	£5.03

Auditors

In accordance with Section 385 of the Companies Act 1985, a resolution for the re-appointment of KPMG Peat Marwick as auditors of the Company is to be proposed at the forthcoming Annual General Meeting.

By order of the board



SE Lewis
Company Secretary

25 March 1994

NatWest Futures Limited

Statement of directors' responsibilities

The following statement, which should be read in conjunction with the report of the auditors set out below, is made with a view to distinguishing for shareholders the respective responsibilities of the directors and of the auditors in relation to the accounts.

The directors are required by the Companies Act 1985 to prepare, for each financial year, accounts which give a true and fair view of the state of affairs of the company as at the end of the financial year and of the company's profit for that financial year.

The directors confirm that the accounts have been prepared on the going concern basis and consider that in preparing the accounts on pages 6 to 15, the company has used appropriate accounting policies, consistently applied and supported by reasonable and prudent judgements and estimates, and that all accounting standards which they consider to be applicable have been followed.

The directors have responsibility for ensuring that the company keeps accounting records which disclose with reasonable accuracy the financial position of the company and which enable them to ensure that the accounts comply with the Companies Act 1985.

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

PO Box 486
1 Puddle Dock
Blackfriars
London EC4V 3PD

Auditors' report to the members of NatWest Futures Limited

We have audited the financial statements on pages 6 to 15.

Respective responsibilities of directors and auditors

As described on page 4 the company's directors are responsible for the preparation of financial statements. It is our responsibility to form an independent opinion, based on our audit, on those statements and to report our opinion to you.

Basis of opinion

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

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

Opinion

In our opinion the financial statements give a true and fair view of the state of the company's affairs as at 31 December 1993 and of its profit for the year then ended and have been properly prepared in accordance with the Companies Act 1985.

KPMG Peat Marwick

KPMG Peat Marwick
Chartered Accountants
Registered Auditors

25 March 1994

NatWest Futures Limited

Profit and loss account for the year ended 31 December 1993

	Note	1993 £000	1992 £000
Turnover	2	13,461	8,919
Commissions payable		(5,974)	(2,315)
Gross profit		7,487	6,604
Administrative expenses		(5,293)	(5,546)
Other operating income		100	7
Net operating profit/(loss)	3	2,294	1,345
Interest receivable	6	7,866	5,896
Interest payable and similar charges	7	(4,718)	(3,359)
Profit on ordinary activities before taxation		5,442	3,882
Tax on profit on ordinary activities	8	(1,796)	(1,281)
Retained profit for the financial year		3,646	2,601
Retained profit brought forward		5,765	3,164
		9,411	5,765

In the current and preceding years there were no discontinued operations.

The company has no recognised gains or losses other than those included in the profit and loss account above. Therefore no statement of recognised gains or losses is included.

NatWest Futures Limited

Balance sheet at 31 December 1993

	Note	1993		1992	
		£000	£000	£000	£000
Fixed assets					
Tangible assets	9		18		20
Investments	10		547		547
			<u>565</u>		<u>567</u>
Current assets					
Debtors	11	51,553		30,377	
Cash at bank	12	160,025		57,558	
		<u>211,578</u>		<u>87,935</u>	
Creditors: amounts falling due within one year	13	<u>(201,477)</u>		<u>(81,482)</u>	
Net current assets			<u>10,101</u>		<u>6,453</u>
Total assets less current liabilities			<u>10,666</u>		<u>7,020</u>
Provisions for liabilities and charges					
Deferred taxation			(5)		(5)
Net assets			<u>10,661</u>		<u>7,015</u>
Capital and reserves					
Called up share capital	14		1,250		1,250
Profit and loss account			9,411		5,765
			<u>10,661</u>		<u>7,015</u>

These financial statements were approved by the board of directors on 25 March 1994 and were signed on its behalf by:



SJ Dobbie
Director

NatWest Futures Limited

Notes

(forming part of the financial statements)

1 Accounting policies

The following accounting policies have been applied consistently in dealing with items which are considered material in relation to the company's financial statements.

Basis of preparation

The financial statements have been prepared in accordance with applicable accounting standards and under the historical cost accounting rules.

Fixed assets and depreciation

Fixed assets are depreciated over their useful lives:

Plant and equipment - 10 years

Foreign currencies

Assets and liabilities denominated in foreign currencies are recorded at the rates of exchange ruling at the balance sheet date. All exchange differences thus arising are reported as part of the results for the year.

Leased rentals

Rentals payable in respect of operating leases are charged to the profit and loss account as incurred.

Pension costs

The company participates in the National Westminster Bank Pension Schemes which are defined benefit schemes, assets of which are held in trust funds separate from the Group. Details of these schemes are given in the financial statements of National Westminster Bank Plc. Pension costs are assessed in accordance with the advice of independent qualified actuaries, so as to recognise the cost of pensions on a systematic basis over employees' service lives.

Investments

Fixed asset investments are included at cost and provision is only made when the directors are of the opinion that there has been a permanent diminution in value.

Deferred taxation

Provision is made for deferred taxation, using the liability method, on all timing differences to the extent that it is probable that the liability will crystallise.

NatWest Futures Limited

Notes (continued)

2 Turnover

Turnover represents commission relating to the company's activity as a financial futures broker.

3 Net operating profit/(loss)

	1993	1992
	£000	£000

Net operating profit/(loss) is stated after charging

Auditors' remuneration:

Audit	11	10
Non audit	2	2
Depreciation	2	2
Hire of plant and equipment	151	326

4 Emoluments of directors

	1993	1992
	£000	£000
Aggregate remuneration including pension contributions	479	309
Pension contributions paid on behalf of directors	28	25

The emoluments, excluding pension contributions, of the chairman were £nil (1992:£nil) and those of the highest paid director were £124,036 (1992:£112,723).

The emoluments, excluding pension contributions, of the directors (including the chairman and highest paid directors) were within the following ranges:

	Number of directors	
	1993	1992
£0 - £ 5,000	9	7
£70,001 - £ 75,000	-	1
£95,001 - £100,000	-	1
£130,001 - £135,000	1	1
£135,001 - £140,000	1	-
£180,001 - £185,000	1	-

NatWest Futures Limited

Notes (continued)

5 Staff numbers and costs

The average number of persons employed by the company (including directors) during the year, analysed by category, was as follows:

	Number of employees	
	1993	1992
Broking	42	34
Administration	14	16
	<u>56</u>	<u>50</u>

The aggregate payroll costs of these persons were as follows:

	1993 £000	1992 £000
Wages and salaries	2,972	2,346
Social security costs	277	238
Other pension costs	193	181
	<u>3,442</u>	<u>2,764</u>

6 Interest receivable

	1993 £000	1992 £000
Interest receivable		
- Group	5,440	4,619
- Other	2,426	1,278
	<u>7,866</u>	<u>5,896</u>

NatWest Futures Limited

Notes (continued)

7 Interest payable and similar charges

	1993 £000	1992 £000
On margin deposits		
- Group	936	978
- Other	3,782	2,381
	<u>4,718</u>	<u>3,359</u>

8 Taxation

	1993 £000	1992 £000
UK corporation tax at 33 % on the profit for the year on ordinary activities	1,796	1,281
	<u>1,796</u>	<u>1,281</u>

The provision for deferred tax, which represents the full potential liability, is in respect of accelerated capital allowances.

The corporation tax liability for the year has been reduced by £1,795,932 (1992:£1,281,272) as a result of group relief for a fellow subsidiary undertaking's losses.

NatWest Futures Limited

Notes (continued)

9 Tangible fixed assets

	Plant and equipment £000
<i>Cost</i>	
At beginning of year	40
Additions	-
Disposals	-
	<hr/>
At end of year	40
	<hr/>
<i>Depreciation and diminution in value</i>	
At beginning of year	20
Charge for year	2
	<hr/>
At end of year	22
	<hr/>
<i>Net book value</i>	
At 31 December 1993	18
	<hr/>
At 31 December 1992	20
	<hr/>

NatWest Futures Limited

Notes (continued)

10 Tangible fixed investments

Unlisted investments

	1993 £000	1992 £000
At 1 January 1993	547	532
Additions during the year	-	15
Disposals during the year	-	-
	<hr/>	<hr/>
At 31 December 1993	547	547
	<hr/>	<hr/>

11 Debtors

	1993 £000	1992 £000
Loans and advances to customers	9,412	820
Margins held with fellow subsidiary undertakings	15,224	21,028
Margins held with others	25,654	8,068
Prepayments and accrued income		
- Group	123	-
- Others	1,140	461
	<hr/>	<hr/>
	51,553	30,377
	<hr/>	<hr/>

Collateral bought on behalf of clients and held at brokers on their behalf is excluded from the financial statements. Included within margins held with fellow subsidiary undertakings is £11,747,439 (1992:£13,876,974) of US Government Securities held as collateral with brokers.

NatWest Futures Limited

Notes (continued)

12 Cash at bank

	1993 £000	1992 £000
Bank balances and deposits with parent undertaking	160,025	54,569
Bank balances with others	-	2,989
	<u>160,025</u>	<u>57,558</u>

Included within the above balances is £143,707,436 (1992:£45,935,610) of client money.

13 Creditors: amounts falling due within one year

	1993 £000	1992 £000
Bank overdraft	8,774	-
Margins held for parent undertaking	25,292	26,134
Margins held for fellow subsidiary undertakings	14,096	5,571
Margins held for others	145,147	43,277
Accruals	5,528	5,019
Amount owed to fellow subsidiary undertaking in respect of group relief received	1,796	1,281
Other creditors	844	200
	<u>201,477</u>	<u>81,482</u>

Margins held for others are on a segregated basis.

14 Called up share capital

	1993 £000	1992 £000
<i>Authorised</i>		
Ordinary shares of £1 each	<u>2,000</u>	<u>2,000</u>
<i>Allotted, called up and fully paid</i>		
Ordinary shares of £1 each	<u>1,250</u>	<u>1,250</u>

NatWest Futures Limited

Notes (continued)

15 Commitments

Annual commitments under non-cancellable operating leases are as follows:

	1993 £000	1992 £000
Operating leases which expire:		
Within one year	108	117
In the second to fifth years inclusive	-	123
	<u>108</u>	<u>240</u>

16 Reconciliation of movements in shareholders' funds

	Called up share capital £000	Profit and loss account £000	Total £000
At 1 January 1992	1,250	3,164	4,414
Retained profit for the year 1992	-	2,601	2,601
At 31 December 1992	1,250	5,765	7,015
Retained profit for the year 1993	-	3,646	3,646
At 31 December 1993	1,250	9,411	10,661

17 Ultimate parent company

The Company is a wholly owned subsidiary undertaking of National Westminster Bank Plc registered in England and Wales. National Westminster Bank Plc prepares group accounts which incorporate a Cash Flow Statement and segmental information. Accordingly the directors have elected not to present the following:

- (a) Cash flow statement, and
- (b) Segmental information

The only group in which the results of the Company are consolidated is that headed by National Westminster Bank Plc registered in England and Wales. The consolidated accounts of National Westminster Bank Plc are available to the public and may be obtained from:

Company Secretary
National Westminster Bank Plc
41 Lothbury
London EC2P 2BP