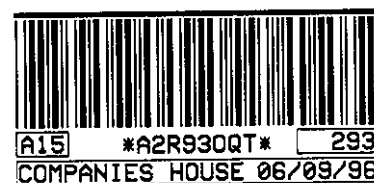


Registration number : 1653117

**NATWEST FUTURES LIMITED**

**DIRECTORS' REPORT AND FINANCIAL STATEMENTS**

**31 DECEMBER 1995**



# **NATWEST FUTURES LIMITED**

Directors:

F Amman  
S S J Cutler  
S L Harris  
J C Hattingh  
W F Knottenbelt  
B S Larkman  
J R Retter  
V A Ward  
P J S Wise  
P J Young

Secretary: S E Lewis

Registered Office: 135 Bishopsgate, London EC2M 3UR

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# **NATWEST FUTURES LIMITED**

## **DIRECTORS' REPORT**

The Directors present their report together with the audited financial statements of the Company for the year ended 31 December 1995.

### **PRINCIPAL ACTIVITY OF THE COMPANY**

The principal activity of the Company is to operate as a futures and options broker on the world's major exchanges.

### **RESULTS AND DIVIDENDS**

The Profit for the year on ordinary activities before taxation amounts to £6,249,003 (1994: £4,629,388). The Directors do not recommend the payment of a final dividend (1994: £nil).

### **BUSINESS REVIEW**

The Company has performed satisfactorily in 1995 and it is expected that this progress will continue in the future.

### **DIRECTORS' APPOINTMENTS AND RESIGNATIONS**

The Directors of the Company who served during the financial year are those shown above and the following Directors who resigned during the year:

<b>Director</b>	<b>Date of Resignation</b>
S J Dobbie	1 February 1995
J D Howland-Jackson	25 April 1995

The following directors were appointed during the year:

<b>Director</b>	<b>Date of Appointment</b>
S S J C Cutler	1 February 1995
P J S Wise	9 May 1995
W F Knottenbelt	21 July 1995

# NATWEST FUTURES LIMITED

## DIRECTORS' REPORT

### DIRECTORS' INTERESTS

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 shown below:

Ordinary shares of £1	As at 1 January 1995 or date of appointment		As at 31 December 1995	
	HOLDING*	OPTIONS	HOLDING*	OPTIONS
S S J Cutler	-	518i	-	518i
S L Harris	-	40,567H	1,509	40,567H 36,697I
J C Hattingh	1,000	15,212H	3,999	15,212H
W F Knottenbelt	934	-	975	-
B S Larkman	1,914	497g 862h 518i  2,184E 2,630F 3,522G 7,667H	7,557~ #	862h 518i 553j 2,184E 2,630F 3,522G 7,667H 9,174I
J R Retter	1,151	1,071g 862h 518i  2,986F 3,827G 6,425H	1,836	862h 518i 474j  3,827G 6,425H
V A Ward	-	11,409H	-	11,409H
P J S Wise	24,132+	39,936F 62,425G 36,632H	24,132+	39,936F 62,425G 36,632H 29,468I
P J Young	-	13,184H	-	13,184H

# **NATWEST FUTURES LIMITED**

## **DIRECTORS' REPORT**

### **DIRECTORS' INTERESTS (cont)**

- \* Includes interests in ordinary shares of £1 each held by Trustees under the National Westminster Bank Plc Group 1979 Profit Sharing Share Scheme.
- ~ Includes interests in ordinary shares of £1 each acquired from the NatWest Markets Bonus Trust (No 2)
- + Includes shares held in wife's name.
- # Includes shares held in Single Company PEP.

### **SAVINGS RELATED SHARE OPTION SCHEME**

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:

g	£1.96
h	£2.61
i	£3.99
j	£4.36

### **EXECUTIVE SHARE OPTION SCHEME**

Options were granted under the National Westminster Bank Plc Executive Share Option Scheme for Ordinary shares of £1 at subscription prices per share shown below:

E	£3.38
F	£3.13
G	£5.03
H	£4.93
I	£5.90

### **MEDIUM TERM EQUITY PLAN**

During 1994, the director listed below was granted potential award under the National Westminster Bank Group Medium Term Equity Plan. This is a type of Employee Share Ownership Plan funded by National Westminster Bank Plc and administered by an independent trustee. The awards are subject to a stretching performance condition. The achievement of the performance condition would result in the director receiving the number of ordinary shares of £1 each in National Westminster Bank Plc shown below. These shares were acquired by the Trustee of the Plan at an average price of 503p.

<b>Name</b>	<b>No. of Shares</b>
P J S Wise	16,060

# **NATWEST FUTURES LIMITED**

## **DIRECTORS' REPORT**

### **DIRECTORS' INTERESTS (cont)**

### **MEDIUM TERM EQUITY PLAN (cont)**

If the performance criterion are met, the director will be able to elect to have the shares transferred to him between 1997 and 2001.

No shares were purchased by the trustees in 1995 and no further awards were granted.

As at 31 December 1995, 375,881 (1994: 379,490) shares were held by the trustee for the Plan and in the terms of the trust deed setting up the Plan, all employees and directors are deemed to have an interest as potential discretionary beneficiaries in those ordinary shares.

### **CHARITABLE DONATIONS**

During the year the Company made various charitable donations totalling £450.

### **AUDITORS**

On 5 April 1994 the Company passed an Elective Resolution to dispense with the obligation to appoint auditors annually.

On behalf of the Board



S E Lewis  
Secretary

22 March 1996

# **NATWEST FUTURES LIMITED**

## **DIRECTORS' STATEMENT OF RESPONSIBILITIES FOR FINANCIAL REPORTING**

The following statement which should be read in conjunction with the report of the auditors set out on page 7, is made to enable shareholders to distinguish the respective responsibilities of the directors and of the auditors in relation to the financial statements.

The directors are required by the Companies Act 1985 to prepare, for each financial year, financial statements 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 profit for that financial year.

The directors confirm that the financial statements set out on pages 8 to 16 have been prepared on the going concern basis and consider that, in preparing these financial statements, 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 financial statements comply with the Companies Act 1985.

The Board of Directors is responsible for the Company's system of internal financial control. The responsibility for its day-to-day operation is delegated to executive management which has established and disseminated clearly defined Company policies and standards. The Company's system of internal financial control, which includes procedures such as physical controls, segregation of duties, credit, trading and other authorisation limits throughout the Company, is designed to provide reasonable, but not absolute, assurance

- as to the reliability and integrity of the financial statements
- that assets are safeguarded and only authorised transactions are entered into
- that fraud and other irregularities are prevented and detected.

In devising internal financial controls, the company has regard to the materiality of the relevant financial risk, the likelihood of the risk crystallising, and the the costs of control.

The system of internal control is subject to close scrutiny by management and internal audit. Responsibility for audit and compliance has been delegated to the NatWest Markets Audit and Compliance Committee acting as a Committee of the Board. The Audit and Compliance Committee meets periodically with internal audit to discuss the nature, scope and results of its work. This Committee has reviewed the effectiveness of the Company's system of internal financial controls that operated during 1995.

KPMG, the independent auditors appointed by the shareholders of the Company to audit the financial statements, have full and unrestricted access to the NatWest Markets Audit and Compliance Committee to discuss their audit and related findings as to the integrity of the Company's financial reporting and the adequacy of the system of internal financial control. Both internal audit and KPMG have access to the Committee at anytime to discuss matters they believe may be of significance.

For and on behalf of the Board of Directors



F Amman  
Director  
22 March 1996

# **AUDITORS' REPORT TO THE MEMBERS OF NATWEST FUTURES LIMITED**

We have audited the financial statements on pages 8 to 16.

## **Respective responsibilities of directors and auditors**

As described on page 6 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 1995 and of its profit for the year then ended and have been properly prepared in accordance with the Companies Act 1985.

KPMG

**KPMG  
Chartered Accountants  
Registered Auditors  
London**

22 March 1996



**NATWEST FUTURES LIMITED**  
**PROFIT AND LOSS ACCOUNT**  
**FOR THE YEAR ENDED 31 DECEMBER 1995**

	Note	1995 £000	1994 £000
<b>Turnover</b>	<b>2</b>	17,182	16,031
Commission Payable		<u>(7,976)</u>	<u>(8,101)</u>
<b>Gross Profit</b>		9,206	7,930
Administrative expenses		(7,715)	(6,709)
Other operating income		<u>251</u>	<u>114</u>
<b>Net Operating profit</b>	<b>3</b>	1,742	1,335
Interest receivable	<b>6</b>	12,827	8,989
Interest payable and similar charges	<b>7</b>	<u>(8,320)</u>	<u>(5,695)</u>
<b>Profit on ordinary activities before taxation</b>		6,249	4,629
Tax on profit on ordinary activities	<b>8</b>	(2,082)	(1,569)
<b>Retained Profit for the financial year</b>		4,167	3,060
Retained profit brought forward		<u>12,471</u>	<u>9,411</u>
Retained profit carried forward		<u>16,638</u>	<u>12,471</u>


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**  
**31 DECEMBER 1995**

	Note	1995 £000	1994 £000
<b><u>FIXED ASSETS</u></b>			
Tangible Assets	9	-	16
Investments	10	<u>864</u>	<u>839</u>
		864	855
<b><u>CURRENT ASSETS</u></b>			
Debtors	11	163,585	39,444
Cash at Bank	12	<u>211,562</u>	<u>145,375</u>
		375,147	184,819
<b>CREDITORS - amounts falling due within one year</b>	13	<u>(358,123)</u>	<u>(171,948)</u>
<b>NET CURRENT ASSETS</b>		<u>17,024</u>	<u>12,871</u>
<b>TOTAL ASSETS LESS CURRENT LIABILITIES</b>		17,888	13,726
<b><u>PROVISIONS FOR LIABILITIES AND CHARGES</u></b>			
Deferred taxation		-	<u>(5)</u>
<b>NET ASSETS</b>		<u>17,888</u>	<u>13,721</u>
<b><u>CAPITAL AND RESERVES</u></b>			
Called up share capital	14	1,250	1,250
Profit and loss account		<u>16,638</u>	<u>12,471</u>
		<u>17,888</u>	<u>13,721</u>

The financial statements were approved by the Board of Directors on 22 March 1996 and were signed on its behalf by:

  
 \_\_\_\_\_

F Amman  
 Director

22 March 1996

**NATWEST FUTURES LIMITED**  
**NOTES TO THE ACCOUNTS**  
**31 DECEMBER 1995**

**1. ACCOUNTING POLICIES**

**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 TO THE ACCOUNTS**  
**31 DECEMBER 1995**

**2. TURNOVER**

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

**3. NET OPERATING PROFIT**

Net operating profit is stated after charging:

	<b>1995</b>	<b>1994</b>
	<b>£000</b>	<b>£000</b>
Auditor's remuneration		
Audit	20	11
Non Audit	-	2
Depreciation	-	2
Hire of plant and equipment	<u>354</u>	<u>202</u>

**4. EMOLUMENTS OF DIRECTORS**

	<b>1995</b>	<b>1994</b>
	<b>£000</b>	<b>£000</b>
Aggregate remuneration including pension contributions	<u>346</u>	<u>338</u>
Pension contributions paid on behalf of directors	<u>14</u>	<u>16</u>

The emoluments, excluding pension contributions, of the chairman were £nil (1994: £nil) and those of the highest paid director were £261,764.04 (1994 - £197,755).

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

		<b>Number of directors</b>	
		<b>1995</b>	<b>1994</b>
£0	- £5000	10	9
£20,001	- £25,000	-	1
£65,001	- £70,000	1	-
£100,001	- £105,000	-	1
£195,001	- £200,000	-	1
£260,001	- £265,000	1	-

**NATWEST FUTURES LIMITED**  
**NOTES TO THE ACCOUNTS**  
**31 DECEMBER 1995**

**5. EMPLOYEES**

Staff costs were borne by NatWest Markets Employment Limited during the year and the costs were recharged to the company. Staff numbers and salary costs are disclosed in the accounts of NatWest Markets Employment Limited.

**6. INTEREST RECEIVABLE**

	<b>1995</b>	<b>1994</b>
	<b>£000</b>	<b>£000</b>
Interest receivable		
- Group	11,813	5,340
- Other	<u>1,014</u>	<u>3,649</u>
	<u>12,827</u>	<u>8,989</u>

**7. INTEREST PAYABLE AND SIMILAR CHARGES**

	<b>1995</b>	<b>1994</b>
	<b>£000</b>	<b>£000</b>
On margin deposits		
- Group	2,250	832
- Other	<u>6,070</u>	<u>4,863</u>
	<u>8,320</u>	<u>5,695</u>

**8. TAXATION**

	<b>1995</b>	<b>1994</b>
	<b>£000</b>	<b>£000</b>
Group Relief payable at 33%	2,069	1,528
Adjustments relating to prior year - current year	18	41
- deferred tax	<u>(5)</u>	<u>-</u>
	<u>2,082</u>	<u>1,569</u>

**NATWEST FUTURES LIMITED**  
**NOTES TO THE ACCOUNTS**  
**31 DECEMBER 1995**

**9. TANGIBLE FIXED ASSETS**

	<b>Plant and equipment</b> <b>£000</b>
<b>Cost</b>	
At beginning of year	40
Additions	-
Disposals	<u>(40)</u>
At end of year	<u>-</u>
<b>Depreciation</b>	
At beginning of year	24
Disposals	<u>(24)</u>
At end of year	<u>-</u>
<b>Net book value</b>	
<b>At 31 December 1995</b>	<u><u>-</u></u>
At 31 December 1994	<u><u>16</u></u>

**10. TANGIBLE FIXED INVESTMENTS**

Unlisted investments

	<b>1995</b> <b>£000</b>	<b>1994</b> <b>£000</b>
At 1 January	839	547
Additions during the year	25	292
Disposals during the year	<u>-</u>	<u>-</u>
<b>At 31 December</b>	<u><u>864</u></u>	<u><u>839</u></u>

**NATWEST FUTURES LIMITED**  
**NOTES TO THE ACCOUNTS**  
**31 DECEMBER 1995**

**11. DEBTORS**

	<b>1995</b>	<b>1994</b>
	<b>£000</b>	<b>£000</b>
Loans and advances to customers	18,256	1,920
Margins held with fellow subsidiary undertakings	36,804	19,255
Margins held with others	106,609	17,615
Trade debtors		
- Group	113	53
- Others	<u>1,803</u>	<u>601</u>
	<u>163,585</u>	<u>39,444</u>

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 £19,967,542 (1994: £10,652,507) of US Government Securities held as collateral with brokers.

**12. CASH AT BANK**

	<b>1995</b>	<b>1994</b>
	<b>£000</b>	<b>£000</b>
Bank balances and deposits with parent and fellow subsidiary undertaking	<u>211,562</u>	<u>145,375</u>

Included within the above balance is £200,255,681 (1994: £122,420,028) of client money.

**NATWEST FUTURES LIMITED**  
**NOTES TO THE ACCOUNTS**  
**31 DECEMBER 1995**

**13. CREDITORS - amounts falling due within one year**

	<b>1995</b>	<b>1994</b>
	<b>£000</b>	<b>£000</b>
Bank overdraft	-	2,641
Margins held for parent undertaking	68,500	3,623
Margins held for fellow subsidiary undertakings	24,286	37,042
Margins held for others	252,039	118,555
Accruals	11,140	8,625
Amount owed to fellow subsidiary undertaking	2,082	1,444
Other creditors	<u>76</u>	<u>18</u>
	<u><b>358,123</b></u>	<u><b>171,948</b></u>

Margins held for others are on a segregated basis.

**14. SHARE CAPITAL**

	<b>1995</b>	<b>1994</b>
	<b>£000</b>	<b>£000</b>
Authorised:		
Ordinary shares of £1 each	<u>2,000</u>	<u>2,000</u>
Allotted, called up and fully paid:		
Ordinary shares of £1 each	<u>1,250</u>	<u>1,250</u>

**15. COMMITMENTS**

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

	<b>1995</b>	<b>1994</b>
	<b>£000</b>	<b>£000</b>
Operating leases which expire:		
Within one year	339	350
In the second to fifth years inclusive	<u>790</u>	<u>-</u>
	<u><b>1,129</b></u>	<u><b>350</b></u>



**NATWEST FUTURES LIMITED**  
**NOTES TO THE ACCOUNTS**  
**31 DECEMBER 1995**

**16. RECONCILIATION OF MOVEMENTS IN SHAREHOLDERS' FUNDS**

	Called up share capital £000	Profit and loss account £000	Total £000
At 1 January 1994	1,250	9,411	10,661
Retained profit for the year	<u>-</u>	<u>3,060</u>	<u>3,060</u>
At 31 December 1994	1,250	12,471	13,721
Retained profit for the year 1995		4,167	4,167
<b>At 31 December 1995</b>	<u><u>1,250</u></u>	<u><u>16,638</u></u>	<u><u>17,888</u></u>

**17. ULTIMATE PARENT COMPANY**

The company is a wholly owned subsidiary undertaking of National Westminster Bank Plc, a company 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