

Registration number: 1653117

NATWEST FUTURES LIMITED

DIRECTORS' REPORT AND FINANCIAL STATEMENTS

31 December 1994



NatWest Futures Limited

Directors' Report and Financial Statements

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NATWEST FUTURES LIMITED

Directors: F Amman
S J Dobbie
S L Harris
J C Hattingh
J D Howland-Jackson
B S Larkman
J R Retter
V A Ward
P J Young

Secretary: S E Lewis

Registered Office: 135 Bishopsgate, London EC2M 3UR

REPORT OF THE DIRECTORS

The Directors have pleasure in submitting their report and audited financial statements of the Company for the year ended 31 December 1994.

PRINCIPAL ACTIVITY

The principal activity of the Company is to operate 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 £3,060,823 (1993: £3,646,285) and is dealt with as shown in the profit and loss account. The directors do not recommend the payment of a dividend.

DIRECTORS AND THEIR INTERESTS

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

	Date of Resignation
R A Mapstone	24 May 1994
S A Raybould	6 April 1994
G R Southern	21 June 1994

J C Hattingh and P J Young were appointed on 19 September 1994.

Subsequent to the year end S J Dobbie resigned on 1 February 1995, and S StJ Cutler was appointed director on 1 February 1995.

NATWEST FUTURES LIMITED

REPORT OF THE DIRECTORS

DIRECTORS AND THEIR INTERESTS (cont'd)

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	As at 1 January 1994 or date of appointment		As at 31 December 1994	
	HOLDING*	OPTIONS	HOLDING*	OPTIONS
S J Dobbie	7,665	1,102 g 747 h 518 i 25,178 B	9,295	1,102 g 747 h 518 i 25,178 B 15,212 H
S L Harris				40,567H
J C Hattingh	1,000		1,000	15,212 H
J D Howland-Jackson		99,403 G		99,403 G 50,709 H
B S Larkman	2,414	466 f 497 g 862 h 518 i 2,184 E 2,630 F 3,522 G	1,914	497 g 862 h 518 i 2,184 E 2,630 F 3,522 G 7,667 H
J R Retter	1,540	1,071 g 862 h 518 i 2,584 E 2,986 F 3,827 G	1,151	1,071 g 862 h 518 i 2,986 F 3,827 G 6,425 H
V A Ward				11,409 H
P J Young				13,184 H

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

NATWEST FUTURES LIMITED

REPORT OF THE DIRECTORS

DIRECTORS AND THEIR INTERESTS (cont'd)

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:

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 subscription prices per share shown below:

B	£2.78
E	£3.38
F	£3.13
G	£5.03
H	£4.93

During 1994, the director listed below was granted potential awards under the National Westminster Bank Plc 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 stretching performance conditions. The achievement of the performance conditions 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.

Name	No. of Shares
J D Howland-Jackson	25,000

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

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

NATWEST FUTURES LIMITED

REPORT OF THE DIRECTORS

AUDITORS

On 5 April 1994 the Company passed an Elective Resolution to dispense with the obligation to appoint auditors annually. KPMG have expressed their willingness to continue in office and accordingly will remain in office until further notice.

By Order of the Board

A handwritten signature in black ink, appearing to read 'S E Lewis', followed by a long horizontal flourish.

S E Lewis

Secretary

31 March 1995

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 these accounts on pages 7 to 16, 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.

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

We have audited the financial statements on pages 7 to 16.

Respective responsibilities of directors and auditors

As described on page 5 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 1994 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

31 March 1995

NATWEST FUTURES LIMITED
PROFIT AND LOSS ACCOUNT
FOR THE YEAR ENDED 31 DECEMBER 1994

	Note	1994 £000	1993 £000
Turnover	2	16,031	13,461
Commission payable		(8,101)	(5,974)
		-----	-----
Gross Profit		7,930	7,487
Administrative expenses		(6,709)	(5,293)
Other operating income		114	100
		-----	-----
Net Operating profit	3	1,335	2,294
Interest receivable	6	8,989	7,866
Interest payable and similar charges	7	(5,695)	(4,718)
		-----	-----
Profit on ordinary activities before taxation		4,629	5,442
Tax on profit on ordinary activities	8	(1,569)	(1,796)
		-----	-----
Retained Profit for the financial year		3,060	3,646
Retained profit brought forward		9,411	5,765
		-----	-----
Retained profit carried forward		12,471	9,411
		=====	=====

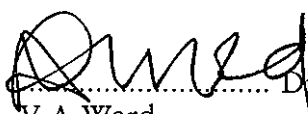
In the current and preceding years there were no discontinued operations.

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 1994**

	Note	1994 £000	1993 £000
FIXED ASSETS			
Tangible Assets	9	16	18
Investments	10	839	547
		-----	-----
		855	565
CURRENT ASSETS			
Debtors	11	39,444	51,553
Cash at bank	12	145,375	160,025
		-----	-----
		184,819	211,578
CREDITORS - amounts falling due within one year	13	(171,948)	(201,477)
		-----	-----
NET CURRENT ASSETS		12,871	10,101
		=====	=====
TOTAL ASSETS LESS CURRENT LIABILITIES		13,726	10,666
PROVISIONS FOR LIABILITIES AND CHARGES			
Deferred taxation		(5)	(5)
		-----	-----
NET ASSETS		13,721	10,661
CAPITAL AND RESERVES		=====	=====
Called up share capital	14	1,250	1,250
Profit and loss account		12,471	9,411
		-----	-----
		13,721	10,661
		=====	=====

These financial statements were approved by the Board of Directors on 31 March 1995 and were signed on its behalf by:

 Director
V A Ward

NATWEST FUTURES LIMITED
NOTES TO THE ACCOUNTS
31 DECEMBER 1994

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.

NATWEST FUTURES LIMITED
NOTES TO THE ACCOUNTS

31 DECEMBER 1994

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.

2. TURNOVER

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

3. NET OPERATING PROFIT

Net operating profit is stated after charging:

	1994 £000	1993 £000
Auditors' remuneration:		
Audit	11	11
Non audit	2	2
Depreciation	2	2
Hire of plant and equipment	202	151
	====	====

4 EMOLUMENTS OF DIRECTORS

	1994 £000	1993 £000
Aggregate remuneration including pension contributions	338	479
	_____	_____
Pension contributions paid on behalf of directors	16	28
	_____	_____

The emoluments, excluding pension contributions, of the chairman were £ nil (1993 £nil) and those of the highest paid director were £197,755 (1993 £184,036).

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

NATWEST FUTURES LIMITED

NOTES TO THE ACCOUNTS

31 DECEMBER 1994

		Number of Directors	
		1994	1993
£0	- £5,000	9	9
20,001	- £25,000	1	-
£100,001	- £105,000	1	-
£130,001	- £135,000	-	1
£135,001	- £140,000	-	1
£180,001	- £185,000	-	1
£195,001	- £200,000	1	-

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	
		1994	1993
Broking		40	42
Administration		13	14
		-----	-----
		53	56
		=====	=====

The aggregate payroll costs of these persons were as follows:

		1994	1993
		£000	£000
Wages and salaries		3,381	2,972
Social security costs		305	277
Other pension costs		235	193
		-----	-----
		3,921	3,442
		=====	=====

NATWEST FUTURES LIMITED

NOTES TO THE ACCOUNTS

31 DECEMBER 1994

6. **INTEREST RECEIVABLE**

	1994	1993
	£000	£000
Interest receivable	5,340	5,440
- Group	3,649	2,426
- Other	-----	-----
	8,989	7,866
	=====	=====

7. **INTEREST PAYABLE AND SIMILAR CHARGES**

	1994	1993
	£000	£000
On margin deposits		
- Group	832	936
- Other	4,863	3,782
	-----	-----
	5,695	4,718
	=====	=====

8. **TAXATION**

	1994	1993
	£000	£000
Group relief payable at 33%	1,528	1,796
Adjustments relating to prior years	41	-
	-----	-----
	1,569	1,796
	=====	=====

A debit has been taken in these Accounts of £1,527,698 (1993: £1,795,932) for group relief at 33% in respect of the company's tax profits which can be offset against a fellow subsidiary undertaking's losses.

NATWEST FUTURES LIMITED
NOTES TO THE ACCOUNTS
31 DECEMBER 1994

9. **TANGIBLE FIXED ASSETS**

	Plant and equipment
	£000
Cost	
At beginning of year	40
Additions	-
Disposals	-

At end of year	40

Depreciation and diminution in value	
At beginning of year	22
Charge for year	2

At end of year	24

Net book value	
At 31 December 1994	16

At 31 December 1993	18

10. **TANGIBLE FIXED INVESTMENTS**

Unlisted investments

	1994	1993
	£000	£000
At 1 January 1994	547	547
Additions during the year	292	-
Disposals during the year	-	-
	----	----
At 31 December 1994	839	547
	===	===

NATWEST FUTURES LIMITED

NOTES TO THE ACCOUNTS

31 DECEMBER 1994

11. **DEBTORS**

	1994 £000	1993 £000
Loans and advances to customers	1,920	9,412
Margins held with fellow subsidiary undertakings	19,255	15,224
Margins held with others	17,615	25,654
Trade debtors		
Group	53	123
Others	601	1,140
	-----	-----
	39,444	51,553
	=====	=====

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 £10,652,507 (1993: £11,747,439) of US Government Securities held as collateral with brokers.

12. **CASH AT BANK**

	1994 £000	1993 £000
Bank balances and deposits with parent undertaking	145,375	160,025
	-----	-----
	145,375	160,025
	=====	=====

Included within the above balance is £122,420,028 (1993: £143,707,436) of client money.

NATWEST FUTURES LIMITED
NOTES TO THE ACCOUNTS
31 DECEMBER 1994

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

	1994 £000	1993 £000
Bank overdraft	2,641	8,774
Margins held for parent undertaking	3,623	25,292
Margins held for fellow subsidiary undertakings	37,042	14,096
Margins held for others	118,555	145,147
Accruals	8,625	5,528
Amount owed to fellow subsidiary undertaking	1,444	1,796
Other creditors	18	844
	----- 171,948 =====	----- 201,477 =====

Margins held for others are on a segregated basis.

14. **SHARE CAPITAL**

	1994 £000	1993 £000
Authorised:		
Ordinary shares of £1 each	2,000	2,000
	=====	=====
Allotted, called up and fully paid:		
Ordinary shares of £1 each	1,250	1,250
	=====	=====

15. **COMMITMENTS**

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

	1994 £000	1993 £000
Operating leases which expire:		
Within one year	350	108
In the second to fifth years inclusive	-	-
	----- 350 -----	----- 108 -----

NATWEST FUTURES LIMITED
NOTES TO THE ACCOUNTS
31 DECEMBER 1994

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

	Called up share capital £000	Profit and loss account £000	Total £000
At 1 January 1993	1,250	5,765	7,015
Retained profit for the year 1993	-	3,646	3,646
	-----	-----	-----
	1,250	9,411	10,661
At 31 December 1993			
Retained profit for the year 1994	-	3,060	3,060
	-----	-----	-----
At 31 December 1994	1,250	12,471	13,721
	=====	=====	=====

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