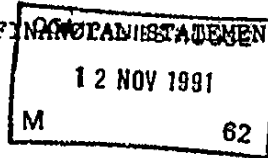


2197698  
EURO BROKERS FINANCIAL SERVICES LIMITED

DIRECTORS' REPORT AND FINANCIAL STATEMENTS

31 DECEMBER 1990



# EURO BROKERS FINANCIAL SERVICES LIMITED

## DIRECTORS' REPORT FOR THE YEAR ENDED 31 DECEMBER 1990

The directors' present their report and the audited financial statements of the company for the year ended 31 December 1990.

## REVIEW OF THE BUSINESS AND FUTURE DEVELOPMENTS

The principal activity of the company is that of money broking. The directors look forward to the future with confidence.

## RESULTS AND DIVIDENDS

Details of the results for the period are set out in the profit and loss account on page 3.

No dividend was paid during the period.

## DIRECTORS

The directors of the company during the period covered by this report were:

DV Gladman	(resigned 15 November 1990)
MC Morrison	
CJ Buggins	
N Cowan	
VN Cohen	(appointed 27 March 1990)
D Wolstenholme	(appointed 12 May 1989, resigned 4 September 1990)
SF Stosik	(appointed 4 July 1990, resigned 22 October 1990)
M Footitt	(appointed 4 September 1990)
G Ormiston	(appointed 4 September 1990)
R Ransom	(appointed 8 November 1990)

None of the directors had any interest in the shares of the company.

## AUDITORS

The auditors, Price Waterhouse, have indicated their willingness to be reappointed and a resolution concerning their appointment will be proposed at the Annual General Meeting.

By Order of the Board



MC Morrison  
Secretary

Registered Number: 2197698

## *Price Waterhouse*



### AUDITORS' REPORT TO THE MEMBERS OF EURO BROKERS FINANCIAL SERVICES LIMITED

We have audited the financial statements on pages 3 to 8 in accordance with Auditing Standards.

In our opinion the financial statements give a true and fair view of the state of the company's affairs at 31 December 1990 and of its loss and source and application of funds then ended and have been properly prepared in accordance with the Companies Act 1985.

*Price Waterhouse*

Chartered Accountants

27 March 1991

EURO BROKERS FINANCIAL SERVICES LIMITED

PROFIT AND LOSS ACCOUNT FOR THE YEAR ENDED 31 DECEMBER 1990

	<u>Notes</u>	<u>1990</u> £'000	<u>1989</u> £'000
TURNOVER	2	893	295
Operating expenses	3	<u>(1,656)</u>	<u>(335)</u>
OPERATING LOSS		(763)	(40)
Interest receivable		<u>30</u>	<u>39</u>
LOSS ON ORDINARY ACTIVITIES BEFORE TAXATION		(733)	(1)
Tax credit on loss on ordinary activities	4	<u>59</u>	<u>-</u>
LOSS FOR THE FINANCIAL PERIOD	8	<u>(674)</u>	<u>(1)</u>

The notes on pages 6 to 8 form part of these financial statements.

EURO BROKERS FINANCIAL SERVICES LIMITED

BALANCE SHEET AS AT 31 DECEMBER 1990

	<u>Notes</u>	<u>1990</u> £'000	<u>1989</u> £'000
CURRENT ASSETS			
Debtors	5	182	87
Cash at bank and in hand		<u>576</u>	<u>277</u>
		758	364
CREDITORS (amounts falling due within one year)	6	<u>(287)</u>	<u>(69)</u>
NET CURRENT ASSETS		<u>471</u>	<u>295</u>
CAPITAL AND RESERVES			
Called up share capital	7	950	100
Profit and loss account	8	<u>(479)</u>	<u>195</u>
		<u>471</u>	<u>295</u>

Approved by the Board on 27 March 1991

*M. C. Morrison*

MC Morrison

The notes on pages 6 to 8 form part of these financial statements.

EURO BROKERS FINANCIAL SERVICES LIMITED

STATEMENT OF SOURCE AND APPLICATION OF FUNDS FOR  
THE YEAR ENDED 31 DECEMBER 1990

	<u>1990</u> £'000	<u>1989</u> £'000
LOSS ON ORDINARY ACTIVITIES BEFORE TAXATION	(733)	(1)
FUNDS FROM OTHER SOURCES		
Issue of share capital	850	-
Receipt for group relief	<u>59</u>	<u>          </u>
	176	(1)
INCREASE/(DECREASE) IN WORKING CAPITAL		
Movement in debtors	(74)	83
Movement in creditors	<u>196</u>	<u>(100)</u>
MOVEMENT IN NET LIQUID FUNDS	<u>298</u>	<u>(18)</u>

The notes on pages 6 to 8 form part of these financial statements.

EURO BROKERS FINANCIAL SERVICES LIMITED

NOTES TO THE FINANCIAL STATEMENTS - 31 DECEMBER 1990

1 ACCOUNTING POLICIES

(1) Accounting convention

The financial statements have been prepared under the historical cost convention.

(2) Foreign currency translation

Assets and liabilities in foreign currencies are translated into sterling at the rates ruling at the balance sheet date; profit and loss items are translated at the rate ruling at the date of the transaction. All exchange differences arising are dealt with in the profit and loss account.

(3) Deferred taxation

Provision is made for deferred taxation where a reasonable expectation exists that the tax will become payable or recoverable in due course. Deferred taxation arises where items of income and expenditure are subject to tax charge or relief in years other than those in which they are reported in the financial statements. The rates of corporation tax at which deferred taxation is provided are those forecast for the time at which payment or relief will arise.

2 TURNOVER

Turnover represents brokerage income net of volume discount.

3 OPERATING EXPENSES

	<u>1990</u>	<u>1989</u>
	£'000	£'000
Staff costs:		
Wages and salaries	871	201
Social security costs	80	16
Other pension costs	<u>3</u>	<u>-</u>
	954	217
Auditors' remuneration	3	6
Other operating expenses	<u>699</u>	<u>112</u>
	1,656	335

A material proportion of the company's expenditure is incurred by another group company and is directly recharged to the company.

EURO BROKERS FINANCIAL SERVICES LIMITED

NOTES TO THE FINANCIAL STATEMENTS - 31 DECEMBER 1990 (CONTINUED)

4 TAXATION

The (credit)/charge for the period comprises:

	<u>1990</u> £'000	<u>1989</u> £'000
UK corporation tax at 34.25% (1989 - 35%)	-	4
Group relief	<u>(59)</u>	<u>(4)</u>
	<u>(59)</u>	<u>-</u>

5 DEBTORS

	<u>1990</u> £'000	<u>1989</u> £'000
Trade debtors	167	71
Amounts due from group undertakings	<u>15</u>	<u>16</u>
	<u>182</u>	<u>87</u>

6 CREDITORS (amounts falling due within one year)

	<u>1990</u> £'000	<u>1989</u> £'000
Amounts owed to group undertakings	127	30
Taxation and social security	5	5
Other creditors	100	19
Accruals and deferred income	<u>55</u>	<u>15</u>
	<u>287</u>	<u>69</u>

7 SHARE CAPITAL

	<u>1990</u> £	<u>1989</u> £
Authorized: 1,000,000 (1989: 250,000) ordinary share of £1	1,000,000	250,000
Alotted and fully paid: 950,000 (1989: 100,000) ordinary shares of £1	950,000	100,000

Share capital was allotted during the year in order to provide additional working capital.



EURO BROKERS FINANCIAL SERVICES LIMITED

NOTES TO THE FINANCIAL STATEMENTS - 31 DECEMBER 1990 (CONTINUED)

8 PROFIT AND LOSS ACCOUNT

	<u>1990</u> £'000	<u>1989</u> £'000
At 1 January 1990	195	196
Loss for the year	(674)	(1)
	—	—
At 31 December 1990	(479)	195
	—	—

9 DIRECTORS AND EMPLOYEES

No director received any emoluments during the period.

The average number of employees during the period was 17.

10 CAPITAL COMMITMENTS

There were no capital commitments at 31 December 1990.

11 CONTINGENT LIABILITY

In common with other money brokers the company has in the past received commission on a number of interest rate swap transactions which were booked on behalf of banks and local authorities. It is conceivable that claims may be received for the return of certain of this brokerage following the recent ruling by the House of Lords in relation to the ultra vires nature of such contracts. No such claims have been made. The directors do not believe that any such claims would be appropriate and, if they arise, they would be contested vigorously.

12 ULTIMATE PARENT COMPANY

The ultimate parent company is Euro Brokers Investment Corporation, incorporated in the United States of America. The immediate parent undertaking throughout the period was Euro Brokers Holdings Limited.

The consolidated accounts for both the above companies may be obtained from the company's Registered Office:

Adelaide House  
London Bridge  
London EC4R 9EQ