
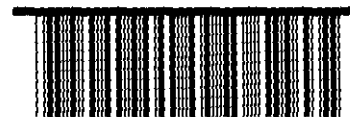


TULLETT & TOKYO TELECOMMUNICATIONS LIMITED

Report and Accounts

31 December 2001

 ERNST & YOUNG



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COMPANIES HOUSE

LJSHYFGL

0487
29/10/02

Tullett & Tokyo Telecommunications Limited

Registered No. 2197855

DIRECTORS

R G Taylor
S R Corker

SECRETARY

C A N Burt

AUDITORS

Ernst & Young LLP
Rolls House
7 Rolls Buildings
Fetter Lane
London
EC4A 1NH

SOLICITORS

Magrath & Co
52-54 Maddox Street
London
W1S 1PA

REGISTERED OFFICE

Cable House
54-62 New Broad Street
London
EC2M 1JJ

Tullett & Tokyo Telecommunications Limited

DIRECTORS' REPORT

The directors submit their report and accounts for the year ended 31 December 2001.

RESULTS AND DIVIDENDS

The profit for the year, after taxation, amounted to £33,317 (2000 - loss £453,511).

The directors do not recommend the payment of a dividend.

REVIEW OF THE BUSINESS AND FUTURE DEVELOPMENTS

The principal activity of the company was the development of electronic trading systems for the telecommunications market. This business was subsequently transferred into a joint venture and the business took on the activities of a holding and service company for the joint venture.

DIRECTORS AND THEIR INTERESTS

The following directors held office during the year:

I Goldsmith (resigned 31 January 2001)
C Reeve (resigned 31 January 2001)
S R Corker
R G Taylor (appointed 2 January 2001)

The directors' beneficial interest in the issued share capital of the company during the year was as follows:

	<i>Ordinary Shares 2001</i>
C Reeve	25

In 2001, Tullett & Tokyo Liberty plc set up share schemes through which various employees were given the opportunity to subscribe in cash for ordinary shares in Tullett & Tokyo Liberty plc at their nominal value and were granted options to purchase additional ordinary shares.

The disclosable interests of the directors of Tullett & Tokyo Telecommunications Limited in the share capital of Tullett & Tokyo Liberty plc and the movement during the year under these share schemes were:

	<i>Ordinary Shares 2001</i>	<i>Options 31 December 2001</i>
S R Corker	3,852	3,852
I Goldsmith	2,000	—
R G Taylor	10,000	10,000

The options are exercisable at a price of £3.33 between 29 November 2004 and 28 November 2011.

DIRECTORS' REPORT

AUDITORS

Ernst & Young LLP have expressed their willingness to continue in office as auditors and a resolution proposing their re-appointment will be submitted at the Annual General Meeting.

On behalf of the board

Director
Date:

SRORW,

11 OCT 2002

Stephen Corker

Tullett & Tokyo Telecommunications Limited

STATEMENT OF DIRECTORS' RESPONSIBILITIES IN RESPECT OF THE ACCOUNTS

Company law requires the directors to prepare accounts for each financial year which give a true and fair view of the state of affairs of the company and of the profit or loss of the company for that period. In preparing those accounts, the directors are required to:

- select suitable accounting policies and then apply them consistently;
- make judgements and estimates that are reasonable and prudent;
- state whether applicable accounting standards have been followed, subject to any material departures disclosed and explained in the accounts; and
- prepare the accounts on the going concern basis unless it is inappropriate to presume that the company will continue in business.

The directors are responsible for keeping proper accounting records which disclose with reasonable accuracy at any time the financial position of the company and to enable them to ensure that the accounts comply with the Companies Act 1985. They are also responsible for safeguarding the assets of the company and hence for taking reasonable steps for the prevention and detection of fraud and other irregularities.

**INDEPENDENT AUDITOR'S REPORT TO THE MEMBERS OF TULLETT & TOKYO
TELECOMMUNICATIONS LIMITED**

We have audited the company's accounts for the year ended 31 December 2001 which comprise the Profit and Loss Account, Balance Sheet and the related notes 1 to 8. These accounts have been prepared on the basis of the accounting policies set out therein.

Respective responsibilities of directors and auditor

As described in the Statement of Directors' Responsibilities the company's directors are responsible for the preparation of the accounts in accordance with applicable United Kingdom law and accounting standards.

Our responsibility is to audit the accounts in accordance with relevant legal and regulatory requirements and United Kingdom Auditing Standards.

We report to you our opinion as to whether the accounts give a true and fair view and are properly prepared in accordance with the Companies Act 1985. We also report to you if, in our opinion, the Directors' Report is not consistent with the accounts, if the company has not kept proper accounting records, if we have not received all the information and explanations we require for our audit, or if information specified by law regarding directors' remuneration and transactions with the company is not disclosed.

We read the Directors' Report and consider the implications for our report if we become aware of any apparent misstatements within it.

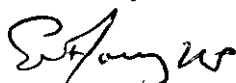
Basis of audit opinion

We conducted our audit in accordance with United Kingdom 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 accounts. It also includes an assessment of the significant estimates and judgements made by the directors in the preparation of the accounts, 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 accounts 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 accounts.

Opinion

In our opinion the accounts give a true and fair view of the state of affairs of the company as at 31 December 2001 and of its profit for the year then ended and have been properly prepared in accordance with the Companies Act 1985.



Ernst & Young LLP
Registered Auditor
London

11 OCT 2002

Tullett & Tokyo Telecommunications Limited

PROFIT AND LOSS ACCOUNT

for the year ended 31 December 2001

	<i>Notes</i>	<i>Discontinued 2001 £</i>	<i>Discontinued 2000 £</i>
Administrative expenses		(18,048)	(825,423)
Other operating income	2	51,365	178,290
PROFIT/(LOSS) ON ORDINARY ACTIVITIES BEFORE TAXATION	3	<u>33,317</u>	<u>(647,133)</u>
Tax on profit/(loss) on ordinary activities	4	–	193,622
RETAINED PROFIT/(LOSS) FOR THE FINANCIAL YEAR		<u>33,317</u>	<u>(453,511)</u>

There were no recognised gains or losses other than the profit for the financial year.

Tullett & Tokyo Telecommunications Limited

BALANCE SHEET at 31 December 2001

	Notes	2001 £	2000 £
CURRENT ASSETS			
Cash at bank and in hand		79	1,008
		<u>79</u>	<u>1,008</u>
CREDITORS: amounts falling due within one year	5	(452,699)	(486,945)
		<u>(452,620)</u>	<u>(485,937)</u>
NET CURRENT LIABILITIES		(452,620)	(485,937)
		<u>(452,620)</u>	<u>(485,937)</u>
CAPITAL AND RESERVES			
Called up share capital	6	100	100
Profit and loss account	7	(452,720)	(486,037)
		<u>(452,620)</u>	<u>(485,937)</u>
EQUITY SHAREHOLDERS' FUNDS		(452,620)	(485,937)
		<u>(452,620)</u>	<u>(485,937)</u>

The accounts were approved at a meeting of the board of directors on

Director 

Date 11 OCT 2002

Stephen Corker

Tullett & Tokyo Telecommunications Limited

NOTES TO THE ACCOUNTS

at 31 December 2001

1. ACCOUNTING POLICIES

Accounting convention

The accounts are prepared under the historical cost convention, and in accordance with applicable accounting standards.

Going concern basis

The accounts have not been prepared on a going concern basis reflecting the decision to cease the operations of the joint venture, to which Tullett & Tokyo Telecommunications is a holding company, on 18 January 2001. Accordingly adjustments have been made to provide for any further liabilities which will arise, and to reclassify fixed assets and long term liabilities as current assets and liabilities.

Foreign currencies

Transactions in foreign currencies are recorded at the rate ruling on the last day of the previous month. Monetary assets and liabilities denominated in foreign currencies are translated at the rate of exchange ruling at the balance sheet date. All differences are taken to the profit and loss account.

Group accounts

The company is exempt from the obligation to prepare and deliver group accounts. It is a wholly owned subsidiary of Tullett & Tokyo Liberty plc, a company registered in England and Wales.

Related party transactions

The directors have taken advantage of the exemption in paragraph 3(c) of FRS8 from disclosing transactions with related parties.

Cash flow statement

The directors have taken advantage of the exemption in paragraph 5(a) of FRS1 (revised) from producing a cash flow statement.

2. OTHER OPERATING INCOME

Other operating income comprises the following:

	2001 £	2000 £
Recharged to Tirez Global Trading Limited	15,315	178,290
Write back of bad debt provision	36,050	—
	<u>51,365</u>	<u>178,290</u>

3. OPERATING PROFIT/(LOSS)

Operating profit/(loss) is arrived at after charging:

	2001 £	2000 £
Auditors' remuneration – audit services	7,462	—
	<u>7,462</u>	<u>—</u>

Tullett & Tokyo Telecommunications Limited

NOTES TO THE ACCOUNTS

at 31 December 2001

3. OPERATING PROFIT/(LOSS) (continued)

All the directors are employees of the ultimate parent undertaking. Where directors of the company are also directors of the ultimate parent undertaking, their remuneration is received directly from that company. The directors do not believe it is practicable to apportion this amount between their services as directors of the parent undertaking, fellow subsidiary undertakings and this company. No management charge was made to the company in 2001 (2000 - £nil) to represent a recharge of the services to the company of all directors of the parent undertaking. It is not possible to separately identify the amounts attributable to the directors of this company.

A material proportion of the company's expenditure, including auditors' remuneration, is incurred by Tullett & Tokyo Liberty plc, the parent undertaking. This is recovered from Tullett & Tokyo Telecommunications Limited by way of a management charge.

4. TAX ON PROFIT/(LOSS) ON ORDINARY ACTIVITIES

The taxation credit is made up as follows:

	2001	2000
	£	£
Based on the profit/(loss) for the year:		
Group relief receivable	-	193,622

5. CREDITORS

	2001	2000
	£	£
Amounts owed to group undertakings	452,699	387,246
Other creditors	-	29,699
Accruals	-	70,000
	452,699	486,945

6. SHARE CAPITAL

	Authorised		Allotted, called up and fully paid	
	2001	2000	2001	2000
	No.	No.	£	£
Ordinary shares of £1 each	100	100	100	100

Allotment of shares by the ultimate parent company, Tullett & Tokyo Liberty plc and options granted during the year under the company's employees option schemes are shown in that company's accounts.

Tullett & Tokyo Telecommunications Limited

NOTES TO THE ACCOUNTS

at 31 December 2001

7. RECONCILIATION OF SHAREHOLDERS' FUNDS AND MOVEMENT ON RESERVES

	<i>Share capital £</i>	<i>Profit and loss account £</i>	<i>Total shareholders' funds £</i>
At 1 January 2000	100	(32,526)	(32,426)
Loss for the year	–	(453,511)	(453,511)
Balance at 1 January 2001	100	(486,037)	(485,937)
Profit for the year	–	33,317	33,317
Balance at 31 December 2001	100	(452,720)	(452,620)

8. ULTIMATE PARENT UNDERTAKING

The company's immediate parent undertakings are Tullett & Tokyo London (Holdings) Limited & Liberty Brokerage Inc.

The ultimate parent undertaking is Tullett & Tokyo Liberty plc, a company registered in England and Wales. Copies of the group accounts are available from the registered office: Cable House, 54-62 New Broad Street, London EC2M 1JJ.