

TULLETT LIBERTY TELECOMMUNICATIONS LIMITED
(FORMERLY TULLETT & TOKYO LIBERTY TELECOMMUNICATIONS LIMITED)

Report and Accounts

31 December 2002



Tullett Liberty Telecommunications Limited
(formerly Tullett & Tokyo Liberty Telecommunications Limited)

Registered No. 2197855

DIRECTORS

S R Corker

R G Taylor

SECRETARY

C A N Burt (resigned 1 April 2003)

D Dyer Bartlett (appointed 1 April 2003)

AUDITORS

Ernst & Young LLP

Rolls House

7 Rolls Buildings

Fetter Lane

London

EC4A 1NH

REGISTERED OFFICE

Cable House

54-62 New Broad Street

London

EC2M 1ST

Tullett Liberty Telecommunications Limited
(formerly Tullett & Tokyo Liberty Telecommunications Limited)

DIRECTORS' REPORT

The directors submit their report and accounts for the year ended 31 December 2002.

RESULTS AND DIVIDENDS

The loss for the year, after taxation, amounted to £884 (2001 - £33,317 profit).

The directors do not recommend the payment of a dividend.

CHANGE OF NAME

During the year the company changed its name from Tullett & Tokyo Liberty Telecommunications Limited to Tullett Liberty Telecommunications Limited

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:

S R Corker
R G Taylor

In 2001, Tullett plc (formerly 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 plc at their nominal value and were granted options to purchase additional ordinary shares.

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

Shares

	<i>Shares at 1 January 2002</i>	<i>Additions in year</i>	<i>Disposal during the year</i>	<i>Shares at 31 December 2002</i>
S R Corker	3,852	2,500	—	6,352
R G Taylor	10,000	44,500	—	54,500
Total	13,852	47,000	—	60,852

Options

	<i>Exercise price</i>	<i>Options at 1 January 2002</i>	<i>Granted in year</i>	<i>Exercised during the year</i>	<i>Lapsed in year</i>	<i>Options at 31 December 2002</i>
S R Corker	a) £3.33	3,852	—	—	—	3,852
	b) £3.33	—	1,500	—	—	1,500
	c) £3.75	—	—	—	—	—
Total		3,852	1,500	—	—	5,352

Tullett Liberty Telecommunications Limited
(formerly Tullett & Tokyo Liberty Telecommunications Limited)

DIRECTORS' REPORT

DIRECTORS AND THEIR INTERESTS (continued)

	<i>Exercise price</i>	<i>Options at 1 January 2002</i>	<i>Granted in year</i>	<i>Exercised during the year</i>	<i>Lapsed 31 December in year</i>	<i>Options at 31 December 2002</i>
R G Taylor	a) £3.33	10,000	–	–	–	10,000
	b) £3.33	–	9,000	–	–	9,000
	c) £3.75	–	40,000	–	–	40,000
	Total	10,000	49,000	–	–	59,000

The options are exercisable between the following dates:

- (a) 29 December 2004 and 28 November 2011
- (b) 1 January 2006 and 31 December 2012
- (c) 1 January 2006 and 31 December 2012

On 10 March 2003, Collins Stewart Holdings plc acquired Tullett plc. Under the terms of this offer all shares and options were converted into cash and Collins Stewart Holdings plc ordinary shares. Details of the conversion are given in the accounts for Tullett plc.

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



S R Corker

Director

Date **29 APR 2003**

Tullett Liberty Telecommunications Limited
(formerly Tullett & Tokyo Liberty 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 AUDITORS' REPORT TO THE MEMBERS OF TULLETT LIBERTY TELECOMMUNICATIONS LIMITED (formerly Tullett & Tokyo Liberty Telecommunications Limited)

We have audited the company's accounts for the year ended 31 December 2002 which comprise 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.

This report is made solely to the company's members, as a body, in accordance with Section 235 of the Companies Act 1985. Our audit work has been undertaken so that we might state to the company's members those matters we are required to state to them in an auditors' report and for no other purpose. To the fullest extent permitted by law, we do not accept or assume responsibility to anyone other than the company and the company's members as a body, for our audit work, for this report, or for the opinions we have formed.

Respective responsibilities of directors and auditors

The directors' responsibilities for preparing the Annual Report and the accounts in accordance with applicable United Kingdom law and accounting standards are set out in the Statement of Directors' Responsibilities.

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 other information contained in the Annual Report and consider whether it is consistent with the audited accounts. We consider the implications for our report if we become aware of any apparent misstatements or material inconsistencies with the accounts. Our responsibilities do not extend to any other information.

Basis of audit opinion

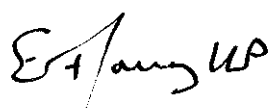
We conducted our audit in accordance with United Kingdom Auditing Standards issued by the Auditing Practices Board. An audit includes examination, on a test basis, of evidence relevant to the amounts and disclosures in the accounts. It also includes an assessment of the significant estimates and judgements 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.

**INDEPENDENT AUDITORS' REPORT TO THE MEMBERS OF TULLETT LIBERTY
TELECOMMUNICATIONS LIMITED (formerly Tullett & Tokyo Liberty Telecommunications
Limited)**

Opinion

In our opinion the accounts give a true and fair view of the state of affairs of the company as at 31 December 2002 and of its loss for the year then ended and have been properly prepared in accordance with the Companies Act 1985.



Ernst & Young LLP
Registered Auditor
London
Date

30 APR 2003

Tullett Liberty Telecommunications Limited
(formerly Tullett & Tokyo Liberty Telecommunications Limited)

PROFIT AND LOSS ACCOUNT
for the year ended 31 December 2002

		<i>Discontinued</i> 2002	<i>Discontinued</i> 2001
	<i>Notes</i>	£	£
Administrative expenses		(884)	(18,048)
Other operating income	2	–	51,365
(LOSS)/PROFIT ON ORDINARY ACTIVITIES BEFORE TAXATION	3	<u>(884)</u>	<u>33,317</u>
Tax on (loss)/profit on ordinary activities	4	–	–
RETAINED (LOSS)/PROFIT FOR THE FINANCIAL YEAR		<u>(884)</u>	<u>33,317</u>

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

Tullett Liberty Telecommunications Limited
(formerly Tullett & Tokyo Liberty Telecommunications Limited)

BALANCE SHEET
at 31 December 2002

	<i>Notes</i>	2002 £	2001 £
CURRENT ASSETS			
Cash at bank and in hand		38	79
		<u>38</u>	<u>79</u>
CREDITORS: amounts falling due within one year	5	(453,542)	(452,699)
NET CURRENT LIABILITIES		<u>(453,504)</u>	<u>(452,620)</u>
		<u>(453,504)</u>	<u>(452,620)</u>
CAPITAL AND RESERVES			
Called up share capital	6	100	100
Profit and loss account	7	(453,604)	(452,720)
EQUITY SHAREHOLDERS' FUNDS		<u>(453,504)</u>	<u>(452,620)</u>

The accounts were approved at a meeting of the board of directors on **29 APR 2003**



S R Corker

Director

Date **29 APR 2003**

Tullett Liberty Telecommunications Limited
(formerly Tullett & Tokyo Liberty Telecommunications Limited)

NOTES TO THE ACCOUNTS
at 31 December 2002

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 Liberty Telecommunications Limited 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 plc, a company registered in England and Wales.

Related party transactions

The directors have taken advantage of the exemption in paragraph 3(c) of FRS 8 from disclosing transactions with related parties.

Cash flow statement

The directors have taken advantage of the exemption in paragraph 5(a) of FRS 1 (revised) from producing a cash flow statement.

2. OTHER OPERATING INCOME

Other operating income comprises the following:

	2002 £	2001 £
Recharged to Tirez Global Trading Limited	—	15,315
Write back of bad debt provision	—	36,050
	<u>—</u>	<u>51,365</u>

3. OPERATING (LOSS)/PROFIT

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

	2002 £	2001 £
Auditors' remuneration – audit services	844	7,462
	<u>844</u>	<u>7,462</u>

Tullett Liberty Telecommunications Limited
(formerly Tullett & Tokyo Liberty Telecommunications Limited)

NOTES TO THE ACCOUNTS
at 31 December 2002

3. OPERATING (LOSS)/PROFIT (continued)

All the directors are employees of the ultimate parent undertaking. Where directors of the company are also directors of the ultimate parent undertaking or fellow subsidiary undertakings, 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 fellow subsidiary undertakings and this company. No management charge was made to the company in 2002 (2001 - £nil) to represent a recharge of the services to the company of all directors. 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 plc the parent undertaking. This is recovered from Tullett Liberty Telecommunications Limited by way of a management charge.

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

The tax charge of £nil (2001 - £nil) comprises current year UK corporation tax.

Factors affecting the current tax charge

The tax assessed on the profit on ordinary activities for the year is lower than the standard rate of corporation tax in the UK of 30% (2001 - 30%). The differences are reconciled below.

	2002 £	2001 £
(Loss)/profit on ordinary activities before tax	(884)	33,317
(Loss)/profit on ordinary activities multiplied by standard rate of corporation tax in UK of 30%	(265)	9,995
Permanent difference	265	(9,995)
	-	-

5. CREDITORS

	2002 £	2001 £
Amounts owed to group undertakings	453,542	452,699
	453,542	452,699

6. SHARE CAPITAL

	Authorised		Allotted, called up and fully paid	
	2002 No.	2001 No.	2002 £	2001 £
Ordinary shares of £1 each	100	100	100	100

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

Tullett Liberty Telecommunications Limited
(formerly Tullett & Tokyo Liberty Telecommunications Limited)

NOTES TO THE ACCOUNTS
at 31 December 2002

7. RECONCILIATION OF SHAREHOLDERS' FUNDS AND MOVEMENT ON RESERVES

	<i>Share capital £</i>	<i>Profit and loss account £</i>	<i>Total shareholders' funds £</i>
Balance at 1 January 2001	100	(486,037)	(485,937)
Profit for the year	–	33,317	33,317
Balance at 1 January 2002	100	(452,720)	(452,620)
Profit for the year	–	(884)	(884)
Balance at 31 December 2002	100	(453,604)	(453,504)

8. ULTIMATE PARENT UNDERTAKING

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

On 31 December, the ultimate parent undertaking and controlling party was Tullett 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 1ST.

From 10 March 2003, the ultimate parent undertaking and controlling party is Collins Stewart Holdings plc.