

**EURO BROKERS LIMITED**  
(REGISTERED NUMBER: 2226337)

(FORMERLY EURO BROKERS FINACOR LIMITED)

**DIRECTORS' REPORT AND FINANCIAL STATEMENTS**  
**31 DECEMBER 2003**



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# **EURO BROKERS LIMITED**

## **DIRECTORS' REPORT FOR THE YEAR ENDED 31 DECEMBER 2003**

The directors present their report and the audited financial statements of the Company for the year ended 31 December 2003.

### **Statement of Directors' responsibilities**

Company law requires the directors to prepare financial statements 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. The directors are required to prepare the financial statements on the going concern basis unless it is inappropriate to presume that the Company will continue in business.

The directors confirm that suitable accounting policies have been used and applied consistently. They also confirm that reasonable and prudent judgements and estimates have been made in preparing the financial statements for the year ended 31 December 2003 and applicable accounting standards have been followed.

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 financial statements 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.

### **Review of the business and future developments**

On 19 February 2003 the company became a 100% subsidiary of Euro Brokers Holdings Limited. On 6 March 2003 the company changed its name from Euro Brokers Finacor Limited to Euro Brokers Limited.

The principal activity of the Company is that of money broking, dealing in dollar, sterling and currency deposits, forward foreign exchange, future rate agreements, interest rate swaps and related off balance sheet products. The directors look forward to the future of the Company with confidence.

### **Results and dividends**

Details of the results for the period are set out in the profit and loss account on page 4. The Company made a profit after tax of £875,000 (2002: profit after tax of £1,384,000). A dividend of £2,800,000 was paid in 2003 (2002: £nil). A loss of £1,925,000 has been transferred to reserves (2002 profit: £1,384,000).

### **Donations**

The Company made a charitable contribution to the Euro Brokers Relief Fund via the Charities Aid Foundation and to Great Ormond Street for the amount of £182,000 (2002: £169,000). This amount equals the revenue generated by the Company on its Charity Day. The Euro Brokers Relief fund provides charitable aid to the families and other financial dependents of the US parent company's employees and staff members killed as a result of the attacks on the World Trade Centre on 11 September 2001. The company made other donations of £11,000 (2002: £Nil).

# **EURO BROKERS LIMITED**

## **DIRECTORS' REPORT FOR THE YEAR ENDED 31 DECEMBER 2003 (Continued)**

### **Directors**

The directors of the Company during the year were:

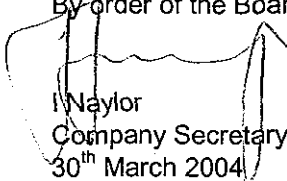
G Boehi	(resigned 18 February 2003)
RA Clark	
R Houldsworth	(resigned 18 February 2003)
WCW Pask	
G Scharf	

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

### **Auditors**

The auditors, PricewaterhouseCoopers LLP, have indicated their willingness to continue in office and a resolution concerning their reappointment will be proposed at the Annual General Meeting.

By order of the Board

  
I Naylor  
Company Secretary  
30<sup>th</sup> March 2004

# EURO BROKERS LIMITED

## Independent auditors' report to the members of Euro Brokers Limited

We have audited the financial statements which comprise the profit and loss account, the balance sheet, and the related notes which have been prepared under the historical cost convention and the accounting policies set out in the statement of accounting policies.

## Respective responsibilities of directors and auditors

The directors' responsibilities for preparing the annual report and the financial statements 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 financial statements in accordance with relevant legal and regulatory requirements and United Kingdom Auditing Standards issued by the Auditing Practices Board. This report including the opinion has been prepared for and only for the Company's members as a body in accordance with Section 235 of the Companies Act 1985 and for no other purpose. We do not, in giving this opinion, accept or assume responsibility for any other purpose or to any other person to whom this report is shown or in to whose hands it may come save where expressly agreed by our prior consent in writing.

We report to you our opinion as to whether the financial statements 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 financial statements, 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 is not disclosed.

We read the other information contained in the annual report and consider the implications for our report if we become aware of any apparent misstatements or material inconsistencies with the financial statements. The other information comprises only the directors report.

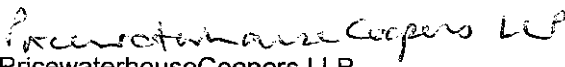
## Basis of audit opinion

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 at 31 December 2003 and of its profit for the year then ended and have been properly prepared in accordance with the Companies Act 1985.

  
PricewaterhouseCoopers LLP  
Chartered Accountants and Registered Auditors  
London  
30 March 2004

# EURO BROKERS LIMITED

## PROFIT AND LOSS ACCOUNT FOR THE YEAR ENDED 31 DECEMBER 2003

	Notes	2003 £'000	2002 £'000
Turnover	3	31,571	27,204
Administrative expenses		(30,086)	(25,482)
Other operating income – exceptional item	5	-	497
<b>Operating profit</b>	6	<b>1,485</b>	<b>2,219</b>
Other interest receivable and similar income	9	223	231
Interest payable and similar charges	10	(39)	(29)
<b>Profit on ordinary activities before taxation</b>		<b>1,669</b>	<b>2,421</b>
Tax charge on profit on ordinary activities	11	(794)	(1,037)
<b>Profit on ordinary activities after taxation</b>		<b>875</b>	<b>1,384</b>
Ordinary Dividends Paid		(2,800)	-
<b>Retained (loss)/profit for the financial year</b>	16	<b>(1,925)</b>	<b>1,384</b>

Turnover, operating profit and profit on ordinary activities before taxation relate exclusively to continuing operations.

The Company has recognised no gains or losses other than those reflected in the above profit and loss account.

The Notes on pages 6 to 13 form part of these financial statements.

# EURO BROKERS LIMITED

## BALANCE SHEET AS AT 31 DECEMBER 2003

	Notes	2003 £'000	2003 £'000	2002 £'000	2002 £'000
<b>Current assets</b>					
Debtors	12	5,487		3,639	
Cash at bank and in hand		5,635	11,122	9,070	12,709
<b>Creditors (amounts falling due within one year)</b>	13		(4,653)		(4,611)
<b>Total assets less current liabilities</b>			6,469		8,098
<b>Provisions for liabilities and charges</b>	14		(1,534)		(1,238)
			4,935		6,860
<b>Capital and reserves</b>					
Called up share capital (equity and non-equity)	15		2,800		2,800
Share premium			1,850		1,850
Profit and loss account	16		285		2,210
<b>Shareholders' funds:</b>					
- Equity interests		2,137		4,062	
- Non-Equity interests		2,798		2,798	
	17		4,935		6,860

Approved by the Board on  
30<sup>th</sup> March 2004



WCW Pask  
Director

The Notes on pages 6 to 13 form part of these financial statements.

# **EURO BROKERS LIMITED**

## **BALANCE SHEET AS AT 31 DECEMBER 2003**

### **1. Accounting policies**

#### **Accounting convention**

The financial statements have been prepared under the historical cost convention in accordance with applicable accounting standards.

#### **Deferred taxation**

Deferred taxation is recognised in respect of all timing differences that have originated but not reversed at the balance sheet date where transactions or events that result in an obligation to pay more tax in the future or a right to pay less tax in the future have occurred at the balance sheet date. Timing differences are differences between the Company's taxable profits and its results stated in the financial statements. An asset is not recognised to the extent that the transfer of economic benefits in the future is uncertain.

#### **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 within the profit and loss account.

#### **Pensions**

The Company operates a number of defined contribution pension schemes. The assets of these schemes are held separately from those of the Company in independently administered funds. The pension cost charge represents contributions payable in the period.

#### **Provisions**

A provision is recognised where there is a present obligation, whether legal or constructive, as a result of a past event for which it is probable that a transfer of economic benefits will be required to settle the obligation and a reliable estimate can be made of the amount of the obligation.

### **2. Cash Flow Statement and Related Party Disclosures**

As a wholly owned subsidiary (see Note 21), the Company has taken advantage of the exemption from preparing a cash flow statement under the terms of Financial Reporting Standard 1 (Revised 1996). The Company is also exempt under the terms of Financial Reporting Standard 8 from disclosing related party transactions (but not balances) with entities that are part of the Maxcor Financial Group Inc. group or investees of the Maxcor Financial Group Inc. group.

### **3. Turnover**

Turnover represents brokerage income net of volume discounts.

# EURO BROKERS LIMITED

## NOTES TO THE FINANCIAL STATEMENTS YEAR ENDED 31 DECEMBER 2003 (continued)

### 4. Segmental information

The sole class of business for the Company during the year was money broking. The sole geographical segment from which the Company has operated is the United Kingdom.

### 5. Other operating income – exceptional item

	2003	2002
	£'000	£'000
Business interruption insurance	-	497

### 6. Operating profit is arrived at after charging:

	2003	2002
	£'000	£'000
<b>Staff costs</b>		
Wages and salaries	18,998	16,068
Social security costs	2,379	1,814
Pensions costs	111	180
	21,488	18,062
Auditors' remuneration		
- Audit services	48	47
- Non-audit services	45	40
Foreign exchange losses	43	79

### 7. Employees

The average number of employees during the year was 139 (2002: 140), of whom 100 (2002: 101) were employed in money broking services and 39 (2002: 39) were employed in the provision of support services to all the subsidiary undertakings of Euro Brokers Holdings Limited.



# EURO BROKERS LIMITED

## NOTES TO THE FINANCIAL STATEMENTS YEAR ENDED 31 DECEMBER 2003 (continued)

### 8. Directors' emoluments

The aggregate emoluments, including pension contributions, of the directors of the Company were £1,144,018 (2002: £957,000). The aggregate value of Company contributions paid to money purchase pension schemes in respect of directors' qualifying service was £14,550 (2002: £17,000). There were 2 directors (2002: 2) to whom retirement benefits are accruing under such a scheme in respect of their qualifying service.

The emoluments of the highest paid director were £909,925 (2002: £727,000). There was £13,350 in Company contributions paid to money purchase pension schemes for the highest paid director (2002: £16,000).

The other directors received total directors' fees amounting to £nil (2002: nil) in respect of their services to the company.

### 9. Interest receivable and similar income

	2003	2002
	£'000	£'000
Interest on loans to fellow subsidiary undertaking	36	-
Third party interest	187	231
	223	231

### 10. Interest payable

	2003	2002
	£'000	£'000
Third party interest	39	29
	39	29

# EURO BROKERS LIMITED

## NOTES TO THE FINANCIAL STATEMENTS YEAR ENDED 31 DECEMBER 2003 (continued)

### 11. Taxation

#### (a) Analysis of charge in period

	2003	2002
	£'000	£'000
The charge for the year comprises:		
UK corporation tax charge at 30% (2002: 30%)	894	1,067
Adjustments in respect of previous periods	(8)	(4)
Total current tax (Note 11(b))	886	1,063
Deferred tax		
Origination and reversal of timing difference	(92)	(26)
Total deferred tax (Note 14)	(92)	(26)
	794	1,037

#### (b) Factors affecting tax charge for the period

The tax assessed for the period is higher than the standard rate of corporation tax in the UK (30%). The differences are explained below:

	2003	2002
	£'000	£'000
Profit on ordinary activities before tax	1,669	2,421
Profit on ordinary activities multiplied by standard rate of UK corporation tax of 30% (2002: 30%)	500	726
Effects of:		
Expenses not deductible for tax purposes	520	343
Statutory deduction for share option costs	(124)	-
Capital allowances in excess of depreciation	(2)	(2)
Adjustment to tax in respect of previous periods	(8)	(4)
Current tax charge for the period (Note 11(a))	886	1,063

# EURO BROKERS LIMITED

## NOTES TO THE FINANCIAL STATEMENTS YEAR ENDED 31 DECEMBER 2003 (continued)

### 12. Debtors

	2003	2002
	£'000	£'000
Trade debtors	3,501	3,167
Amounts due from fellow subsidiary undertakings	1,133	28
Prepayments and accrued income	265	282
Other debtors	588	162
	<b>5,487</b>	<b>3,639</b>

All of the above debtors are due within one year.

Amounts due from fellow subsidiary undertakings include £850,000 of subordinated loan notes, which carry interest at 2% over base rate.

### 13. Creditors (amounts falling due within one year)

	2003	2002
	£'000	£'000
Taxation	439	470
Accruals and deferred income	4,214	4,141
	<b>4,653</b>	<b>4,611</b>

### 14. Provisions for liabilities and charges

	Deferred tax liabilities	Claims	Total
	£'000	£'000	£'000
At 1 January 2003	163	1,075	1,238
Movement	(92)	388	296
At 31 December 2003	71	1,463	1,534

# EURO BROKERS LIMITED

## NOTES TO THE FINANCIAL STATEMENTS YEAR ENDED 31 DECEMBER 2003 (continued)

### 14. Provision for liabilities and charges (continued)

#### Deferred tax liabilities

Deferred tax liabilities are made up of:

	2003	2002
	£'000	£'000
Depreciation in excess of capital allowances	(3)	(4)
Other short term timing differences	74	167
Provision for deferred tax	71	163

#### Claims

The Company has received assessments for employers' National Insurance arising in respect of bonuses provided to employees as benefits in kind, in respect of prior years. The assessments are being challenged by the Company. Accordingly, the amount is subject to final determination, the timing of which is uncertain.

### 15. Share capital

	2003	2002
	£'000	£'000
Authorised:		
1,000 A ordinary equity shares of £1:	1	1
1,000 B ordinary equity shares of £1:	1	1
1,000 deferred shares of £1	1	1
2,498,500 A non-redeemable preference shares of £1 (non-equity) and 2,498,500 B non-redeemable preference shares of £1 (non-equity):	4,997	4,997
	5,000	5,000
Allotted, called up and fully paid:		
1,000 A ordinary equity shares of £1	1	1
1,000 B ordinary equity shares of £1	1	1
1,399,000 A non-redeemable preference shares of £1 (non-equity)	1,399	1,399
1,399,000 B non-redeemable preference shares of £1 (non-equity)	1,399	1,399
	2,800	2,800

The A and B non-redeemable preference shares have no rights to dividends. On a winding up the holders of these shares have priority before all other classes of shares. The holders have no voting rights.

## **EURO BROKERS LIMITED**

### **NOTES TO THE FINANCIAL STATEMENTS YEAR ENDED 31 DECEMBER 2003 (continued)**

#### **15. Share capital (continued)**

On 19 February 2003 the company became a 100% owned subsidiary of Euro Brokers Holdings Limited and is no longer a joint venture.

#### **16. Profit and loss account**

	<b>2003</b>	<b>2002</b>
	<b>£'000</b>	<b>£'000</b>
At 1 January 2003	<b>2,210</b>	826
Retained (loss)/profit for the year	<b>(1,925)</b>	1,384
At 31 December 2003	<b>285</b>	2,210

#### **17. Reconciliation of movements in shareholders' funds**

	<b>2003</b>	<b>2002</b>
	<b>£'000</b>	<b>£'000</b>
Opening shareholders' funds	<b>6,860</b>	5,476
Retained (loss)/profit for the year	<b>(1,925)</b>	1,384
Closing shareholders' funds	<b>4,935</b>	6,860

#### **18. Capital commitments**

There were £nil capital commitments at 31 December 2003 (2002: £nil).

# EURO BROKERS LIMITED

## NOTES TO THE FINANCIAL STATEMENTS YEAR ENDED 31 DECEMBER 2003 (continued)

### 19. Investment in subsidiary undertakings

				2003	2002
				£'000	£'000
Net book amount at 31 December				-	-
Name	Nature of business	Country of incorporation and operation	Type of shares owned	Percentage interest at 31 December 2003	
Eurocor UK Limited	Dormant	United Kingdom	Ordinary	100%	

### 20. Ultimate parent undertaking

The ultimate parent undertaking is Maxcor Financial Group Inc, a public company, incorporated in the United States of America.

### 21. Parent undertaking

The largest and smallest group accounts, which are prepared and in which the Company is included are as follows:

	Largest	Smallest
Name of Company:	Maxcor Financial Group Inc.	Euro Brokers Holdings Limited
Country of incorporation:	United States of America	United Kingdom
Address from which copies of the group accounts may be obtained:	18th Floor 199 Water Street One Seaport Plaza New York	133 Houndsditch London EC3A 7AJ