

2284837

**EURO BROKERS SERVICES LIMITED**

**DIRECTORS' REPORT AND FINANCIAL STATEMENTS**

**31 DECEMBER 1996**



## **EURO BROKERS SERVICES LIMITED**

### **DIRECTORS' REPORT FOR THE YEAR ENDED 31 DECEMBER 1996** **Registered Number 2284837**

The directors present their report and the audited financial statements of the company for the year to 31 December 1996.

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 consider that in preparing the financial statements on pages 4 to 12, 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 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**

The company disburses expenditure on behalf of other group companies, holds the group's fixed assets and associated finance leases and is directly reimbursed by those companies. This role is expected to continue for the foreseeable future.

#### **RESULTS AND DIVIDENDS**

Details of the results for the period are set out in the profit and loss account on page 4.

No dividend has been paid or recommended.

#### **TANGIBLE FIXED ASSETS**

The changes in tangible fixed assets are detailed in note 7 to the financial statements.

## **EURO BROKERS SERVICES LIMITED**

### **DIRECTORS**

The directors of the company during the period were:

CJ Buggins(Chairman)	(resigned 22 November 1996)
NMP Chadd	(appointed 31 December 1996)
RA Clark	(appointed 22 November 1996)
PS Dunkley	(appointed 22 November 1996)
SA Matteo (USA)	(appointed 31 December 1996)
MC Morrison	
BA Scott	
D Spong	(appointed 31 December 1996)
D Wolstenholme	(resigned 31 December 1996)

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

27 October 1997

*Price Waterhouse*



**AUDITORS' REPORT TO THE MEMBERS OF  
EURO BROKERS SERVICES LIMITED**

We have audited the financial statements on pages 4 to 12 which have been prepared under the historical cost convention and the accounting policies set out on page 6.

**Respective responsibilities of directors and auditors**

As described on page 1 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 judgments 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 1996 and of its loss for the year then ended and have been properly prepared in accordance with the Companies Act 1985.

*Price Waterhouse*

Chartered Accountants  
and Registered Auditors

27 October 1997

**EURO BROKERS SERVICES LIMITED**

**PROFIT AND LOSS ACCOUNT FOR THE YEAR ENDED 31 DECEMBER 1996**

	<u>Notes</u>	<u>1996</u> £'000	<u>1995</u> £'000
TURNOVER	2	12,773	12,511
Administrative expenses	4	<u>(12,842)</u>	<u>(12,413)</u>
(LOSS)/PROFIT ON ORDINARY ACTIVITIES BEFORE TAXATION		(69)	98
Tax on (loss)/profit on ordinary activities	6	<u>(6)</u>	<u>(50)</u>
RETAINED (LOSS)/PROFIT FOR THE FINANCIAL YEAR	15	<u>(75)</u>	<u>48</u>

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

The company has no other recognised gains or losses other than those reflected in the above Profit and Loss account.

The notes on pages 6 to 12 form part of these financial statements.

# EURO BROKERS SERVICES LIMITED

## BALANCE SHEET AS AT 31 DECEMBER 1996

	Notes	1996 £'000	1995 £'000
FIXED ASSETS			
Tangible assets	7	3,922	5,160
CURRENT ASSETS			
Debtors	8	2,291	1,480
Cash at bank and in hand		<u>5</u>	<u>5</u>
		2,296	1,485
CREDITORS (amounts falling due within one year)	9	<u>(5,894)</u>	<u>(5,917)</u>
NET CURRENT LIABILITIES		<u>(3,598)</u>	<u>(4,432)</u>
TOTAL ASSETS LESS CURRENT LIABILITIES		324	728
CREDITORS (amounts falling due after more than one year)	10	<u>(406)</u>	<u>(735)</u>
		<u>(82)</u>	<u>(7)</u>
CAPITAL AND RESERVES			
Called up share capital	14	1	1
Profit and loss account	15	<u>(83)</u>	<u>(8)</u>
Shareholders' funds (equity interests)	16	<u>(82)</u>	<u>(7)</u>

Approved by the Board on 27 October 1997

*A. E. Morrison*

MC Morrison

The notes on pages 6 to 12 form part of these financial statements.

## **EURO BROKERS SERVICES LIMITED**

### **NOTES TO THE FINANCIAL STATEMENTS - YEAR ENDED 31 DECEMBER 1996**

#### **1 ACCOUNTING POLICIES**

##### **(1) Accounting convention**

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

##### **(2) Fixed assets**

Fixed assets are stated at cost less accumulated depreciation. The cost less residual value in respect of motor vehicles, and in all other cases the cost, is written off in equal annual instalments based on the estimated useful lives which are:

Leasehold:	10 years
Fixtures and fittings:	3-5 years
Motor vehicles:	3 years

##### **(3) Leased assets and assets held under hire purchase agreements**

Tangible fixed assets held under finance leases and hire purchase agreements are capitalised at the fair value of the asset at the inception of the lease and depreciated in the same manner as owned assets. The obligation to pay future rentals is included in creditors, net of related finance charges.

Rentals paid under operating leases are accounted for on a straight line basis over the term of the lease.

##### **(4) 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.

##### **(5) Cash flow statement**

The company's immediate parent company has included a cash flow statement in its financial statements for the year ended 31 December 1996. Accordingly, the company, which is a wholly owned subsidiary undertaking, has not produced a cash flow statement in accordance with Financial Reporting Standard 1.

#### **2 TURNOVER**

Turnover represents the reimbursement of expenditure incurred on behalf of other group companies.

#### **3 SEGMENTAL INFORMATION**

The sole class of business for the company during the year was that of a service company to the group.

The sole geographical segment from which the company has operated is the United Kingdom.

**EURO BROKERS SERVICES LIMITED**

**NOTES TO THE FINANCIAL STATEMENTS - YEAR ENDED 31 DECEMBER 1996 (CONTINUED)**

**4 ADMINISTRATIVE EXPENSES**

	<u>1996</u> £'000	<u>1995</u> £'000
Amounts payable in respect of operating leases	877	877
Finance charges payable under finance leases and hire purchase contracts	113	203
Depreciation	1,529	1,596
Exchange losses	155	7
Other expenses	<u>10,168</u>	<u>9,730</u>
	<u>12,842</u>	<u>12,413</u>

Auditors' remuneration has been borne by other group companies.

**5 DIRECTORS' EMOLUMENTS AND EMPLOYEES**

The average number of employees during the year was Nil ( 1995 - Nil).

	<u>1996</u> £'000	<u>1995</u> £'000
Fees	-	-
Other emoluments	<u>105</u>	<u>86</u>
	<u>105</u>	<u>86</u>

The emoluments, excluding pension contributions of directors of the company were as follows:

	<u>1996</u> £'000	<u>1995</u> £'000
Chairman	-	-
	<u>      </u>	<u>      </u>
Highest paid director	105	86
	<u>      </u>	<u>      </u>

The other directors received no emoluments from this company for services performed on its behalf (1995 - £Nil).



**EURO BROKERS SERVICES LIMITED**

**NOTES TO THE FINANCIAL STATEMENTS - YEAR ENDED 31 DECEMBER 1996 (CONTINUED)**

**6 TAXATION**

The charge for the period comprises:

	<u>1996</u> £'000	<u>1995</u> £'000
UK corporation tax at 33% (1995 : 33%)	247	161
Underprovision of corporation tax in previous years	37	37
Deferred tax (Note 11)	(278)	(148)
	<u>6</u>	<u>50</u>

**7 TANGIBLE FIXED ASSETS**

	<u>Short Leasehold Land &amp; Buildings</u> £000	<u>Motor Vehicles</u> £'000	<u>Furniture, fixtures and equipment</u> £'000	<u>Total</u> £'000
<u>Cost</u>				
At 1 January 1996	2,295	1,946	5,476	9,717
Additions	-	325	572	897
Disposals	<u>-</u>	<u>(1,067)</u>	<u>-</u>	<u>(1,067)</u>
At 31 December 1996	<u>2,295</u>	<u>1,204</u>	<u>6,048</u>	<u>9,547</u>
<u>Depreciation</u>				
At 1 January 1996	514	549	3,494	4,557
Charge for the year	232	287	1,010	1,529
Disposals	<u>-</u>	<u>(461)</u>	<u>-</u>	<u>(461)</u>
At 31 December 1996	<u>746</u>	<u>375</u>	<u>4,504</u>	<u>5,625</u>
<u>Net book amount</u>				
At 31 December 1996	<u>1,549</u>	<u>829</u>	<u>1,544</u>	<u>3,922</u>
At 31 December 1995	<u>1,781</u>	<u>1,397</u>	<u>1,982</u>	<u>5,160</u>

**EURO BROKERS SERVICES LIMITED**

**NOTES TO THE FINANCIAL STATEMENTS - YEAR ENDED 31 DECEMBER 1996 (CONTINUED)**

**7 TANGIBLE FIXED ASSETS (CONTINUED)**

Of the assets above, the amounts held under finance leases and hire purchase agreements are as follows:

	<u>Motor vehicles</u> £'000	<u>Furniture, fixtures and equipment</u> £'000
Cost	1,204	219
Accumulated depreciation	<u>(375)</u>	<u>(125)</u>
Net book amount at 31 December 1996	<u>829</u>	<u>94</u>

Depreciation charge for the year on motor vehicles was £287,000, and on furniture, fixtures and equipment, was £43,000.

**8 DEBTORS**

	<u>1996</u> £'000	<u>1995</u> £'000
Amounts owed by group undertakings	1,900	830
Prepayments and accrued income	356	650
Deferred taxation (Note 11)	<u>35</u>	<u>-</u>
	<u>2,291</u>	<u>1,480</u>

**9 CREDITORS (amounts falling due within one year)**

	<u>1996</u> £'000	<u>1995</u> £'000
Bank overdraft	7	234
Amounts owed to group undertakings	2,195	1,939
Other creditors	3,264	2,597
Taxation	-	168
Deferred taxation (Note 11)	-	243
Obligations under finance leases and hire purchase agreements	<u>428</u>	<u>736</u>
	<u>5,894</u>	<u>5,917</u>

**EURO BROKERS SERVICES LIMITED**

**NOTES TO THE FINANCIAL STATEMENTS - YEAR ENDED 31 DECEMBER 1996(CONTINUED)**

**10 CREDITORS (Amounts falling due after more than one year)**

	<u>1996</u> £'000	<u>1995</u> £'000
Obligations under finance leases and hire purchase agreements	406	735
	<u>          </u>	<u>          </u>

**11 DEFERRED TAXATION**

	<u>£'000</u>
As at 1 January 1996	243
Movement for year	<u>(278)</u>
As at 31 December 1996	<u>(35)</u>

	<u>Provided</u> £'000	<u>Not Provided</u> £'000
Capital allowances in excess of depreciation	12	-
Other short term timing differences	<u>(47)</u>	<u>-</u>
	(35)	-
	<u>          </u>	<u>          </u>

**12 HIRE PURCHASE CONTRACTS AND FINANCE LEASES**

Gross obligations under finance leases are as follows:	<u>1996</u> £'000
Payable within one year	485
Payable between one and five years	461
Payable after five years	<u>-</u>
	946
Less: Finance charges allocated to future periods	<u>(112)</u>
Net obligations under finance leases and hire purchase contracts	<u>834</u>

**EURO BROKERS SERVICES LIMITED**

**NOTES TO THE FINANCIAL STATEMENTS - YEAR ENDED 31 DECEMBER 1996(CONTINUED)**

**13 OPERATING LEASE COMMITMENTS**

	<u>1996</u> £'000
Annual commitments under operating leases which expire:	
Within one year	1
Within two to five years	15
Over five years	<u>1,129</u>
	<u>1,145</u>
Operating lease commitments are mainly in respect of land and buildings.	

**14 SHARE CAPITAL**

	<u>1996</u> £'000	<u>1995</u> £'000
Authorised:		
10,000 ordinary shares of £1	10	10
	<u>      </u>	<u>      </u>
Allotted, called up and fully paid:		
1,000 ordinary shares of £1	1	1
	<u>      </u>	<u>      </u>

**15 RESERVES**

	<u>£'000</u>
At 1 January 1996	(8)
Retained loss for the year	<u>(75)</u>
At 31 December 1996	<u>(83)</u>

**16 RECONCILIATION OF MOVEMENT IN SHAREHOLDERS' FUNDS**

	<u>£'000</u>
Opening shareholders' funds	(7)
Retained loss for the year	<u>(75)</u>
Closing shareholders' funds	<u>(82)</u>

## **EURO BROKERS SERVICES LIMITED**

### **NOTES TO THE FINANCIAL STATEMENTS - YEAR ENDED 31 DECEMBER 1996(CONTINUED)**

#### **17 CAPITAL COMMITMENTS**

There were no capital commitments at 31 December 1996 (1995: £Nil).

#### **18 ULTIMATE PARENT UNDERTAKING**

Since 16 August 1996, the ultimate parent undertaking has been Maxcor Financial Group Inc (having changed its name from Financial Services Acquisition Corporation on 18 June 1997) a public company incorporated in the United States of America. Prior to that date, the ultimate parent undertaking was Welsh, Carson, Anderson & Stowe, a limited partnership incorporated in the United States of America.

#### **19 PARENT UNDERTAKING**

The largest and smallest group accounts which are prepared and of which the company is a member are as follows:

	<b>Largest</b>	<b>Smallest</b>
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	Two World Trade Center Suite 8400 New York NY 10048	133 Houndsditch London EC3A 7AJ

#### **20 RELATED PARTY TRANSACTIONS**

No disclosure has been made of transactions with other group companies, in accordance with paragraph 3(c) of FRS8 'Related Party Disclosure', as the company is a wholly owned subsidiary of Maxcor Financial Group Inc., which produces publicly available consolidated financial statements.