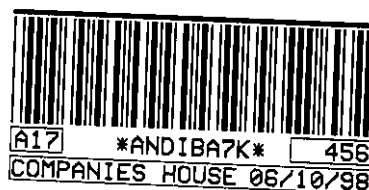


**EURO BROKERS SERVICES LIMITED**  
(REGISTERED NUMBER: 2284837)

**DIRECTORS' REPORT AND FINANCIAL STATEMENTS**  
**31 DECEMBER 1997**



# **EURO BROKERS SERVICES LIMITED**

## **DIRECTORS' REPORT FOR THE YEAR ENDED 31 DECEMBER 1997**

The directors present their report and the audited financial statements of the company for the year to 31 December 1997.

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. The company has a deficit in shareholders' funds. The immediate parent company, Euro Brokers Holding Limited has indicated that it will continue to provide sufficient funds for the company to operate for at least the next twelve months.

No dividend has been paid or recommended.

### **Tangible fixed assets**

The changes in tangible fixed assets are detailed in note 8 to the financial statements.

# **EURO BROKERS SERVICES LIMITED**

## **DIRECTORS' REPORT**

**FOR THE YEAR ENDED 31 DECEMBER 1997 (Continued)**

### **Directors**

The directors of the company during the period were:

NMP Chadd	(resigned 9 January 1998)
RA Clark	
PS Dunkley	
SA Matteo (USA)	
MC Morrison	(resigned 9 January 1998)
BA Scott	
D Spong	(resigned 9 January 1998)

Directors appointed after the year end were:

WCW Pask	(appointed 2 January 1998)
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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



WCW Pask  
Secretary

21 May 1998

*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 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 as at 31 December 1997 and of its profit for the year then ended and have been properly prepared in accordance with the Companies Act 1985.

*Price Waterhouse*

Chartered Accountants  
and Registered Auditors

21 May 1998

## EURO BROKERS SERVICES LIMITED

### PROFIT AND LOSS ACCOUNT FOR THE YEAR ENDED 31 DECEMBER 1997

	<i>Notes</i>	<b>1997</b>	<b>1996</b>
		<b>£'000</b>	<b>£'000</b>
Turnover	3	11,119	12,773
Administrative expenses	5	(11,061)	(12,842)
<b>Profit/(loss) on ordinary activities before taxation</b>		<b>58</b>	<b>(69)</b>
Tax on profit/(loss) on ordinary activities	7	(38)	(6)
<b>Retained profit/(loss) for the financial year</b>	<b>16</b>	<b>20</b>	<b>(75)</b>

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 1997

	Notes	1997 £'000	1997 £'000	1996 £'000	1996 £'000
<b>Fixed assets</b>					
Tangible assets	8		2,825		3,922
<b>Current assets</b>					
Debtors	9	2,065		2,291	
Cash at bank and in hand		36	2,101	5	2,296
<b>Creditors (amounts falling due within one year)</b>	10		(4,819)		(5,894)
<b>Net current liabilities</b>			(2,718)		(3,598)
<b>Total assets less current liabilities</b>			107		324
<b>Creditors (amounts falling due after more than one year)</b>	11		(169)		(406)
			(62)		(82)
<b>Capital and reserves</b>					
Called up share capital	15		1		1
Profit and loss account	16		(63)		(83)
<b>Shareholders' funds (equity interests)</b>	17		(62)		(82)

Approved by the Board on 21 May 1998



WCW Pask  
Director

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 1997**

### **1. Accounting Policies**

#### **Accounting convention**

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

#### **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

#### **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.

#### **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. Cashflow statement and related party disclosures**

As a wholly owned subsidiary (see note 20), 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 the reimbursement of expenditure incurred on behalf of other group companies.

# EURO BROKERS SERVICES LIMITED

## NOTES TO THE FINANCIAL STATEMENTS YEAR ENDED 31 DECEMBER 1997 (Continued)

### 4. 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.

### 5. Administrative expenses

	1997	1996
	£'000	£'000
Amounts payable in respect of operating leases	877	877
Finance charges payable under finance leases and hire purchase contracts	73	113
Depreciation	1,305	1,529
Exchange (gains)/losses	(4)	155
Other expenses	8,810	10,168
	11,061	12,842

Auditors' remuneration has been borne by other group companies.

### 6. Directors' emoluments and employees

The average number of employees during the year was nil (1996: nil).

The aggregate emoluments, including pension contributions, of the directors of the company were £134,000 (1996: £105,000). The emoluments of the highest paid director, excluding pension contribution were £134,000 (1996: £105,000).

The other directors received total directors' fees amounting to £nil (1996: £nil) in respect of their services to the company.



# EURO BROKERS SERVICES LIMITED

## NOTES TO THE FINANCIAL STATEMENTS

YEAR ENDED 31 DECEMBER 1997 (Continued)

### 7. Taxation

	1997	1996
	£'000	£'000
The charge for the period comprises:		
UK corporation tax at 31.5% (1996: 33%)	175	247
Underprovision of corporation tax in previous years	39	37
Deferred tax (Note 12)	(176)	(278)
	38	6

### 8. Tangible fixed assets

	Short Leasehold Land & Buildings	Motor vehicles	Furniture, fixtures and equipment	Total
	£'000	£'000	£'000	£'000
<b>Cost</b>				
At 1 January 1997	2,295	1,204	6,048	9,547
Additions	23	157	319	499
Disposals	-	(588)	-	(588)
At 31 December 1997	2,318	773	6,367	9,458
<b>Depreciation</b>				
At 1 January 1997	746	375	4,504	5,625
Charge for the year	237	165	903	1,305
Disposals	-	(297)	-	(297)
At 31 December 1997	983	243	5,407	6,633
<b>Net book amount</b>				
At 31 December 1997	1,335	530	960	2,825
At 31 December 1996	1,549	829	1,544	3,922

# EURO BROKERS SERVICES LIMITED

## NOTES TO THE FINANCIAL STATEMENTS YEAR ENDED 31 DECEMBER 1997 (Continued)

### 8. Tangible fixed assets (Continued)

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

	Motor vehicles
	£'000
Cost	773
Accumulated depreciation	243
Net book amount at 31 December 1997	530

Depreciation charge for the year on motor vehicles was £165,000 (1996: £287,000).

### 9. Debtors

	1997	1996
	£'000	£'000
Amounts owed by group undertakings	1,621	1,900
Prepayments and accrued income	233	356
Deferred taxation (Note 12)	211	35
	2,065	2,291

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

	1997	1996
	£'000	£'000
Bank overdraft	-	7
Amounts owed to group undertakings	1,782	2,195
Other creditors	2,679	3,264
Taxation	39	-
Obligations under finance leases and hire purchase agreements	319	428
	4,819	5,894

# EURO BROKERS SERVICES LIMITED

## NOTES TO THE FINANCIAL STATEMENTS YEAR ENDED 31 DECEMBER 1997 (Continued)

### 11. Creditors (amounts falling due after more than one year)

	1997	1996
	£'000	£'000
Obligations under finance leases and hire purchase agreements	169	406

### 12. Deferred taxation

	£'000
As at 1 January 1997	35
Movement for year	176
As at 31 December 1997	211

	Provided	Not provided
	£'000	£'000
Capital allowances in excess of depreciation	102	-
Other short term differences	109	-
	211	-

### 13. Hire purchase contracts and finance leases

Gross obligations under finance leases are as follows:

	1997	1996
	£'000	£'000
Payable within one year	363	485
Payable between one and five years	193	461
Payable after five years	-	-
	556	946
Less: Finance charges allocated to future periods	(68)	(112)
Net obligations under finance leases and hire purchase contracts	488	834

# EURO BROKERS SERVICES LIMITED

## NOTES TO THE FINANCIAL STATEMENTS YEAR ENDED 31 DECEMBER 1997 (Continued)

### 14. Operating lease commitments

	1997	1996
	£'000	£'000
Annual commitments under operating leases which expire:		
Within one year	1,107	1
Within two to five years	10	15
Over five years	1,263	1,129
	2,380	1,145

Operating lease commitments are mainly in respect of information technology and telecommunication services and land and buildings.

### 15. Share capital

	1997	1996
	£'000	£'000
Authorised:		
10,000 ordinary shares of £1	10	10
Allotted, called up and fully paid:		
1,000 ordinary shares of £1	1	1

### 16. Reserves

	1997	1996
	£'000	£'000
At 1 January	(83)	(8)
Retained profit/(loss)	20	(75)
At 31 December	(63)	(83)

# EURO BROKERS SERVICES LIMITED

## NOTES TO THE FINANCIAL STATEMENTS YEAR ENDED 31 DECEMBER 1997 (Continued)

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

	1997	1996
	£'000	£'000
Opening shareholders' funds	(82)	(7)
Retained profit/(loss) for the year	20	(75)
Closing shareholders' funds	(62)	(82)

### 18. Capital commitments

There were no capital commitments at 31 December 1997 (1996: £Nil).

### 19. Ultimate parent undertaking

The ultimate parent undertaking and controlling party is 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.

### 20. Parent undertaking

The largest and smallest group accounts which are prepared and of which the company is a member 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:	Two World Trade Center Suite 8400 New York NY10048	133 Houndsditch London EC3A 7AJ