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**The Link Asset and Securities Company
Limited**

Report and Financial Statements

Year Ended

31 December 2000



BDO

BDO Stoy Hayward
Chartered Accountants

The Link Asset and Securities Company Limited

Annual report and financial statements for the year ended 31 December 2000

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Directors

C S H Davies
J D S Booth

Secretary and registered office

Bee Bee Chew, 3rd Floor, 30-34 Langham Street, London, W1W 7AW

Company number

3454743

Auditors

BDO Stoy Hayward, 8 Baker Street, London, W1U 3LL

The Link Asset and Securities Company Limited

Report of the directors for the year ended 31 December 2000

The directors present their report together with the audited financial statements for the year ended 31 December 2000.

Results and dividends

The profit and loss account is set out on page 5 and shows the profit for the year.

The directors do not recommend payment of a dividend for the year.

Principal activities, review of business and future developments

The company brokers deals in European equity derivatives between financial institutions and Natural Gas and Electricity between financial institutions, suppliers and retailers.

The directors consider the results for the year to be satisfactory and expect similar results in the future.

There have been no events since the balance sheet date which materially affect the position of the company.

Charitable and political contributions

During the year the company made the following contributions:

	£
Charitable	80,181

Directors

The directors of the company during the year and their interests in the ordinary share capital of the company were:

	Ordinary shares of £1 each	
	2000	1999
C S H Davies	90,000	90,000
J D S Booth	22,500	10,000

The Link Asset and Securities Company Limited

Report of the directors for the year ended 31 December 2000 (*Continued*)

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 year. In preparing those financial statements, the directors are required to:

- select suitable accounting policies and then apply them consistently;
- make judgments 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 financial statements; and
- prepare the financial statements 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 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.

Auditors

BDO Stoy Hayward have expressed their willingness to continue in office and a resolution to re-appoint them will be proposed at the annual general meeting.

By order of the board



Bee Bee Chew

Secretary

Date 29/03/2001

The Link Asset and Securities Company Limited

Report of the auditors

To the shareholders of The Link Asset and Securities Company Limited

We have audited the financial statements on pages 5 to 13 which have been prepared under the accounting policies set out on page 8.

Respective responsibilities of directors and auditors

As described on page 3 the company's directors are responsible for the preparation of the 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.

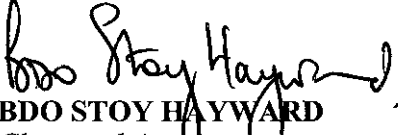
Basis of opinion

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 2000 and of its profit for the year then ended and have been properly prepared in accordance with the Companies Act 1985.


BDO STOY HAYWARD
Chartered Accountants
and Registered Auditors
London

29 March 2001

The Link Asset and Securities Company Limited

Profit and loss account for the year ended 31 December 2000

	Note	2000 £	1999 £
Turnover	2	11,229,195	7,382,448
Cost of sales		7,924,506	4,970,584
Gross profit		3,304,689	2,411,864
Administrative expenses		1,026,144	573,360
Operating profit	4	2,278,545	1,838,504
Interest receivable	5	185,710	20,325
Profit on ordinary activities before taxation		2,464,255	1,858,829
Taxation on profit on ordinary activities	7	761,209	592,650
Profit on ordinary activities after taxation retained for the year		1,703,046	1,266,179
Retained profit brought forward		1,401,412	135,233
Retained profit carried forward		3,104,458	1,401,412

All amounts relate to continuing activities.

All recognised gains and losses in the current and prior year are included in the profit and loss account.

The notes on pages 8 to 13 form part of these financial statements.

The Link Asset and Securities Company Limited

Balance sheet at 31 December 2000

	Note	2000 £	2000 £	1999 £	1999 £
Fixed assets					
Tangible assets	8		396,711		236,484
Current assets					
Debtors	9	2,718,372		1,590,092	
Cash at bank and in hand		3,440,006		1,974,576	
		<u>6,158,378</u>		<u>3,564,668</u>	
Creditors: amounts falling due within one year	10	3,338,131		2,199,740	
Net current assets			<u>2,820,247</u>		<u>1,364,928</u>
Total assets less current liabilities			<u>3,216,958</u>		<u>1,601,412</u>
Creditors: amounts falling due after more than one year	11		-		100,000
			<u>3,216,958</u>		<u>1,501,412</u>
Capital and reserves					
Called up share capital	12		112,500		100,000
Profit and loss account			3,104,458		1,401,412
Equity shareholders' funds			<u>3,216,958</u>		<u>1,501,412</u>

The financial statements were approved by the Board on 29 MARCH 2001.



J D S Booth

Director

The notes on pages 8 to 13 form part of these financial statements.

The Link Asset and Securities Company Limited

Cash flow statement for the year ended 31 December 2000

	Note	2000 £	2000 £	1999 £	1999 £
Net cash inflow from operating activities	17		2,464,331		1,735,680
Returns on investments and servicing of finance					
Interest received		100,253		20,325	
		<u>100,253</u>	100,253	<u>20,325</u>	20,325
Taxation					
Corporation tax paid		(878,807)		(36,177)	
		<u>(878,807)</u>	(878,807)	<u>(36,177)</u>	(36,177)
Capital expenditure and financial investment					
Payments to acquire tangible fixed assets		(232,847)		(222,767)	
		<u>(232,847)</u>	(232,847)	<u>(222,767)</u>	(222,767)
Cash inflow before financing			<u>1,452,930</u>		<u>1,497,061</u>
Financing					
Share capital issued		12,500		-	
Subordinated loan		-		100,000	
		<u>12,500</u>	12,500	<u>100,000</u>	100,000
Increase in cash	18		<u>1,465,430</u>		<u>1,597,061</u>

The notes on pages 8 to 13 form part of these financial statements.

1 Accounting policies

The financial statements have been prepared under the historical cost convention and are in accordance with applicable accounting standards. The following principal accounting policies have been applied:

Turnover

Turnover represents sales to outside customers at invoiced amounts less value added tax.

Depreciation

Depreciation is provided to write off the cost or valuation, less estimated residual values, of all tangible fixed assets evenly over their expected useful lives. It is calculated at the following rates:

Fixtures & fittings	- 20% p.a straight line
Office Equipment	- 20 % p.a straight line
Computer Equipment	- 20-33.33% p.a straight line

Foreign currency

Assets and liabilities in foreign currencies are translated into sterling at the rate of exchange ruling at the balance sheet date. Transactions in foreign currencies are translated into sterling at the rate of exchange ruling at the date of the translation. Exchange differences are taken into account in arriving at the operating profit.

Deferred taxation

Provision is made for timing differences between the treatment of certain items for taxation and accounting purposes, except that no provision is made where it can be reasonably foreseen that such deferred taxation will not be payable in the future.

Leased assets

Operating lease rentals are charged to the profit and loss account on a straight line basis over the lease term.

2 Turnover

Turnover is wholly attributable to the principal activity of the company and arises solely within the United Kingdom.

The Link Asset and Securities Company Limited

Notes forming part of the financial statements for the year ended 31 December 2000 (*Continued*)

3 Employees

Staff costs consist of:

	2000 £	1999 £
Wages and salaries	7,255,384	4,285,088
Social security costs	580,781	596,411
	<u>7,836,165</u>	<u>4,881,499</u>

The average number of employees (including directors) during the year was 33 (1999 - 19).

4 Operating profit

This is arrived at after charging:

	2000 £	1999 £
Depreciation of tangible fixed assets	72,620	35,614
Auditors' remuneration - audit services	43,800	14,557
Operating lease rentals	80,162	74,839
Exchange rate (gains)/losses	48,295	14,807
	<u></u>	<u></u>

5 Interest receivable

	2000 £	1999 £
Bank deposits	185,710	20,325
	<u></u>	<u></u>

6 Directors' remuneration

	2000 £	1999 £
Directors' emoluments	1,400,255	724,713
	<u></u>	<u></u>

The total amount payable to the highest paid director in respect of emoluments was £1,160,255 (1999 - £708,046).

The Link Asset and Securities Company Limited

Notes forming part of the financial statements for the year ended 31 December 2000 (*Continued*)

7 Taxation on profit on ordinary activities

	2000 £	1999 £
<i>UK Corporation tax</i>		
<i>Current year</i>		
Current tax on income for the year	776,026	592,650
<i>Prior years</i>		
UK Corporation tax	(14,817)	-
	<u>761,209</u>	<u>592,650</u>

8 Tangible fixed assets

	Fixtures and fittings £	Office equipment £	Computer Equipment £	Total £
<i>Cost</i>				
At 1 January 2000	12,858	189,572	73,950	276,380
Additions	31,079	171,202	30,566	232,847
	<u>43,937</u>	<u>360,774</u>	<u>104,516</u>	<u>509,227</u>
<i>Depreciation</i>				
At 1 January 2000	2,864	28,093	8,939	39,896
Provided for the year	5,931	49,800	16,889	72,620
	<u>8,795</u>	<u>77,893</u>	<u>25,828</u>	<u>112,516</u>
<i>Net book value</i>				
At 31 December 2000	<u>35,142</u>	<u>282,881</u>	<u>78,688</u>	<u>396,711</u>
At 31 December 1999	<u>9,994</u>	<u>161,479</u>	<u>65,011</u>	<u>236,484</u>

The Link Asset and Securities Company Limited

Notes forming part of the financial statements for the year ended 31 December 2000 (*Continued*)

9 Debtors

	2000 £	1999 £
Trade debtors	2,412,259	1,563,193
Prepayments and accrued income	306,113	26,899
	<u>2,718,372</u>	<u>1,590,092</u>

All amounts shown under debtors fall due for payment within one year.

10 Creditors: amounts falling due within one year

	2000 £	1999 £
Trade creditors	148,329	110,894
Taxation and social security	136,813	82,537
Corporation tax	475,052	592,650
Subordinated loan	100,000	-
Other creditors	44,678	-
Accruals and deferred income	2,433,259	1,413,659
	<u>3,338,131</u>	<u>2,199,740</u>

The subordinated loan attracts interest at 10% per annum, is unsecured and repayable with the prior consent of the Securities and Futures Authority Limited, on or after 29 October 2001.

11 Creditors: amounts falling due after more than one year

	2000 £	1999 £
Subordinated loan	-	100,000
	<u>-</u>	<u>100,000</u>

12 Share capital

	2000 £	1999 £	2000 £	1999 £
<i>Equity share capital</i>				
Ordinary shares of £1 each	112,500	100,000	112,500	100,000
	<u>112,500</u>	<u>100,000</u>	<u>112,500</u>	<u>100,000</u>

On 26 October 2000 the company issued 12,500 ordinary £1 shares at par.

The Link Asset and Securities Company Limited

Notes forming part of the financial statements for the year ended 31 December 2000 (*Continued*)

13 Commitments under operating leases

As at 31 December 2000, the company had annual commitments under non-cancellable operating leases as set out below:

	2000 Land and buildings £	1999 Land and buildings £
Operating leases which expire:		
In two to five years	80,162	80,162

14 Deferred taxation

The company has unprovided deferred taxation relating to accelerated capital allowances amounting to £17,428 (1999 - £23,986.)

15 Related party disclosures

Related party transactions and balances

The amount shown in note 10 as subordinated loan is repayable to Charles Davies and John Booth, directors of the company, in the ratio of 80% and 20% respectively.

Controlling parties

The directors consider the ultimate controlling party of the company to be Charles Davies, a director and majority shareholder of the company.

16 Reconciliation of movements in shareholders' funds

	2000 £	1999 £
Profit for the year	1,703,046	1,266,179
New share capital subscribed	12,500	-
Net additions to shareholders' funds	1,715,546	1,266,179
Opening shareholders' funds	1,501,412	235,233
Closing shareholders' funds	3,216,958	1,501,412

The Link Asset and Securities Company Limited

Notes forming part of the financial statements for the year ended 31 December 2000 (Continued)

17 Reconciliation of operating profit before exceptional items to net cash inflow from operating activities

	2000 £	1999 £
Operating profit	2,278,545	1,838,504
Depreciation of tangible fixed assets	72,620	35,614
Increase in debtors	(1,042,823)	(1,136,007)
Increase in creditors	1,155,989	997,569
	<u>2,464,331</u>	<u>1,735,680</u>

18 Reconciliation of net cash flow to movement in net funds

	2000 £	1999 £
Increase in cash	1,465,430	1,597,061
Opening net funds	1,974,576	377,515
	<u>3,440,006</u>	<u>1,974,576</u>

19 Analysis of net funds

	At 31 December 1999 £	Cash flow £	At 31 December 2000 £
Cash at bank and in hand	1,974,576	1,465,430	3,440,006
	<u>1,974,576</u>	<u>1,465,430</u>	<u>3,440,006</u>