

**REGISTRAR OF
COMPANIES**

**The Link Asset and Securities Company
Limited**

Report and Financial Statements

Year Ended

31 December 2001



BDO Stoy Hayward
Chartered Accountants



The Link Asset and Securities Company Limited

Annual report and financial statements for the year ended 31 December 2001

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Directors

C S H Davies
J D S Booth

Secretary and registered office

D G Wilks, 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 2001

The directors present their report together with the audited financial statements for the year ended 31 December 2001.

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	130,731

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	
	2001	2000
C S H Davies	90,000	90,000
J D S Booth	22,500	22,500

The Link Asset and Securities Company Limited

Report of the directors for the year ended 31 December 2001 (*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 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 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



D G Wilks

Secretary

27 March 2002

The Link Asset and Securities Company Limited

Report of the independent auditors

To the shareholders of The Link Asset and Securities Company Limited

We have audited the financial statements of The Link Asset and Securities Company Limited for the year ended 31 December 2001 on pages 5 to 14 which have been prepared under the accounting policies set out on page 8.

Respective responsibilities of directors and auditors

The directors' responsibilities for preparing the annual report and the financial statements in accordance with applicable law and United Kingdom 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.

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 with the company is not disclosed.

We read the Directors' Report and consider the implications for our report if we become aware of any apparent misstatements within it.

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 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.

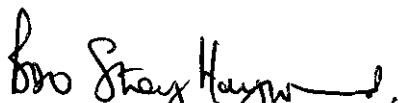
We planned and performed our audit so as to obtain all the information and explanations which we considered necessary in order to provide us with sufficient evidence to give reasonable assurance that the financial statements are free from material misstatement, whether caused by fraud or other irregularity or error. In forming our opinion we also evaluated the overall adequacy of the presentation of information in the financial statements.

The Link Asset and Securities Company Limited

Report of the independent auditors (*Continued*)

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 2001 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

27 March 2002

The Link Asset and Securities Company Limited

Profit and loss account for the year ended 31 December 2001

	Note	2001 £	2000 £
Turnover	2	16,876,595	11,229,195
Cost of sales		11,650,679	7,924,506
		<hr/>	<hr/>
Gross profit		5,225,916	3,304,689
Administrative expenses		1,745,594	1,026,144
		<hr/>	<hr/>
Operating profit	5	3,480,322	2,278,545
Interest receivable	6	194,839	185,710
		<hr/>	<hr/>
Profit on ordinary activities before taxation		3,675,161	2,464,255
Taxation on profit on ordinary activities	7	1,167,316	761,209
		<hr/>	<hr/>
Profit on ordinary activities after taxation for the year		2,507,845	1,703,046
Retained profit brought forward		3,104,458	1,401,412
		<hr/>	<hr/>
Retained profit carried forward		5,612,303	3,104,458
		<hr/>	<hr/>

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 14 form part of these financial statements.

The Link Asset and Securities Company Limited

Balance sheet at 31 December 2001

	Note	2001 £	2001 £	2000 £	2000 £
Fixed assets					
Tangible assets	8		461,463		396,711
Current assets					
Debtors	9	4,933,374		2,718,372	
Investments	10	930,689		-	
Cash at bank and in hand		4,232,130		3,440,006	
		<u>10,096,193</u>		<u>6,158,378</u>	
Creditors: amounts falling due within one year	11	<u>4,832,853</u>		<u>3,338,131</u>	
Net current assets			<u>5,263,340</u>		<u>2,820,247</u>
Total assets less current liabilities			<u>5,724,803</u>		<u>3,216,958</u>
Capital and reserves					
Called up share capital	12		112,500		112,500
Profit and loss account			5,612,303		3,104,458
Equity shareholders' funds			<u>5,724,803</u>		<u>3,216,958</u>

The financial statements were approved by the Board on 27 March 2002.

Charles Hester Davies

C S H Davies
Director

J D S Booth

J D S Booth
Director

The notes on pages 8 to 14 form part of these financial statements.

The Link Asset and Securities Company Limited

Cash flow statement for the year ended 31 December 2001

	Note	2001	2001	2000	2000
		£	£	£	£
Net cash inflow from operating activities	17		3,045,575		2,464,331
Returns on investments and servicing of finance					
Interest received		163,516		100,253	
			163,516		100,253
Taxation					
Corporation tax paid		(1,153,512)		(878,807)	
			(1,153,512)		(878,807)
Capital expenditure and financial investment					
Payments to acquire tangible fixed assets		(334,995)		(232,847)	
Receipts from sale of tangible fixed assets		2,229		-	
			(332,766)		(232,847)
Cash inflow before use of liquid resources and financing			1,722,813		1,452,930
Management of liquid resources					
Purchase of current asset investments		(930,689)		-	
			(930,689)		-
Financing					
Share capital issued		-		12,500	
			-		12,500
Increase in cash	18		792,124		1,465,430

The notes on pages 8 to 14 form part of these financial statements.

The Link Asset and Securities Company Limited

Notes forming part of the financial statements for the year ended 31 December 2001

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	- 33.33 % p.a straight line
Computer Equipment	- 33.33% p.a straight line

The depreciation policy for computer equipment and office equipment has been changed from 20% to 33% as the directors are of the opinion that the useful economic life of the assets is not more than 3 years. The effect of this change has been to generate an additional depreciation charge of £142,464 in the current period. However there has been no adjustment for prior periods.

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.

The Link Asset and Securities Company Limited

Notes forming part of the financial statements for the year ended 31 December 2001 (Continued)

2 Turnover

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

3 Employees

Staff costs (including directors) consist of:

	2001 £	2000 £
Wages and salaries	10,138,747	7,255,384
Social security costs	728,582	580,781
	<u>10,867,329</u>	<u>7,836,165</u>

The average number of employees (including directors) during the year was 48 (2000 - 33).

4 Directors' remuneration

	2001 £	2000 £
Directors' emoluments	<u>1,086,810</u>	<u>1,400,255</u>

The total amount payable to the highest paid director in respect of emoluments was £826,131 (2000 - £1,160,255).

5 Operating profit

	2001 £	2000 £
This is arrived at after charging:		
Depreciation of tangible fixed assets	270,212	72,620
Profit on disposal of tangible fixed assets	(2,198)	-
Audit services	41,234	43,800
Operating lease rentals	106,219	80,162
Exchange rate losses	<u>42,738</u>	<u>48,295</u>

The Link Asset and Securities Company Limited

Notes forming part of the financial statements for the year ended 31 December 2001 (*Continued*)

6 Interest receivable

	2001 £	2000 £
Bank deposits	194,839	185,710
	<u> </u>	<u> </u>

7 Taxation on profit on ordinary activities

	2001 £	2000 £
<i>Current tax</i>		
UK corporation tax on profits of the year	1,186,937	776,026
Adjustment in respect of previous periods	(19,621)	(14,817)
	<u> </u>	<u> </u>
Total current tax	1,167,316	761,209
	<u> </u>	<u> </u>

8 Tangible fixed assets

	Fixtures and fittings £	Office equipment £	Computer Equipment £	Total £
<i>Cost</i>				
At 1 January 2001	43,936	360,774	104,516	509,226
Additions	27,683	257,630	49,682	334,995
Disposals	-	-	(17,415)	(17,415)
	<u> </u>	<u> </u>	<u> </u>	<u> </u>
At 31 December 2001	71,619	618,404	136,783	826,806
	<u> </u>	<u> </u>	<u> </u>	<u> </u>
<i>Depreciation</i>				
At 1 January 2001	8,795	77,894	25,826	112,515
Provided for the year	11,117	202,958	56,137	270,212
Disposals	-	-	(17,384)	(17,384)
	<u> </u>	<u> </u>	<u> </u>	<u> </u>
At 31 December 2001	19,912	280,852	64,579	365,343
	<u> </u>	<u> </u>	<u> </u>	<u> </u>
<i>Net book value</i>				
At 31 December 2001	51,707	337,552	72,204	461,463
	<u> </u>	<u> </u>	<u> </u>	<u> </u>
At 31 December 2000	35,141	282,880	78,690	396,711
	<u> </u>	<u> </u>	<u> </u>	<u> </u>

The Link Asset and Securities Company Limited

Notes forming part of the financial statements for the year ended 31 December 2001 (*Continued*)

9 Debtors

	2001 £	2000 £
Trade debtors	4,429,860	2,412,259
Prepayments and accrued income	503,514	306,113
	<u>4,933,374</u>	<u>2,718,372</u>

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

10 Current asset investments

	2001 £	2000 £
Unlisted investments	930,689	-
	<u>930,689</u>	<u>-</u>

The unlisted shares were sold on 7 January 2002 for £1,241,000.

11 Creditors: amounts falling due within one year

	2001 £	2000 £
Trade creditors	208,743	148,329
Taxation and social security	467,785	136,813
Corporation tax	488,856	475,052
Subordinated loan	100,000	100,000
Other creditors	-	44,678
Accruals and deferred income	3,567,469	2,433,259
	<u>4,832,853</u>	<u>3,338,131</u>

The subordinated loan attracts interest at 10% per annum, is unsecured and was repaid on 28 February 2002 with the prior consent of the Financial Services Authority

The Link Asset and Securities Company Limited

Notes forming part of the financial statements for the year ended 31 December 2001 (*Continued*)

12 Share capital

	2001	Authorised 2000	Allotted, called up and fully paid 2001	2000
	£	£	£	£
<i>Equity share capital</i>				
Ordinary shares of £1 each	112,500	112,500	112,500	112,500
	<u> </u>	<u> </u>	<u> </u>	<u> </u>

13 Commitments under operating leases

The company had annual commitments under non-cancellable operating leases as set out below:

	2001 Land and buildings £	2000 Land and buildings £
Operating leases which expire:		
Within one year	113,244	-
In two to five years	-	80,162
	<u> </u>	<u> </u>

14 Deferred taxation

The company has unprovided deferred taxation relating to accelerated capital allowances amounting to £24,078 (2000 - £17,428.)

15 Related party disclosures

Controlling parties

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

Related party transactions and balances

The amount shown in note 11 as subordinated loan is owed to Charles Davies and John Booth, directors of the company, in the ratio of 80% and 20% respectively. It was repaid on 28 February 2002 with the prior consent of the Financial Services Authority.

The Link Asset and Securities Company Limited

Notes forming part of the financial statements for the year ended 31 December 2001 *(Continued)*

16 Reconciliation of movements in shareholders' funds

	2001 £	2000 £
Profit for the year	2,507,845	1,703,046
New share capital subscribed	-	12,500
	<hr/>	<hr/>
Net additions to shareholders' funds	2,507,845	1,715,546
Opening shareholders' funds	3,216,958	1,501,412
	<hr/>	<hr/>
Closing shareholders' funds	5,724,803	3,216,958
	<hr/>	<hr/>

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

	2001 £	2000 £
Operating profit	3,480,322	2,278,545
Depreciation of tangible fixed assets	270,212	72,620
Profit on sale of tangible fixed assets	(2,198)	-
Increase in debtors	(2,183,679)	(1,042,823)
Increase in creditors	1,480,918	1,155,989
	<hr/>	<hr/>
Net cash inflow from operating activities	3,045,575	2,464,331
	<hr/>	<hr/>

The Link Asset and Securities Company Limited

Notes forming part of the financial statements for the year ended 31 December 2001 (Continued)

18 Reconciliation of net cash flow to movement in net funds

	2001 £	2000 £
Increase in cash	792,124	1,465,430
Cash outflow from changes in liquid resources	930,689	-
	<hr/>	<hr/>
Movement in net funds	1,722,813	1,465,430
Opening net funds	3,440,006	1,974,576
	<hr/>	<hr/>
Closing net funds	5,162,819	3,440,006
	<hr/> <hr/>	<hr/> <hr/>

19 Analysis of net funds

	At 1 January 2001 £	Cash flow £	At 31 December 2001 £
Cash at bank and in hand	3,440,006	792,124	4,232,130
Current asset investments	-	930,689	930,689
	<hr/>	<hr/>	<hr/>
Total	3,440,006	1,722,813	5,162,819
	<hr/> <hr/>	<hr/> <hr/>	<hr/> <hr/>