

BNY Clearing Services International Limited

**Directors' report and financial
statements**

Registered number 3766757

31 December 2000



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Directors' report

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

Principal activities

The company was incorporated on 7 May 1999 with the original name of Flatwall Ltd and subsequently changed its name to BHF Securities International Limited on 4 June 1999 and to BNY Clearing Services International Limited on 1 August 2000.

The company is authorised as an ISD Category B firm by The Securities and Futures Authority to provide settlement and clearing functions for other firms. The company did not commence clearing operations until after the year ended.

Business review

The company commenced clearing operations in January 2001.

The results for the year are set out on page 5. The directors do not recommend the payment of a dividend.

Directors and directors' interests

The directors who held office during the year were as follows:

Michael Grana (Appointed on 4.6.1999)

Patrick Chou Wo (Appointed on 4.6.1999)

Francis Joseph LaSalla (Appointed on 4.6.1999)

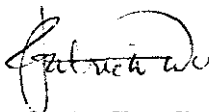
The company has taken advantage of s324 in which interests of the directors in the Company do not need to be notified as the Company is a wholly owned subsidiary.

Auditors

During the year, the directors appointed KPMG as auditors.

In accordance with Section 384 of the Companies Act 1985, a resolution for the re-appointment of KPMG as auditors of the company is to be proposed at the forthcoming Annual General Meeting.

By order of the board



Patrick Chou Wo
Director

BNY Clearing Services International Limited
Aquis Court, 31 Fishpool Street
St Albans, Hertfordshire,
AL3 4RF

30 March 2001

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 for that period. 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;
- 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 have general responsibility for taking such steps as are reasonably open to them to safeguard the assets of the company and to prevent and detect fraud and other irregularities.



KPMG Audit Plc

PO Box 695
8 Salisbury Square
London EC4Y 8BB
United Kingdom

Report of the auditors to the members of BNY Clearing Services International Limited

We have audited the financial statements on pages 4 to 8.

Respective responsibilities of directors and auditors

The directors are responsible for preparing the directors' report and, as described on page 2, the financial statements in accordance with applicable United Kingdom law and accounting standards. Our responsibilities, as independent auditors, are established in the United Kingdom by statute, the Auditing Practices Board and by our profession's ethical guidance.

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. 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.

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

KPMG Audit Plc

KPMG Audit Plc
Chartered Accountants
Registered Auditor

30 March 2001

PROFIT AND LOSS ACCOUNT
for the year ended 31 December 2000

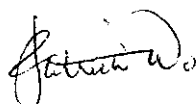
		2000 USD' 000	7 May 1999 to 31 December 1999 USD' 000
Other interest receivable and similar income		29	-
Profit on ordinary activities before taxation	2	<u>29</u>	<u>-</u>
Tax on profit on ordinary activities	3	9	-
Retained profit for the year/period		<u>20</u>	<u>-</u>

The company has no recognised gains or losses other than those above and therefore no separate statement of total recognised gains and losses has been presented (1999: nil).

Balance sheet
at 31 December 2000

	<i>Note</i>	2000 USD' 000	1999 USD' 000
Current assets			
Cash at bank		1,032	-
Amount owed by group undertaking		8	-
		<u>1,040</u>	<u>-</u>
Current Liabilities			
Creditors: Amounts falling due within one year	4	20	-
Net assets		<u>1,020</u>	<u>-</u>
Capital and reserves			
Called up share capital	5	1,000	-
Profit and loss account	6	20	-
Shareholders' funds	7	<u>1,020</u>	<u>-</u>

These financial statements were approved by the board of directors on 30 March 2001 and were signed on its behalf by:



Patrick Chou Wo
Director

The notes on pages 6 to 8 form part of these financial statements.

Notes

(forming part of the financial statements)

1 Accounting policies

The following accounting policies have been applied consistently in dealing with items which are considered material in relation to the company's financial statements.

Basis of preparation

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

Cash flow statement

Under Financial Reporting Standard 1 (revised), the company is exempt from the requirement to prepare a cash flow statement on the grounds that more than 90% of the voting rights are controlled within the group and a consolidated cash flow statement is included in the ultimate parent company's financial statements which are publicly available.

Related party transactions

Under Financial Reporting Standard 8, the company is exempt from the requirement to disclose related party transactions within the group on the grounds that more than 90% of the voting rights are controlled within the group and the consolidated financial statements of the ultimate parent company are publicly available.

2 Profit on ordinary activities before taxation

	2000	7.5.1999 to 31.12.1999
	USD' 000	USD' 000
Auditor remuneration - audit	12	-
- Non-audit	110	-
	<u>122</u>	<u>-</u>

All costs (including auditor remuneration) have been absorbed by the parent company.

3 Taxation on profit on ordinary activities

	2000	7.5.1999 to 31.12.1999
	USD' 000	USD' 000
The tax charge is based on the profit for the year and comprises:		
UK Corporation tax at 30%	9	-
	<u>9</u>	<u>-</u>

4 Creditors: Amounts falling due within one year

	2000	1999
	USD' 000	USD' 000
Bank Overdraft	11	-
Other creditor	9	-
	<u>20</u>	<u>-</u>

Notes (continued)

5 Called up share capital

	2000 £	1999 £
<i>Authorised</i>		
1,000 Ordinary shares of £1 each	1,000	1,000
	<hr/>	<hr/>
	USD	USD
1,000,000 Ordinary shares of USD 1 each	1,000,000	-
	<hr/>	<hr/>
	USD	USD
<i>Allotted, called up and fully paid</i>		
2 Ordinary shares of £1 each	3	3
1,000,000 Ordinary shares of \$1 each	1,000,000	-
	<hr/>	<hr/>
	1,000,003	-
	<hr/>	<hr/>

The company was incorporated with an authorised share capital of £1,000 comprising 1,000 Ordinary shares of £1 each. 2 Ordinary shares were allotted for cash at par value, on incorporation. During the year, the company increased its authorised share capital by USD 1,000,000 comprising 1,000,000 ordinary shares of USD 1 each. These shares were issued at par value and paid-up on 20 March 2000.

6 Profit and loss account

	2000 USD' 000	1999 USD' 000
At 1 January / start of the period	-	-
Retained profit for the year	20	-
	<hr/>	<hr/>
At 31 December	20	-
	<hr/>	<hr/>

7 Reconciliation of equity shareholders' funds

	2000 USD' 000	1999 USD' 000
Opening equity shareholders' funds	-	-
Issue of shares	1,000	-
Profit on ordinary activities after taxation	20	-
	<hr/>	<hr/>
Closing equity shareholders' funds	1,020	-
	<hr/>	<hr/>

Notes (continued)

8 Commitments

Annual commitments under non-cancellable operating lease is as follows:

	2000 USD' 000	1999 USD' 000
Operating lease which expire:		
Within one year	28	-
	<u>28</u>	<u>-</u>

9 Ultimate parent company

The company is a subsidiary undertaking of BNY International Financing Corporation, a company incorporated in United States of America. The smallest group into which the company is consolidated is that of BNY International Financing Corporation.

The ultimate parent undertaking of the company is The Bank of New York Company Inc, a company incorporated in United States of America. The largest group into which the results of the company are consolidated is that headed by The Bank of New York Company Inc.

Copies of the consolidated accounts of BNY International Financing Corporation are available to the public and may be obtained from 1 Wall Street New York, N.Y. 10286.

Copies of the consolidated accounts of The Bank of New York Company Inc, are available to the public and may be obtained from 1 Wall Street New York, N.Y. 10286.