Kinetech Limited
Report & Accounts
31 March 2001
Registered Number: 3810754

Kinetech Limited
31 March 2001
Report & Accounts

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Directors

Sarah Ann Collis
Geoffrey Frederick Sanderson
Jeremy Martin Gross

Secretary

Juliet Dearlove

Registered Office

164 Bishopsgate
London EC2M 4LZ

Auditors

PricewaterhouseCoopers
Southwark Towers
32 London Bridge Street
London SE1 9SY

The directors have pleasure in submitting their report and accounts of the Company for the year ended 31 March 2001.

Business review

The Company's name was changed from Prebon Technology Services Limited on 22 May 2000 to Trading Systems Limited and then on 19 June 2000 to its current name of Kinetech Limited. The principal activity of the Company has been the development and deployment of software. These activities are planned to continue for the foreseeable future. The Company also holds all the intellectual property rights, which had previously been developed or held in the Prebon Group.

On 14 November 2000, Kinetech Limited was sold to Kinetech Holdings Limited, which on 15 November 2000 was de-merged from FPG Holdings Limited ("the Demerger"), and was acquired by Kinetech International Limited ("KIL").

Results and dividends

The loss on ordinary activities after taxation for the year was £3,988,000 (2000 deficit £6,132,000), which has been transferred to reserves.

The directors do not recommend payment of a dividend.

Directors' and officers' liability

Liability insurance has been taken out as permitted by Section 310(3) of the Companies Act 1985 to cover directors and officers.

Responsibilities of the directors

It is the responsibility of the directors to prepare financial statements for each financial period which give a true and fair view of the state of affairs of the Company as at the end of the financial period and of the profit or loss for that period. The directors are responsible for ensuring that applicable accounting standards have been followed, and that suitable accounting policies, consistently applied and supported by reasonable and prudent judgments and estimates, have been used in the preparation of the financial statements. It is also the responsibility of the directors to prepare the financial statements on the going concern basis unless it is inappropriate to presume that the Company will continue in business and to ensure those financial statements comply with the Companies Act 1985. The directors are also responsible for maintaining adequate accounting records, which disclose with reasonable accuracy at any time the financial position of the Company, for safeguarding the assets of the Company, and for preventing and detecting fraud and other irregularities.

Directors and their interests

The directors of the Company during the year were as follows:

Patrick Michael Keenan	appointed 26th July 1999; resigned 9th April 2001
Geoffrey Ronald Mayhill	appointed 26th July 1999; resigned 15th June 2000
Sarah Ann Collis	appointed 15th June 2000
Geoffrey Frederick Sanderson	appointed 3rd April 2001
Jeremey Martin Gross	appointed 24th April 2001

Directors and their interests *continued*

Patrick Keenan is a director of the ultimate holding company and details of his interest in that company are disclosed in its financial statements.

No contracts of significance to which the Company, its fellow subsidiary undertakings or its holding company, was a party and in which a director had a material interest, whether directly or indirectly, subsisted at the end of the period or at any time during the period.

Auditors

PricewaterhouseCoopers have indicated their willingness to continue in office as auditors and the Company has elected pursuant to Section 386 of the Companies Act 1985 to dispense with the obligation to appoint auditors annually.

By Order of the Board

Juliet Dearlove

Juliet Dearlove
Secretary

16 November 2001

Registered Office:
164 Bishopsgate
London
EC2M 4LZ

Registered number
3810754

Auditors' Report to the Members of Kinetech Limited

We have audited the financial statements on pages 6 to 11 which have been prepared under the historical cost convention and the accounting policies set out on page 8.

Respective responsibilities of directors and auditors

The directors are responsible for preparing the Annual Report, including as described on page 3, responsibility for preparing the financial statements, in accordance with applicable United Kingdom accounting standards. Our responsibilities, as independent auditors, are established in the United Kingdom by statute, the Auditing Practices Board and 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 United Kingdom Companies Act. We also report to you if, in our opinion, the directors' report is not consistent with the financial statements, if the Company have 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 is not disclosed.

We read the other information contained in the Annual Report and consider the implications for our report if we become aware of any apparent misstatements or material inconsistencies with the financial statements.

Basis of audit 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 misstatements, 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 affairs of the Company as at 31 March 2001 and of the loss of the Company for the year then ended and have been properly prepared in accordance with the Companies Act 1985.

PricewaterhouseCoopers

PricewaterhouseCoopers
Chartered Accountants
and Registered Auditors
Southwark Towers
32 London Bridge Street
London SE1 9SY

16 November 2001

	Note	12 months to 31 March 2001 £'000	8 months to 31 March 2000 £'000
Turnover	1	2,387	3
Administrative expenses	2	(6,375)	(6,027)
Operating profit / (loss)	2	(3,988)	(6,024)
Interest payable	3	-	(108)
Profit / (loss) on ordinary activities before taxation		(3,988)	(6,132)
Taxation	4	-	-
Profit / (loss) on ordinary activities after taxation		(3,988)	(6,132)

No note of historical costs profits and losses has been presented as there is no difference between the results as shown above and on an unmodified historical cost basis.

There were no gains or losses in the financial period other than those shown above.

The results above are in respect of continuing operations.

Reconciliation of movements in shareholders' funds

Profit / (loss) on ordinary activities after taxation	(3,988)	(6,132)
Opening shareholders' funds	(6,132)	-
Closing shareholders' funds	(10,120)	(6,132)

The notes on pages 8 to 11 form an integral part of these accounts.

Kinetech Limited
31 March 2001
Balance Sheet

	Note	31 March 2001 £'000	31 March 2000 £'000
Fixed assets			
Intangible Assets	5	1,476	-
Tangible Assets	6	191	-
		1,667	-
Current Assets			
Debtors	7	1,957	-
Cash at bank and in hand		-	-
		1,957	-
Creditors (amounts falling due within one year)	8	(7,172)	(108)
Net current liabilities		(5,215)	(108)
Total assets less current liabilities		(3,548)	(108)
Creditors (amounts falling due after more than one year)			
Amounts due to related party	9	(6,572)	(6,024)
		(10,120)	(6,132)
Capital and reserves			
Share capital	10	-	-
Profit and loss account	12	(10,120)	(6,132)
Shareholders' funds		(5,781)	(6,132)

Approved by the board on 16 November 2001
and signed on their behalf by:

S A Collis

Sarah Collis - Director

1 Accounting policies

The accounts have been prepared under the historical cost convention and in accordance with applicable accounting standards in the United Kingdom.

a) *Turnover*

Turnover represents invoiced sales net of value-added tax and other sales taxes.

b) *Foreign currency*

Transactions in foreign currencies are converted at exchange rates ruling at the transaction dates. Assets and liabilities, denominated in foreign currencies at the balance sheet date are translated into sterling at the rates of exchange ruling at the year end. Exchange gains and losses are taken to the profit and loss account.

c) *Software development*

Computer software development costs are written off as incurred except for purchases from third parties in respect of major systems. In such cases the costs are capitalised as Tangible Fixed Assets and written off over a maximum of three years from the date of implementation.

d) *Deferred taxation*

No provision is made for deferred taxation in respect of timing differences except where, in the opinion of the directors, it is expected that a tax payment or credit will crystallise in the foreseeable future.

e) *Cash flow statement*

As the Company is a wholly owned subsidiary undertaking of a parent company which prepares a consolidated cash flow statement, it is not required to present a cash flow statement in these accounts.

f) *Tangible fixed assets*

Tangible fixed assets are stated at cost less depreciation and are written off in equal annual instalments over their estimated useful lives. The principal rates of depreciation used are:

Office furniture and equipment	20%
Computer equipment	33%

2 Administrative expenses

Operating profit is stated after charging:-

	12 months to 31 March 2001 £'000	8 months to 31 March 2000 £'000
Amortisation of and provision for intangible assets	1,223	
Depreciation on owned assets	243	-
Development costs recharged by related party	-	4,211

There were no employees during the period.

The audit fees were borne by the ultimate parent undertaking.

3 Interest payable

	12 months to 31 March 2001 £'000	8 months to 31 March 2000 £'000
Interest due to related party	-	108

4 Taxation

Due to losses incurred, there is no charge for taxation in the current financial year.

5 Intangible assets

	Intellectual Property £'000
At 1 April 2000	-
Additions	2,699
Provision	(1,089)
Amortisation	(134)
	1,476

6 Tangible fixed assets

	Computer Software £'000	Total £'000
Costs:		
At 1 April 2000	-	-
Additions in the period	673	673
Disposals in the period	(239)	(239)
At 31 March 2001	434	434
Depreciation:		
At 1 April 2000	-	-
Charge for the year :		
Depreciation	(44)	(44)
Writedown of Third Party software	(199)	(199)
At 31 March 2001	(243)	(243)
Net Book Value at 31 March 2001	191	191

7 Debtors

	2001 £'000	2000 £'000
Amounts due from ultimate parent company	1,890	-
Prepayments and accrued income	67	-
	1,957	-

8 **Creditors** (amounts falling due within one year)

	2001 £'000	2000 £'000
Amounts owed to fellow subsidiary undertakings	7,064	-
Accruals and deferred income	108	108
	7,172	108

9 **Creditors** (amounts falling due after more than one year)

	2001 £'000	2000 £'000
Amount due to a related party	6,572	6,024

9 **Creditors** (amounts falling due after more than one year) (*Continued)*

The directors of Kinetech International Limited have confirmed their intention to ensure that sufficient financial resources are available to Kinetech Limited to enable it to satisfy its liabilities as they fall due.

10 **Share capital**

	31 March 2001	31 March 2000
	£	£
Authorised:		
100,000 ordinary shares of £1 each	100,000	100,000
Issued and fully paid:		
100 ordinary shares of £1 each	100	100

11 **Subsequent events**

As a condition, imposed by Prebon Group's banking syndicate, of its consent to the Demerger, the Company entered into a Debenture in favour of HSBC Investment Bank Plc (as security trustee) on 3 August 2001 (the "Debenture"). The Debenture creates a fixed charge over the Company's intellectual property and monetary claims and a floating charge over the remainder of the Company's assets.

12 **Profit and loss account**

	£'000
At 1 April 2000	(6,132)
Retained profit for the period	(3,988)
At 31 March 2001	(10,120)

13 **Ultimate holding company**

The ultimate holding company is Kinetech International Limited, which is registered in England and Wales.

Kinetech International Limited consolidates the results of the Company and copies of the consolidated accounts can be obtained from the Company Secretary, Kinetech International Limited, 1st Floor, 164 Bishopsgate, London, EC2M 4LZ.

14 **Related party disclosure**

The company has taken advantage of the exemption granted to wholly owned and controlled subsidiary undertakings by FRS 8, related party disclosures, not to disclose related party transactions with members of the group.

The amounts due to the related party represent monies owed to Prebon Group Limited or its subsidiaries.