

**FINANCIAL TRADING &  
CONSULTANCY LIMITED**

**Report and Financial Statements**

**31 December 2002**



# **FINANCIAL TRADING & CONSULTANCY LIMITED**

## **REPORT AND FINANCIAL STATEMENTS 2002**

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# FINANCIAL TRADING & CONSULTANCY LIMITED

## COMPANY INFORMATION

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<b>Directors</b>	Julian Dodd Jonathan Morley-Kirk
<b>Registered Office</b>	Sion Hall 56 Victoria Embankment London EC4Y 0DZ
<b>Registered number</b>	1994841
<b>Auditors</b>	RSM Robson Rhodes LLP Chartered Accountants 186 City Road London EC1V 2NU
<b>Bankers</b>	National Westminster Bank City of London Office PO Box 12258 1 Princes Street London EC2R 8PA
<b>Solicitors</b>	Taylor Wessing Carmelite 50 Victoria Embankment London EC4Y 0DX

# FINANCIAL TRADING & CONSULTANCY LIMITED

## REPORT OF THE DIRECTORS

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The directors present their annual report and the audited financial statements for the year ended 31 December 2002.

### PRINCIPAL ACTIVITY

Until 20<sup>th</sup> November 2002, the principal activity of the company was to take orders from, and deal as matched principal with, customers in the fixed income and equity markets. Operations were regulated by the Financial Services Authority until April 2003 when the company's application, dated 20 November 2002, for cancellation for Part IV Financial Services and Market Act 2000 was formalised. The company ceased to be a member of the London International Financial Futures and Options Exchange during the year. The intention is that the company will continue with proprietary trading and concentrate on its property interests going forward.

### REVIEW OF THE BUSINESS

2002 was a difficult year for the company as it wound down its fixed income dealing operation. In view of the loss for the year before taxation of £1,919,303 the directors do not recommend the payment of a dividend.

Notwithstanding the above, the company continues to operate on a sound financial footing and the directors believe that the company is in a good position to take advantage of future business opportunities.

### DIRECTORS

The directors who served during the year and any interests in the share capital of this company or other group companies at 31 December 2001 and 2002 were as follows:

	Interests in the share capital of this company or other group companies
Nigel Blanshard (resigned 30 <sup>th</sup> September 2002)	None
Julian Dodd	Fitracon Holding NV: 4.5%
Jonathan Morley-Kirk	None
Edgar Swaab (resigned 4th July 2002)	Fitracon Holding NV: 4.99%

### STATEMENT OF DIRECTORS' RESPONSIBILITIES FOR THE FINANCIAL STATEMENTS

Company law in the United Kingdom 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 as at the end of the financial year and of the profit or loss of the company for that period. In preparing these financial statements, the directors have:

- selected suitable accounting policies and applied them consistently;
- made judgements and estimates that are reasonable and prudent;
- followed applicable United Kingdom accounting standards;
- prepared the financial statements on a going concern basis.

## FINANCIAL TRADING & CONSULTANCY LIMITED

### REPORT OF THE DIRECTORS (continued)

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The directors are responsible for keeping proper accounting records which disclose with reasonable accuracy at any time the financial position of the company and 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.

The directors are responsible for ensuring that the directors' report and other information included in the Annual Report are prepared in accordance with company law in the United Kingdom.

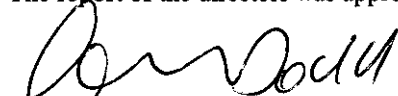
#### AUDITORS

On 3 May 2003, RSM Robson Rhodes, the company's auditors, transferred substantially the whole of their business to RSM Robson Rhodes LLP, a limited liability partnership incorporated under the Limited Liability Partnerships Act 2000. The directors consented to treating the appointment of RSM Robson Rhodes LLP with effect from 3 May 2003.

The Company has previously passed an elective resolution to dispense with the annual general meeting and re-election of auditors. As the Company, will in the future meet the criteria under which audited accounts will no longer be required, the present auditors to the Company are not seeking to be re-appointed for a further term.

#### APPROVAL

The report of the directors was approved by the Board on 16 August 2004 and signed on its behalf by:



Julian Dodd  
Director

## FINANCIAL TRADING & CONSULTANCY LIMITED

### INDEPENDENT AUDITOR'S REPORT TO THE SHAREHOLDERS OF FINANCIAL TRADING & CONSULTANCY LIMITED

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We have audited the financial statements on pages 5 to 15.

This report is made solely to the company's shareholders, as a body, in accordance with Section 235 of the Companies Act 1985. Our audit work has been undertaken so that we might state to the company's shareholders those matters we are required to state to them in an auditor's report and for no other purpose. To the fullest extent permitted by law, we do not accept or assume responsibility to anyone other than the company and the company's shareholders as a body, for our audit work, for this report, or for the opinions we have formed.

#### **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 have been 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.

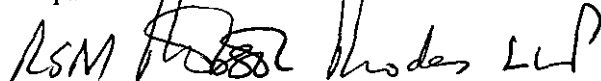
#### **Basis of audit opinion**

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.

#### **Opinion**

In our opinion the financial statements give a true and fair view of the state of affairs of the company as at 31 December 2002 and of its loss for the year then ended and have been properly prepared in accordance with the Companies Act 1985.



RSM Robson Rhodes LLP

Chartered Accountants and Registered Auditors

London, England

16 August 2004

# FINANCIAL TRADING & CONSULTANCY LIMITED

## PROFIT AND LOSS ACCOUNT For the year ended 31 December 2002

	Note	2002 £	2001 £
<b>TURNOVER:</b>	1	2,272,522	3,366,112
		<u>2,272,522</u>	<u>3,366,112</u>
Administrative expenses		(3,995,636)	(3,755,107)
Foreign currency gains		(233,973)	143,443
		<u>(4,229,609)</u>	<u>(3,611,664)</u>
<b>OPERATING LOSS</b>	2	(1,957,087)	(245,552)
Profit on disposal of fixed asset investment		-	229,000
<b>LOSS ON ORDINARY ACTIVITIES BEFORE INTEREST AND TAX</b>		<u>(1,957,087)</u>	<u>(16,552)</u>
Interest receivable and similar income	5	79,412	133,436
Interest payable and similar charges	6	<u>(41,628)</u>	<u>(37,597)</u>
		<u>37,784</u>	<u>95,839</u>
<b>(LOSS)/PROFIT ON ORDINARY ACTIVITIES BEFORE TAXATION</b>		(1,919,303)	79,287
Tax on (loss)/profit on ordinary activities	7	-	<u>(13,093)</u>
<b>RETAINED (LOSS)/PROFIT FOR THE FINANCIAL YEAR</b>		<u>(1,919,303)</u>	<u>66,194</u>

The profit and loss account reflects continuing operations. Such operations were regulated by the Financial Services Authority until April 2003 when the Company's application, dated 20 November 2002, for cancellation for Part IV Financial Services and Market Act 2000 was formalised. There were no recognised gains or losses other than those reported above.


# FINANCIAL TRADING & CONSULTANCY LIMITED

## BALANCE SHEET

31 December 2002

	Note	2002		2001	
		£	£	£	£
<b>FIXED ASSETS</b>					
Tangible fixed assets	8	-	-	192,494	
Investments	9	-	-	50,000	
					242,494
<b>CURRENT ASSETS</b>					
Investments	10	-	1,353,574		
Debtors	11	551,346	18,480,787		
Cash at bank and in hand	12	2,782,852	1,584,620		
		3,334,198	21,418,981		
<b>CREDITORS - AMOUNTS FALLING DUE WITHIN ONE YEAR</b>					
Bank overdrafts		-	1,094,105		
Creditors	13	1,713,438	17,027,307		
		1,713,438	18,121,412		
<b>NET CURRENT ASSETS</b>			1,620,760		3,297,569
<b>TOTAL ASSETS LESS CURRENT LIABILITIES</b>			1,620,760		3,540,063
<b>NET ASSETS</b>			1,620,760		3,540,063
<b>CAPITAL AND RESERVES</b>					
Called up share capital	14	1,000,000		1,000,000	
Profit and loss account	15	620,760		2,540,063	
<b>EQUITY SHAREHOLDERS' FUNDS</b>	16	1,620,760		3,540,063	

The financial statements were approved by the Board on 16 August 2004 and signed on its behalf by:

  
 Julian Dodd  
 Director



# FINANCIAL TRADING & CONSULTANCY LIMITED

## CASH FLOW STATEMENT

For the year ended 31 December 2002

	Note	£	2002 £	£	2001 £
<b>Net cash inflow/(outflow) from operating activities</b>	17		2,273,217		(1,592,052)
<b>Returns on investments and servicing of finance</b>					
Interest received		79,412		133,436	
Interest paid		(41,628)		(37,597)	
<b>Net cash inflow from returns on investments and servicing of finance</b>			37,784		95,839
<b>Taxation paid</b>					
Overseas tax paid		-		-	
Corporation tax (paid)/recovered		(9,135)		38,720	
<b>Tax (paid)/recovered</b>			(9,135)		38,720
<b>Capital expenditure and financial investment</b>					
Payments to acquire tangible fixed assets		(9,530)		(12,256)	
Receipts from sale of fixed asset investments		-		349,000	
Payments to acquire current asset investments		-		(609,247)	
<b>Net cash outflow from capital expenditure and financial investment</b>			(9,530)		(272,503)
<b>Management of liquid resources</b>					
Decrease/(Increase) in short term deposits			250,000		(250,000)
<b>Increase/(Decrease) in cash</b>	18		2,542,336		(1,979,996)

# FINANCIAL TRADING AND CONSULTANCY LIMITED

## NOTES TO THE FINANCIAL STATEMENTS

Year ended 31 December 2002

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### 1. ACCOUNTING POLICIES

The financial statements have been prepared under the historical cost convention (except for the valuation of market traded securities – see below) and in accordance with applicable accounting standards. The particular accounting policies adopted by the directors are described below.

#### Turnover

Turnover comprises profit on dealing operations in bonds, related fixed income instruments, shares and property income. No segmental analysis of turnover is given as, in the opinion of the directors, to do so would be prejudicial to the company's trade. Property rental income is also included in turnover.

#### Foreign currencies

Monetary assets and liabilities denominated in foreign currencies are translated into sterling at the rates of exchange ruling at 31 December 2002. Translation differences are dealt with through the profit and loss account.

#### Operating leases

Rental costs under operating leases are charged to the profit and loss account in equal annual amounts over the period of the leases.

#### Pensions

The company does not operate a pension scheme. However it does make specified payments in respect of the free standing pension schemes of employees. The pension cost charge represents contributions payable in the year.

#### Tangible fixed assets and depreciation

For all fixed assets, depreciation is calculated to write down their cost to their estimated residual values by equal annual instalments over the period of their estimated useful economic lives, at the following rates:

Plant and equipment	33 1/3% per annum
Motor vehicles	33 1/3% per annum
Office furniture and fittings	15% per annum

#### Fixed Asset Investments

Investments held as fixed assets are stated at cost, less provision if applicable for any permanent diminution in value.

#### Current Asset Investments

Current asset investments, which comprise both listed and unlisted market traded securities, are marked to market in accordance with normal industry customs and included at net realisable value. The market value has been determined by the directors on advice from third party market traders.

#### Balances with clients and counterparties

In accordance with market practice, balances with clients and counterparties are included in debtors and creditors gross for their unsettled bought and sold transactions respectively.

# FINANCIAL TRADING AND CONSULTANCY LIMITED

## NOTES TO THE FINANCIAL STATEMENTS

Year ended 31 December 2002

### 1. ACCOUNTING POLICIES (continued)

#### Taxation

The payment of taxation is deferred or accelerated because of timing differences between the treatment of certain items for accounting and taxation purposes. Full provision for deferred taxation is made under the liability method, without discounting, on all timing differences that have arisen, but not reversed by the balance sheet date, unless such a provision is not permitted by Financial Reporting Standard 19.

Previously under Statement of Accounting Practice 15, provision for deferred taxation was necessary only to the extent that it was probable that the tax would be payable in the foreseeable future.

#### Change in accounting policy

The change in accounting policy for deferred tax has not changed the company's loss after taxation for the year nor the shareholders' funds, and has not affected the company's cash flows.

#### Management of liquid resources

Liquid resources include all deposits of cash which cannot be withdrawn within 24 hours, thus representing short-term cash deposits held by the company.

### 2. OPERATING LOSS

	2002	2001
Operating loss is stated after charging (crediting) the following:	£	£
Depreciation	202,024	94,858
Provision against fixed asset investment	50,000	-
Profit on disposal of fixed asset investment	-	(229,000)
Auditors' remuneration	46,200	29,104
Other fees paid to auditors	6,000	12,100
Amounts payable in respect of other operating leases, including rents of land and buildings	233,943	253,236

### 3. EMPLOYEES

	No. of employees	
The average monthly number of employees including directors was	2002	2001
Dealing and sales staff	12	13
Administration staff	6	6
	18	19

# FINANCIAL TRADING AND CONSULTANCY LIMITED

## NOTES TO THE FINANCIAL STATEMENTS

Year ended 31 December 2002

### 3. EMPLOYEES (Continued)

Staff costs in respect of these employees were	2002 £	2001 £
Salaries	1,352,144	1,677,905
Social security costs	161,361	189,817
Other pension costs	80,354	37,962
	<u>1,593,859</u>	<u>1,905,684</u>

The company has no pension scheme. However it did make specified payments in respect of the free standing pension schemes of employees. The charge for the year amounted to £80,354 (2001 - £37,962). There were £41,528 in outstanding contributions at 31 December 2002 (2001 - £NIL).

### 4. DIRECTORS

Remuneration of the company's directors	2002 £	2001 £
Emoluments	269,167	405,536
Pension scheme contributions	15,748	20,495
	<u>284,915</u>	<u>426,031</u>

Highest paid director:	2002 £	2001 £
Emoluments	167,917	208,036
Pension scheme contributions	9,500	12,495
	<u>177,417</u>	<u>220,531</u>

### 5. INTEREST RECEIVABLE AND SIMILAR INCOME

	2002 £	2001 £
Bank and broker interest receivable	<u>79,412</u>	<u>133,436</u>

### 6. INTEREST PAYABLE AND SIMILAR CHARGES

	2002 £	2001 £
Interest payable on short term loans from group undertaking	-	-
Interest payable on bank overdrafts	<u>41,628</u>	<u>37,597</u>
	<u>41,628</u>	<u>37,597</u>

# FINANCIAL TRADING AND CONSULTANCY LIMITED

## NOTES TO THE FINANCIAL STATEMENTS

Year ended 31 December 2002

### 7. TAX ON PROFIT ON ORDINARY ACTIVITIES

	2002	2001
	£	£
Taxation is based on the taxable profits for the year and comprises		
Corporation tax at an average rate of 30% (2000 – 30%) of taxable profit	-	-
(Over)/under statement of prior year charge – UK Corporation tax	-	(18,802)
Overseas tax	-	20,225
Under statement of prior year charge - overseas tax suffered	-	11,670
	<u>-</u>	<u>13,093</u>

The current taxation charge for the year is different from the standard rate of corporation tax for companies in the UK (30%). The differences are explained below.

	2002	2001
	£	£
(Loss)/profit on ordinary activities before taxation	(1,919,303)	79,287
Theoretical tax at effective UK Corporation tax rate of 30% (2001:30%)	(575,791)	23,786
Effects of:		
Increase in trading losses	384,530	5,751
(Excess)/deficit of capital allowances over depreciation	43,311	3,742
Other expenditure which is not tax deductible	147,950	26,774
Effects of overseas tax	-	16,180
Adjustments in respect of prior years – UK corporation tax	-	(18,802)
Adjustments in respect of prior years – Overseas tax suffered	-	11,670
Timing difference on taxation of pension contribution	-	(2,280)
Profit/(loss) on disposal of fixed assets	-	(45,800)
	<u>-</u>	<u>13,093</u>
Actual current tax charge	-	13,093

### Factors that may affect future tax charges

The company has excess losses of £1,290,528 (2001: £8,761) that are available to offset future taxable profits. In addition the company has timing differences in respect of fixed asset of £172,963 (2001: £28,593). The net deferred tax asset of £439,047 (2001: £11,206) has been recognised in respect of those losses and will be recoverable only to the extent that the company has sufficient future taxable revenue.

# FINANCIAL TRADING AND CONSULTANCY LIMITED

## NOTES TO THE FINANCIAL STATEMENTS

Year ended 31 December 2002

### 8. TANGIBLE FIXED ASSETS

	Plant and equipment £	Office furniture and fittings £	Total £
<b>Cost</b>			
At 1 January 2002	305,428	214,547	519,975
Additions	9,530	-	9,530
Disposals	-	-	-
At 31 December 2002	<u>314,958</u>	<u>214,547</u>	<u>529,505</u>
<b>Depreciation</b>			
At 1 January 2002	233,433	94,048	327,481
Charge for year	81,525	120,499	202,024
At 31 December 2002	<u>314,958</u>	<u>214,547</u>	<u>529,505</u>
<b>Net Book Value</b>			
At 31 December 2002	<u>-</u>	<u>-</u>	<u>-</u>
At 31 December 2001	<u>71,995</u>	<u>120,499</u>	<u>192,494</u>

Given the Company's reduction in future activity levels, as a matter of prudence, the fixed assets have been depreciated to zero at 31 December 2002.

### 9. FIXED ASSET INVESTMENTS

	Other fixed Asset Investments £	Total £
<b>Cost</b>		
At 1 January and 31 December 2002	<u>50,000</u>	<u>50,000</u>
<b>Provisions</b>		
At 1 January 2002	-	-
Provision for year	<u>50,000</u>	<u>-</u>
At 31 December 2002	<u>50,000</u>	<u>-</u>
<b>Net Book Value</b>		
At 31 December 2002	<u>-</u>	<u>50,000</u>
At 31 December 2001	<u>50,000</u>	<u>50,000</u>

#### Other fixed asset investment

The fixed asset investment represents an investment in an unlisted company.

The directors' estimate of the market value of unlisted shares is £NIL (2001 £50,000).

## FINANCIAL TRADING AND CONSULTANCY LIMITED

### NOTES TO THE FINANCIAL STATEMENTS

Year ended 31 December 2002

#### 10. CURRENT ASSET INVESTMENTS

	2002	2001
	£	£
Market traded securities	-	1,353,574

All securities are marked to market.

#### 11. DEBTORS

	2002	2001
	£	£
Trade debtors	182,529	18,011,338
Other debtors	311,082	278,079
Prepayments and accrued income	57,735	191,370
	<u>551,346</u>	<u>18,480,787</u>

Included within other debtors are amounts totalling £232,810 (2001 - £232,269) which fall due after more than one year.

#### 12. CASH AT BANK AND IN HAND

Included within cash at bank and in hand at 31 December 2002 is an amount of £NIL (2001 - £7,828) which represents monies held on behalf of clients in segregated client bank accounts in accordance with the rules of The Financial Services Authority.

#### 13. CREDITORS - AMOUNTS FALLING DUE WITHIN ONE YEAR

	2002	2001
	£	£
Trade creditors (see note below)	16,186	16,279,111
Amount due to group undertakings	810,617	375,697
Corporation tax	-	9,135
Other creditors including taxation and social security	572,205	238,363
Accruals and deferred income	314,430	125,001
	<u>1,713,438</u>	<u>17,027,307</u>

Included within trade creditors at 31 December 2002 are amounts totalling £NIL (2001 - £7,828) held on behalf of clients in accordance with the rules of The Financial Services Authority.

Included within amounts due to group undertakings is an amount of £810,617 (2001- £375,697) due to Fitracon Holding NV.

# FINANCIAL TRADING AND CONSULTANCY LIMITED

## NOTES TO THE FINANCIAL STATEMENTS

Year ended 31 December 2002

### 14. CALLED UP SHARE CAPITAL

	2002 £	2001 £
<b>Authorised</b>		
2,000,000 ordinary shares of £1 each	<u>2,000,000</u>	<u>2,000,000</u>
<b>Issued and fully paid</b>		
1,000,000 ordinary shares of £1 each	<u>1,000,000</u>	<u>1,000,000</u>

### 15. RESERVES

	Profit & loss account £
Balance at 1 January 2002	2,540,063
Profit retained for the year	<u>(1,919,303)</u>
Balance at 31 December 2002	<u>620,760</u>

### 16. RECONCILIATION OF MOVEMENT IN SHAREHOLDERS' FUNDS

	2002 £	2001 £
Opening shareholders' funds	3,540,063	3,473,869
Retained profit for the year	<u>(1,919,303)</u>	<u>66,194</u>
Closing shareholders' funds	<u>1,620,760</u>	<u>3,540,063</u>

### 17. RECONCILIATION OF OPERATING LOSS TO NET CASH INFLOW/(OUTFLOW) FROM OPERATING ACTIVITIES

	2002 Total £	2001 Total £
Operating loss	(1,957,087)	(245,552)
Provision against fixed asset investment	50,000	-
Depreciation charges	202,024	94,858
Decrease/(Increase) in current asset investments	1,353,574	19,077
Decrease/(Increase) in debtors	17,929,441	(12,112,563)
Increase/(Decrease) in creditors	<u>(15,304,735)</u>	<u>10,652,128</u>
Net cash inflow/(outflow)	<u>2,273,217</u>	<u>(1,592,052)</u>



# FINANCIAL TRADING AND CONSULTANCY LIMITED

## NOTES TO THE FINANCIAL STATEMENTS

Year ended 31 December 2002

### 18. RECONCILIATION OF NET CASH FLOW TO MOVEMENT IN NET FUNDS

	2002	2001
	£	£
Increase/(Decrease) in cash	2,542,336	(885,892)
Increase in bank overdrafts	-	(1,094,104)
	<u>2,542,336</u>	<u>(1,979,996)</u>
Cash (realised from)/utilised by liquid resources	(250,000)	250,000
	<u>2,292,336</u>	<u>(1,729,996)</u>
Increase/(decrease) in net funds	490,516	2,220,512
Net funds at 1 January		
	<u>2,782,852</u>	<u>490,516</u>
Net funds at 31 December		

### 19. ANALYSIS OF NET FUNDS

	1 January 2002	Cash flow	31 December 2002
	£	£	£
Cash at bank and in hand	(165,380)	1,448,232	1,282,852
Short term deposit	1,750,000	(250,000)	1,500,000
Bank overdrafts	(1,094,104)	1,094,104	-
	<u>490,516</u>	<u>2,292,336</u>	<u>2,782,852</u>

### 20. FINANCIAL COMMITMENTS

#### Operating lease commitments

The payments which the company is committed to make in the next year under operating leases are as follows:

	Land and Buildings
	£
Leases which expire after more than five years	<u>235,370</u>

### 21. ULTIMATE PARENT UNDERTAKING

The company's ultimate parent company is Fitracon Holding NV, which is incorporated in Netherlands Antilles. Its immediate parent is Fitracon Amsterdam Holdings BV which is incorporated in the Netherlands.