

**FINANCIAL TRADING &
CONSULTANCY LIMITED**

Report and Financial Statements

31 December 2000



FINANCIAL TRADING & CONSULTANCY LIMITED

REPORT AND FINANCIAL STATEMENTS 2000

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FINANCIAL TRADING & CONSULTANCY LIMITED

COMPANY INFORMATION

Directors	Julian Dodd Jonathan Morley-Kirk Nigel Blanshard Edgar Swaab	
Secretary	Stuart Jackson	
Registered Office	Sion Hall 56 Victoria Embankment London EC4Y 0DZ	
Branch Offices	Geneva 3 rue de Marche Geneva CH 1204 Switzerland	Manager: Neil Pace
	Zurich Limmatquai 84 8001 Zurich Switzerland	Manager: Armin Nauser
Registered number	1994841	
Auditors	RSM Robson Rhodes Chartered Accountants 186 City Road London EC1V 2NU	
Bankers	National Westminster Bank City of London Office PO Box 12258 1 Princes Street London EC2R 8PA	
Solicitors	Taylor Joynson Garrett Carmelite 50 Victoria Embankment London EC4Y 0DX	

FINANCIAL TRADING & CONSULTANCY LIMITED

REPORT OF THE DIRECTORS

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

PRINCIPAL ACTIVITY

The principal activity of the company is to take orders from, and deal as matched principal with, customers in the fixed income and equity markets. The company is regulated by The Securities and Futures Authority and is a member of the London International Financial Futures and Options Exchange.

REVIEW OF THE BUSINESS

The year 2000 was a challenging one for FTC. Both the international equity and bond markets were very volatile and consequently client volumes in our core business of bond broking were low, resulting in reduced revenues.

It became apparent that the company had to restructure and action was taken to reduce the company's cost base. Hence, during the year the branch in Copenhagen was closed and the company's Miami subsidiary was sold. In London there were some redundancies and other economies were achieved.

These actions have put the company on a sound financial footing, which makes the directors confident that the company is well positioned 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 1999 and 2000 were as follows:

	Interests in the share capital of this company or other group companies
L Van Nieuwkerk (resigned 13 December 2000)	None
J Dodd	Fitracon Holding NV: 4.5%
E Swaab (appointed 9 July 2000)	Fitracon Holding NV: 4.99%
J Morley-Kirk	None
N Blanshard	None

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)

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.

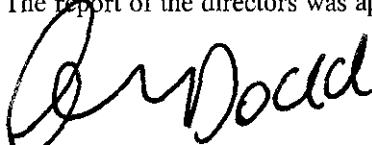
The directors are responsible for ensuring that the directors' report and other information included in the Annual Report are prepared in accordance with company law in the United Kingdom.

AUDITORS

The company has passed an elective resolution to dispense with the annual general meeting and re-election of auditors who are willing to continue in office.

APPROVAL

The report of the directors was approved by the Board on 10 March 2001 and signed on its behalf by:

A handwritten signature in black ink, appearing to read 'Julian Dodd', is written over the printed name.

Julian Dodd
Director

FINANCIAL TRADING & CONSULTANCY LIMITED

INDEPENDENT AUDITORS' REPORT TO THE SHAREHOLDERS OF FINANCIAL TRADING & CONSULTANCY LIMITED

We have audited the financial statements on pages 5 to 16.

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 information contained in the Annual Report and consider whether it is consistent with the audited financial statements. We consider the implications for our report if we become aware of any apparent misstatements or material inconsistencies with the financial statements. Our responsibilities do not extend to any information outside the Annual Report.

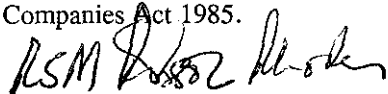
Basis of audit opinion

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 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.



RSM ROBSON RHODES
Chartered Accountants and Registered Auditors

London, England
10 March 2001

FINANCIAL TRADING & CONSULTANCY LIMITED

PROFIT AND LOSS ACCOUNT

For the year ended 31 December 2000

	Note	£	2000 £	£	1999 £
TURNOVER: continuing operations	1	3,483,305		4,772,319	
discontinued operations		18,602		61,523	
			<u>3,501,907</u>		<u>4,833,842</u>
Administrative expenses		(3,709,539)		(4,816,290)	
Foreign currency gains		134,572		14,271	
			<u>(3,574,967)</u>		<u>(4,802,019)</u>
OPERATING PROFIT/(LOSS)	2		(73,060)		31,823
Analysis of operating profit/(loss):					
Continuing operations		19,282			115,438
Discontinued operations		(92,342)			(83,615)
Loss on disposal of subsidiary			(74,740)		-
(LOSS)/PROFIT ON ORDINARY ACTIVITIES BEFORE INTEREST AND TAX			<u>(147,800)</u>		<u>31,823</u>
Interest receivable and similar income	5	235,141		194,527	
Interest payable and similar charges	6	(63,726)		(42,266)	
			<u>171,415</u>		<u>152,261</u>
PROFIT ON ORDINARY ACTIVITIES BEFORE TAXATION			23,615		184,084
Tax on profit on ordinary activities	7		0		12,460
RETAINED PROFIT FOR THE FINANCIAL YEAR			<u>23,615</u>		<u>196,544</u>

There were no recognised gains or losses other than those reported above.

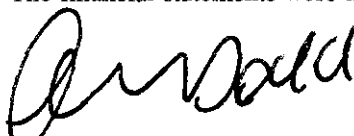
FINANCIAL TRADING & CONSULTANCY LIMITED

BALANCE SHEET

31 December 2000

	Note	2000 £	1999 £
FIXED ASSETS			
Tangible fixed assets	8	275,096	374,448
Investments	9	170,000	394,878
		<u>445,096</u>	<u>769,326</u>
CURRENT ASSETS			
Investments	10	763,404	559,571
Debtors	11	6,406,942	2,188,714
Cash at bank and in hand	12	2,220,512	2,848,378
		<u>9,390,858</u>	<u>5,596,663</u>
CREDITORS - AMOUNTS FALLING DUE WITHIN ONE YEAR			
Bank overdrafts		-	335,920
Creditors	13	6,362,086	2,579,816
		<u>6,362,086</u>	<u>2,915,736</u>
NET CURRENT ASSETS		<u>3,028,772</u>	<u>2,680,927</u>
TOTAL ASSETS LESS CURRENT LIABILITIES		<u>3,473,868</u>	<u>3,450,253</u>
NET ASSETS		<u>3,473,868</u>	<u>3,450,253</u>
CAPITAL AND RESERVES			
Called up share capital	14	1,000,000	1,000,000
Profit and loss account	15	2,473,868	2,450,253
EQUITY SHAREHOLDERS' FUNDS	16	<u>3,473,868</u>	<u>3,450,253</u>

The financial statements were approved by the Board on 10 March 2001 and signed on its behalf by:



Julian Dodd
Director

FINANCIAL TRADING & CONSULTANCY LIMITED

CASH FLOW STATEMENT

For the year ended 31 December 2000

	Note	£	2000 £	£	1999 £
Net cash (outflow)/inflow from operating activities	17		34,069		(202,264)
Returns on investments and servicing of finance					
Interest received		235,141		194,527	
Interest paid		(77,743)		(27,014)	
Net cash inflow from returns on investments and servicing of finance			157,398		167,513
Taxation paid					
Corporation tax paid		-		(49,590)	
Overseas tax paid		(43,935)		(6,261)	
Corporation tax recovered		-		43,843	
Tax paid			(43,935)		(12,008)
Capital expenditure and financial investment					
Payments to acquire tangible fixed assets		(7,560)		(375,017)	
Receipts from sale of tangible fixed assets		3,417		400	
Receipts from sale of fixed asset investments		230,138		(304,872)	
Payments to acquire fixed asset investments		(50,000)		-	
Payments to acquire current asset investments		(183,000)		(2,296,281)	
Receipts from sale of current asset investments				1,856,192	
Net cash outflow from capital expenditure and financial investment			(7,005)		(1,119,578)
Financing					
(Repayment)/Receipt of short term loan		(432,473)		432,473	
Net cash (outflow)/inflow from financing			(432,473)		432,473
Management of liquid resources					
Decrease in short term deposits			500,000		-
(Decrease)/increase in cash	18		208,054		(733,864)

FINANCIAL TRADING AND CONSULTANCY LIMITED

NOTES TO THE FINANCIAL STATEMENTS

Year ended 31 December 2000

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 and shares. 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.

Foreign currencies

Monetary assets and liabilities denominated in foreign currencies are translated into sterling at the rates of exchange ruling at 31 December 2000. 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 2000

1. ACCOUNTING POLICIES (continued)

Deferred taxation

Deferred taxation if applicable is provided at currently known tax rates to the extent that it is probable that a liability or asset will crystallise in the future. This is calculated by reference to differences arising from the inclusion of items of income and expenditure in taxation computations in periods different from those in which they are included in the financial statements.

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 PROFIT

	2000	1999
	£	£
Operating profit is stated after charging (crediting) the following:		
Depreciation	104,379	105,321
(Write back)/write down of fixed asset investment (note 9)	(30,000)	(51,000)
Release of provision (note 14)	-	(600,000)
Auditors' remuneration	25,000	25,100
Other fees paid to auditors	12,200	12,400
Amounts payable in respect of other operating leases, including rents of land and buildings	251,569	255,401
	<u>251,569</u>	<u>255,401</u>
Operating profit is stated after (crediting)/charging the following arising from transactions with related parties:		
	2000	1999
	£	£
Fitracon Holding NV, the company's ultimate parent undertaking:		
- Management charge for management advice and related services	150,000	150,000
	<u>150,000</u>	<u>150,000</u>
	2000	1999
	£	£
Financial Trading & Consultancy Inc, a 100% subsidiary of the company:		
- Profits remitted as a result of cleared trades	-	30,823
	<u>-</u>	<u>30,823</u>

FINANCIAL TRADING AND CONSULTANCY LIMITED

NOTES TO THE FINANCIAL STATEMENTS

Year ended 31 December 2000

3. EMPLOYEES

	No. of employees	
	2000	1999
The average monthly number of employees including directors was		
Dealing and sales staff	17	22
Administration staff	5	7
	<u>22</u>	<u>29</u>
Staff costs in respect of these employees were	2000	1999
	£	£
Salaries	1,496,593	2,228,340
Social security costs	171,844	234,892
Other pension costs	49,280	50,803
	<u>1,717,717</u>	<u>2,514,035</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 £49,280 (1999- £50,803). There were £11,400 of outstanding contributions at 31 December 2000 (1999 - £10,200).

4. DIRECTORS

	2000	1999
Remuneration of the company's directors	£	£
Emoluments	268,300	182,500
Pension scheme contributions	14,000	8,000
	<u>282,300</u>	<u>190,500</u>
Highest paid director:	2000	1999
	£	£
Emoluments	167,500	167,500
Pension scheme contributions	8,000	8,000
	<u>175,500</u>	<u>175,500</u>

5. INTEREST RECEIVABLE AND SIMILAR INCOME

	2000	1999
	£	£
Bank and broker interest receivable	<u>235,141</u>	<u>194,527</u>

FINANCIAL TRADING AND CONSULTANCY LIMITED

NOTES TO THE FINANCIAL STATEMENTS

Year ended 31 December 2000

6. INTEREST PAYABLE AND SIMILAR CHARGES

	2000	1999
	£	£
Interest payable on short term loans from group undertaking	23,941	14,017
Interest payable on bank overdrafts	39,785	28,249
	<u>63,726</u>	<u>42,266</u>

7. TAX ON PROFIT ON ORDINARY ACTIVITIES

	2000	1999
	£	£
Taxation is based on the taxable profits for the year and comprises		
Corporation tax at an average rate of 30% (1999 – 30.25%) of taxable profit	26,400	-
(Over)/under statement of prior year charge – UK Corporation tax	(41,400)	(20,310)
Overseas tax	-	845
Overseas tax – double taxation relief	-	-
Under statement of prior year charge - overseas tax suffered	15,000	7,005
	<u>0</u>	<u>(12,460)</u>

8. TANGIBLE FIXED ASSETS

	Plant and equipment	Office furniture and fittings	Motor Vehicles	Total
	£	£	£	£
Cost				
At 1 January 2000	298,480	225,773	17,542	541,795
Additions	7,560	-	-	7,560
Disposals	(12,868)	(11,226)	-	(24,094)
	<u>293,172</u>	<u>214,547</u>	<u>17,542</u>	<u>525,261</u>
At 31 December 2000				
Depreciation				
At 1 January 2000	121,307	38,244	7,796	167,347
Charge for year	65,278	33,254	5,847	104,379
Disposals	(11,929)	(9,632)	-	(21,561)
	<u>174,656</u>	<u>61,866</u>	<u>13,643</u>	<u>250,165</u>
At 31 December 2000				
Net Book Value				
At 31 December 2000	<u>118,516</u>	<u>152,681</u>	<u>3,899</u>	<u>275,096</u>
At 31 December 1999	<u>177,173</u>	<u>187,529</u>	<u>9,746</u>	<u>374,448</u>

FINANCIAL TRADING AND CONSULTANCY LIMITED

NOTES TO THE FINANCIAL STATEMENTS

Year ended 31 December 2000

9. FIXED ASSET INVESTMENTS

	Shares in group undertaking	Other fixed Asset Investments	Total
Cost	£	£	£
At 1 January 2000	304,878	160,800	465,678
Acquired during the year	-	50,000	50,000
Disposals	(304,878)	-	(304,878)
At 31 December 2000	-	210,800	210,800
Provisions			
At 1 January 2000	-	70,800	70,800
Provided in year	-	-	-
Written back in year	-	(30,000)	(30,000)
At 31 December 2000	-	40,800	40,800
Net Book Value			
At 31 December 2000	-	170,000	170,000
At 31 December 1999	304,878	90,000	394,878

Other fixed asset investment

The other fixed asset investments represents the cost less provision of ordinary shares in the London International Financial Futures and Options Exchange and the cost of one other unlisted investment.

The directors' estimate of the market value of unlisted shares is £170,000 (1999 £90,000).

10. CURRENT ASSET INVESTMENTS

	2000	1999
	£	£
Market traded securities	763,404	559,571

All securities are marked to market.

FINANCIAL TRADING AND CONSULTANCY LIMITED

NOTES TO THE FINANCIAL STATEMENTS

Year ended 31 December 2000

11. DEBTORS

	2000	1999
	£	£
Trade debtors	5,870,673	1,455,449
Amounts due from group undertakings	-	385
Corporation taxation recoverable	13,741	4,511
Overseas tax recoverable	28,935	-
Other debtors	378,463	651,177
Prepayments and accrued income	115,130	77,192
	<u>6,406,942</u>	<u>2,188,714</u>

Included within other debtors are amounts totalling £232,231 (1999- £217,575) which fall due after more than one year.

Included within amounts due from group undertakings is an amount of nil (1999- £385) due from Fitracon Holding NV.

12. CASH AT BANK AND IN HAND

Included within cash at bank and in hand at 31 December 2000 is an amount of £5,235 (1999- £5,560) which represents monies held on behalf of clients in segregated client bank accounts in accordance with the rules of The Securities and Futures Authority.

13. CREDITORS - AMOUNTS FALLING DUE WITHIN ONE YEAR

	2000	1999
	£	£
Trade creditors (see note below)	5,609,663	1,301,915
Amount due to group undertakings	450,000	419,026
Loan from group undertaking (see note below)	-	432,473
Corporation tax	-	4,511
Other creditors including taxation and social security	130,596	128,444
Accruals and deferred income	171,827	293,447
	<u>6,362,086</u>	<u>2,579,816</u>

Included within trade creditors at 31 December 2000 are amounts totalling £5,235 (1999- £5,560) held on behalf of clients in accordance with the rules of The Securities and Futures Authority.

Included within amounts due to group undertakings is an amount of £450,000 (1999- £300,000) due to Fitracon Holding NV.

FINANCIAL TRADING AND CONSULTANCY LIMITED

NOTES TO THE FINANCIAL STATEMENTS

Year ended 31 December 2000

14. CALLED UP SHARE CAPITAL

	2000 £	1999 £
Authorised		
2,000,000 ordinary shares of £1 each	2,000,000	2,000,000
Issued and fully paid		
1,000,000 ordinary shares of £1 each	1,000,000	1,000,000

15. RESERVES

	Profit & loss account £
Balance at 1 January 2000	2,450,253
Profit retained for the year	23,615
Balance at 31 December 2000	2,473,868

16. RECONCILIATION OF MOVEMENT IN SHAREHOLDERS' FUNDS

	2000 £	1999 £
Opening shareholders' funds	3,450,253	3,253,709
Retained profit for the year	23,615	196,544
Closing shareholders' funds	3,473,868	3,450,253

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

	2000 Total £	1999 Total £
Operating profit/(loss)	(73,060)	31,823
(Write back)/down of fixed asset investment	(30,000)	(51,000)
Profit on sale of current asset investments	(133,122)	(157,764)
Movement in valuation of current asset investments	112,289	146,093
Depreciation charges	104,379	105,321
Loss/(profit) on fixed asset disposal	(884)	5,641
Decrease/(increase) in debtors	(4,180,041)	31,495,578
(Decrease)/increase in creditors	4,234,508	(31,777,956)
Net cash (outflow)/inflow	34,069	(202,264)

FINANCIAL TRADING AND CONSULTANCY LIMITED

NOTES TO THE FINANCIAL STATEMENTS

Year ended 31 December 2000

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

	2000	1999
	£	£
(Decrease)/increase in cash	(127,866)	(454,552)
(Increase)/decrease in bank overdrafts	335,920	(279,312)
	<u>208,054</u>	<u>(733,864)</u>
Cash realised from liquid resources	(500,000)	-
(Increase)/decrease in short term loans	432,473	(432,473)
	<u>140,527</u>	<u>(1,166,337)</u>
Increase/(decrease) in net funds	2,079,985	3,246,322
Net funds at 1 January	<u>2,079,985</u>	<u>3,246,322</u>
Net funds at 31 December	<u>2,220,512</u>	<u>2,079,985</u>

19. ANALYSIS OF NET FUNDS

	1 January 2000	Cash flow	31 December 2000
	£	£	£
Cash at bank and in hand	848,378	(127,866)	720,512
Short term deposit	2,000,000	(500,000)	1,500,000
Bank overdrafts	(335,920)	335,920	-
Short term loans	(432,473)	432,473	-
	<u>2,079,985</u>	<u>140,527</u>	<u>2,220,512</u>

20. FINANCIAL COMMITMENTS

Capital commitments

Capital expenditure commitments were as follows:

	2000	1999
	£	£
Contracted for, but not provided in the accounts	<u>-</u>	<u>-</u>

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>

FINANCIAL TRADING AND CONSULTANCY LIMITED

NOTES TO THE FINANCIAL STATEMENTS

Year ended 31 December 2000

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.