

J.P. MORGAN CAPITAL FINANCING LIMITED
(formerly Chase Capital Financing Limited)

(Registered Number: 2290621)

Annual report for the year ended 31 December 2001



J.P. MORGAN CAPITAL FINANCING LIMITED

Annual report for the year ended 31 December 2001

Contents	Pages
Directors' report	1-2
Auditors' report	3
Consolidated profit and loss account	4
Consolidated balance sheet	5
Company balance sheet	6
Notes to the accounts	7-16

J.P. MORGAN CAPITAL FINANCING LIMITED

Directors' report for the year ended 31 December 2001

The directors present their report and the audited accounts of the Company and the Group for the year ended 31 December 2001.

Principal Activities

During the year, the Group, through subsidiary companies, conducted activities in lending and equity related transactions. These activities comprised the provision of loans and funding commitments to Group entities as well as commercial enterprises world-wide, the holding of equities, the entering into transactions in equity derivatives, and the participation in the underwriting of equities and related instruments.

Review of Business

On 7 July 2000, both of the Company's then 100% owned subsidiaries, Chase (Jersey) Limited and Chase (Jersey) Finance Limited, were dissolved. Accordingly, Group accounts were not required and prepared for the year ended 31 December 2000.

On 31 December 2000, the merger of The Chase Manhattan Corporation and J.P. Morgan & Co. Incorporated took place. On 1 January 2001, The Chase Manhattan Corporation, the surviving entity, changed its name to J.P. Morgan Chase & Co., the Company's ultimate parent company.

On 17 July 2001, J.P. Morgan Chase & Co. contributed \$3.8billion to the Company to facilitate the purchase of several affiliated companies, as disclosed in Note 14 to the accounts. The purpose of this process was to facilitate the separation of the Firm's Asset Management and Investment Banking companies into two major subgroups, and to put certain companies that are not dedicated to either activity into a third subgroup. As a result of the purchase of the affiliated companies by the Company, Group accounts are required and have been prepared for the year ended 31 December 2001.

Results and Dividends

The Group profit for the financial year before taxation amounted to \$50,033,000. An interim dividend in the amount of £3,335,000,000 was declared and paid on 22 November 2001. The Directors do not recommend the payment of a final dividend.

Post Balance Date Events

All material post balance sheet events have been detailed in Note 15.

Share Capital and Reserves

The authorised and issued share capital of the Company as at 31 December 2001, and matters relating thereto, are set out in Note 12 to the accounts.

Total share capital and reserves of the Group amounted to \$523,669,000 as at 31 December 2001.

Directors

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

M.S. Garvin	Appointed 25 th June 2001
B.A. Harte	Resigned 17 th April 2001
I.R. Lyall	
G.E. Stoker	Appointed 20 th March 2001

J.P. MORGAN CAPITAL FINANCING LIMITED

Directors' report for the year ended 31 December 2001 (continued)

Directors' Interests

None of the directors have any beneficial interest in the Company.

Directors' Responsibilities

Company law requires the Directors to prepare accounts for each financial year that give a true and fair view of the state of affairs of the Company and Group as at the end of the financial year and of the profit or loss for the financial year.

The Directors consider that in preparing the accounts on pages 4 to 16, the Company has used suitable accounting policies, consistently applied and supported by reasonable and prudent judgements and estimates, and that all accounting standards which they consider to be applicable have been followed. The Directors believe that the going concern assumption for the basis of preparation of the accounts is valid.

The directors have responsibility for ensuring that the Company keeps proper accounting records which disclose with reasonable accuracy at any time the financial position of the Company and which enable them to ensure that the accounts comply with the Companies Act 1985.

The Directors 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.

Company Secretary

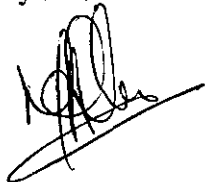
The joint secretaries of the Company serving during the year were as follows:

R.C. Carroll	Resigned 12 th December 2002
A.J. Horan	
I.R. Lyall	
J.P Morgan Secretaries (UK) Limited	Appointed 31 st January 2002
K. Oates	Resigned 31 st January 2002

Auditors

Following the transfer of substantially all of the business of our auditors PricewaterhouseCoopers to a limited liability partnership (LLP) from 1 January 2003, PricewaterhouseCoopers have resigned with effect from 14 February 2003 and PricewaterhouseCoopers LLP have been appointed as auditors. PricewaterhouseCoopers LLP have indicated their willingness to continue in office.

By order of the Board



For and on behalf of
J.P. Morgan Secretaries (UK) Limited
Company Secretary
10 Aldermanbury
London, EC2V 7RF

Date: 3 SEPTEMBER 2003

J.P. MORGAN CAPITAL FINANCING LIMITED

Independent auditors' report to the members of J.P. Morgan Capital Financing Limited.

We have audited the financial statements which comprise the Group profit and loss account, the Group and Company balance sheet and the related notes and the accounting policies set out on page 7.

Respective responsibilities of directors and auditors

The directors' responsibilities for preparing the annual report and the financial statements in accordance with applicable United Kingdom law and 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 issued by the Auditing Practices Board. This report, including the opinion, has been prepared for and only for the Company's members as a body in accordance with Section 235 of the Companies Act 1985 and for no other purpose. We do not, in giving this opinion, accept or assume responsibility for any other purpose or to any other person to whom this report is shown or in to whose hands it may come save where expressly agreed by our prior consent in writing.

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 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. The other information comprises only the directors' report.

Basis of audit opinion

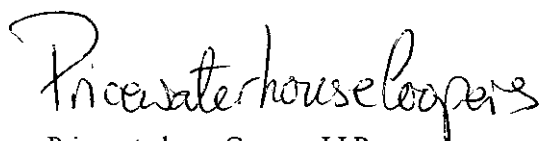
We conducted our audit in accordance with auditing standards issued by the Auditing Practices Board. An audit includes examination, on a test basis, of evidence relevant to the amounts and disclosures in the financial statements.

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 financials 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 and Group as at 31 December 2001 and of the profit of the Group for the year then ended and have been properly prepared in accordance with the Companies Act 1985.



PricewaterhouseCoopers LLP
Chartered Accountants and Registered Auditors
London

Date: 3 September 2003

J.P. MORGAN CAPITAL FINANCING LIMITED

**CONSOLIDATED PROFIT AND LOSS ACCOUNT
FOR THE YEAR ENDED 31 DECEMBER 2001**

	Note	2001 \$'000
Interest receivable	4	52,269
Interest payable	4	(384)
Net interest income		51,885
Trading loss	4	(814)
Other operating charges		(743)
Operating profit		50,328
General and administrative expenses		(295)
Profit on ordinary activities before tax	4	50,033
Tax on profit on ordinary activities	5	(15,294)
Profit for the financial year		34,739
Dividends		(3,335,000)
Retained loss for the financial year		(3,300,261)

The Group has reflected all recognised gains or losses in the reported results for the year and therefore no separate statement of total recognised gains and losses has been presented.

The profit for the financial year resulted from continuing operations.

For the reconciliation of movements in shareholders' funds see note 13 on page 14.

The notes on pages 7 to 16 form an integral part of these accounts.

J.P. MORGAN CAPITAL FINANCING LIMITED**CONSOLIDATED BALANCE SHEET AS AT 31 DECEMBER 2001**

	Note	2001 \$'000
Fixed assets		
Investments	6	5,000
Current assets		
Debtors due within one year	7	104,824
Debtors due after more than one year	7	1,934,398
Cash at bank held with an affiliated undertaking		182,901
Cash at bank		2
Creditors – Amounts falling due within one year	10	(34,902)
Net current assets		<u>2,187,223</u>
Creditors – Amounts falling due after more than one year	10	(1,668,554)
NET ASSETS		<u><u>523,669</u></u>
Capital and reserves		
Called up share capital	12	107
Capital contribution reserve	13	488,913
Profit and loss account	13	34,649
TOTAL SHAREHOLDERS' FUNDS	13	<u><u>523,669</u></u>

Approved by the Board



Director

Date: 3RD SEPTEMBER, 2003

The notes on pages 7 to 16 form an integral part of these accounts.

J.P. MORGAN CAPITAL FINANCING LIMITED

COMPANY BALANCE SHEET AS AT 31 DECEMBER 2001

	Note	2001 \$'000	2000 \$'000
Fixed assets			
Investments in Group undertakings	6	488,815	-
Current assets			
Cash at bank held with an affiliated undertaking		1,316	75
Creditors – Amounts falling due within one year	11	(365)	(58)
Net current assets		<u>951</u>	<u>17</u>
NET ASSETS		<u><u>489,766</u></u>	<u><u>17</u></u>
Capital and reserves			
Called up share capital	12	107	107
Capital contribution reserve	13	488,913	-
Profit and loss account	13	746	(90)
TOTAL SHAREHOLDERS' FUNDS	13	<u><u>489,766</u></u>	<u><u>17</u></u>

Approved by the Board



Director

Date: 3RD SEPTEMBER 2003

The notes on pages 7 to 16 form an integral part of these accounts.

J.P. MORGAN CAPITAL FINANCING LIMITED

Notes to the accounts for the year ended 31 December 2001

1. PRINCIPAL ACCOUNTING POLICIES

(a) **Basis of preparation**

The consolidated accounts have been prepared under the historical cost convention, as modified by the revaluation of equity securities and derivatives. The consolidated accounts have also been prepared in accordance with applicable accounting standards and in accordance with the requirements of the Companies Act 1985, except for the treatment of taking to the profit and loss account, profits and losses arising on the valuation of equity securities and derivatives. An explanation of this departure from the requirements of the Companies Act is given in note 1(g) Derivatives and note 1(h) Equity Securities below.

The balance sheet of the Company complies with Section 226 of, and Schedule 4 to, the Act. The Company has taken advantage of the exemption in Section 230 not to present its own profit and loss account.

(b) **Changes in Accounting Policies**

There have been no significant changes in the Company's accounting policies or estimation techniques following the adoption in 2001 of Financial Reporting Standard 18 – Accounting Policies.

(c) **Future UK accounting developments**

Financial Reporting Standard 19 - Deferred Tax and Financial Reporting Standard 17 - Retirement Benefits will be fully effective for the years ending 31 December 2002 and 2003 respectively.

(d) **Turnover**

The directors consider that turnover is not meaningful in the context of the Group's business and, consequently, it has not been disclosed in the accounts.

(e) **Basis of Consolidation**

The Company has adopted acquisition accounting. The consolidated accounts include the results of the Company and of its subsidiaries for the year ended 31 December 2001. The results of subsidiaries acquired or sold are included from the date of acquisition or to the date of sale respectively.

(f) **Foreign Currency Transactions**

Monetary assets and liabilities in foreign currencies are translated into US Dollars at market rates prevailing at the balance sheet date, and resulting gains and losses are taken to income. Foreign currency income and expense items are translated at the rate prevailing at the transaction date.

Year-end exchange rate (USD/GBP):

1.44825 (2000: 1.48975)

(g) **Derivatives**

Derivatives are measured at fair value in the balance sheet and any gains or losses are taken directly to the profit and loss account. This represents a departure, as far as gains are concerned, from the Companies Act 1985, which states that unrealised profits be credited to a revaluation reserve. The directors consider that this departure is necessary in order that the accounts should give a true and fair view of the results of the Company's trading activities, in accordance with section 226(5) of the Companies Act 1985.

It is not practicable to quantify the effect on the accounts of this departure since information on original cost, being of no continuing relevance to the business, is not available. Fair value is based generally upon listed market prices or broker or dealer price quotations. To the extent that prices are not readily available, fair value is based upon internal valuation models.

J.P. MORGAN CAPITAL FINANCING LIMITED

Notes to the accounts for the year ended 31 December 2001 (continued)

1. PRINCIPAL ACCOUNTING POLICIES (continued)

(h) Equity Securities

Equities held as current assets for trading purposes are stated at fair value and profits and losses arising from this valuation are taken to the profit and loss account. This represents a departure, as far as gains are concerned, from the Companies Act 1985, which requires that unrealised gains be credited to a revaluation reserve. The directors consider that this departure is necessary in order that the accounts should give a true and fair view of the results of the Company's trading activities, in accordance with Section 226(5) of the Companies Act 1985.

It is not practicable to quantify the effect on the accounts of this departure since information on original cost, being of no continuing relevance to the business, is not available.

Listed securities are valued based on market prices and unlisted securities are valued based on the directors' estimate, which take into consideration, discounted cash flows, price earnings ratios and other valuation techniques.

(i) Bad and Doubtful Debts

Provisions are made in the course of the year for bad and doubtful debts. Provisions are either specific, against known bad or doubtful debtors, or are general. Such provisions are recorded within 'General and administrative expenses' in the profit and loss account. Provisions are reviewed and monitored by Credit and Market Risk to ensure that they remain within acceptable corporate comfort levels.

(j) Investments

Investments are held at cost less provision for any permanent impairment in value.

(k) Dividends

Dividends from investments are credited to income when due.

(l) Net interest income

Net interest income comprises interest receivable on loans, advances and deposits placed, less interest payable on deposits taken, and interest on related hedging transactions, accounted for on an accruals basis.

(m) Cash Flow Statement

The company has taken advantage of the provisions of the Financial Reporting Standard 1 – Cash Flow Statements (Revised 1996), which exempts a company from preparation of a cash flow statement where it is at least a 90% owned subsidiary of a Group whose accounts are publicly available.

(n) Related Party Transactions

In accordance with the exemption afforded by Financial Reporting Standard No. 8 - Related Party Disclosures, certain details of transactions with parent and fellow subsidiary companies are not disclosed as they are included in the consolidated accounts of J.P. Morgan Chase & Co. which are publicly available.

J.P. MORGAN CAPITAL FINANCING LIMITED

Notes to the accounts for the year ended 31 December 2001 (continued)

2. SEGMENTAL REPORTING

(a) By class of business

The Group has two continuing classes of business: the provision of financial services and investment banking.

	Financial services	Investment banking	Total
	2001	2001	2001
	\$'000	\$'000	\$'000
Interest receivable	51,738	531	52,269
Interest payable	(384)	-	(384)
Trading loss	-	(814)	(814)
Other operating charges	(531)	(212)	(743)
General and administrative expenses	(279)	(16)	(295)
Profit on ordinary activities before tax	50,544	(511)	50,033
Net assets	524,433	(764)	523,669

(b) By geographic area

The Group provides financial and investment services to its international client base largely through UK-based operations. The consolidated results of operations on a destination basis relate to customers in the UK and the rest of the world as shown below.

	United Kingdom	Rest of the world	Total
	2001	2001	2001
	\$'000	\$'000	\$'000
Interest receivable	21,681	30,588	52,269
Interest payable	(384)	-	(384)
Trading loss	-	(814)	(814)
Other operating charges	320	(1,063)	(743)
General and administrative expenses	(275)	(20)	(295)
Profit on ordinary activities before tax	21,342	28,691	50,033
Net assets	(711,434)	1,235,103	523,669

3. DIRECTORS' EMOLUMENTS AND STAFF COSTS

The directors are employees of another subsidiary company of J.P. Morgan Chase & Co.. The directors do not consider that any element of their remuneration relates to the Group.

The Group had no employees, other than the directors, at any time during the year.

J.P. MORGAN CAPITAL FINANCING LIMITED

Notes to the accounts for the year ended 31 December 2001 (continued)

4. PROFIT ON ORDINARY ACTIVITIES BEFORE TAX

2001
\$'000

Profit on ordinary activities before tax is stated after:

Income:

Interest receivable	52,269
Fees and commissions receivable	386
Net loss on securities and derivatives	(814)

Charges:

Interest payable	(384)
Net loss on foreign exchange translation	(914)
<u>Auditors' remuneration</u>	
– audit services*	(12)
– audit services – Reversal of prior year audit charge accrual. This was a recharge from an affiliated company that will no longer be charged.	10
Loss on debtors due within one year	(189)

Of the interest receivable, \$46,662m is receivable from affiliated undertakings and \$5,606m is receivable from external parties. Interest payable of \$384,000 is all payable to affiliated undertakings.

* With the exception of Landmark Insurance Limited and J.P. Morgan Chase International Financing Limited, all auditors' remuneration was borne by J.P. Morgan Chase & Co.. There were no fees to the auditors for non-audit services.

5. TAXATION ON THE PROFIT FOR THE YEAR

2001
\$'000

UK corporation tax at 30%	14,969
Prior year adjustment	325
	15,294

J.P. MORGAN CAPITAL FINANCING LIMITED

Notes to the accounts for the year ended 31 December 2001 (continued)

6. FIXED ASSET INVESTMENTS

	Group 2001 \$'000	Company 2001 \$'000	Company 2000 \$'000
Shares in Group undertakings			
At 1 January	-	-	-
Additions	-	3,638,815	-
Disposals	-	-	-
Write-down: Impairment in subsidiary value	-	(3,150,000)	-
At 31 December	-	488,815	-
External investments			
At 1 January	-	-	-
Additions	5,000	-	-
Disposals	-	-	-
Write-down	-	-	-
At 31 December	5,000	-	-
Net book value at 31 December	5,000	488,815	-

The Group external investment of \$5,000,000 comprises a series of A notes in Ahold USA Inc. The market value as at 31 December 2001 was \$4,957,683. The impairment to the investment was temporary and the position matured and was repaid in full in 2003.

The principal subsidiaries of the J.P. Morgan Capital Financing Limited Group are as follows:

<u>Subsidiary</u>	<u>Nature of Business</u>
JF Group Limited (incorporated in Bermuda)	Investment company
Aldermanbury Investments Limited (formerly Chase Equities Limited)	Investment company
J.P. Morgan Chase International Financing Limited	Finance company
Landmark Insurance Limited (incorporated in Bermuda)	Investment company
Fleming Martin Limited (liquidated June 2002)	Ceased trading December 1998

Each subsidiary is either owned 100% by the Company or is owned 100% by a subsidiary of the Company. The above companies are registered in England and Wales, apart from where otherwise stated.

7. DEBTORS

	Note	Group Debtors due within one year 2001 \$'000	Group Debtors due after more than one year 2001 \$'000	Group Total 2001 \$'000
Amounts owed by affiliated undertakings		91,341	-	91,341
Loans and advances to customers	8	9,041	69,044	78,085
Trade debtors*		-	1,669,354	1,669,354
Other debtors	9	4,442	-	4,442
Subordinated loan**		-	196,000	196,000
		104,824	1,934,398	2,039,222

The Company itself had no such balances at the 2000 and 2001 year ends.

J.P. MORGAN CAPITAL FINANCING LIMITED

Notes to the accounts for the year ended 31 December 2001 (continued)

7. DEBTORS (continued)

* Letters of credit guaranteeing the above trade debtors falling due after more than one year have been issued by a syndicate of financial institutions in favour of Chase Equities Limited. The value of the guarantees provided was \$1,817,641,018 as at 31 December 2001. \$133,469,406 of these guarantees were from another member of the J.P. Morgan Chase group.

** On 15 February 2001, JF Group Limited entered into a subordinated loan agreement with J.P. Morgan Securities Ltd., an affiliated undertaking, for the principal amount of \$196 million, repayable on 18 February 2011. On 26 March 2002, the subordinated loan was capitalised in consideration for the issue to JF Group Limited of 19,647 preferred ordinary shares of J.P. Morgan Securities Ltd. credited as fully paid, and one preferred ordinary share partly paid. Interest was payable annually at a rate of LIBOR plus 50 basis points.

8. LOANS AND ADVANCES TO CUSTOMERS

	Group 2001 \$'000
Remaining maturity:	
Over 5 years	58,258
5 years or less but over 1 year	10,786
1 year or less but over 3 months	7,651
3 months or less	1,390
At 31 December	<u>78,085</u>

The Company itself had no such balances at the 2000 and 2001 year ends.

9. OTHER DEBTORS

	Group 2001 \$'000
Accrued interest receivable from loans	754
Other taxation and social security	3,573
Other assets	115
At 31 December	<u>4,442</u>

The Company itself had no such balances at the 2000 and 2001 year ends.

J.P. MORGAN CAPITAL FINANCING LIMITED

Notes to the accounts for the year ended 31 December 2001 (continued)

10. CREDITORS

	Group Creditors due within one year 2001 \$'000	Group Creditors due after more than one year 2001 \$'000	Group Total 2001 \$'000
Bank overdraft with an affiliated undertaking	10,353	-	10,353
Amounts owed to affiliated undertakings	266	1,227,477	1,227,743
Deferred income	46	49,974	50,020
Trade creditors	-	391,103	391,103
Corporation tax	24,181	-	24,181
Other creditors	56	-	56
	<u>34,902</u>	<u>1,668,554</u>	<u>1,703,456</u>

11. CREDITORS OF THE COMPANY – DUE WITHIN ONE YEAR

	Company 2001 \$'000	Company 2000 \$'000
Corporation tax	<u>365</u>	<u>58</u>

The Company had no creditors due after more than one year.

12. CALLED UP SHARE CAPITAL

	Company 2001 \$'000	Company 2000 \$'000
Authorised		
60,000 ordinary shares of £1 each	<u>107</u>	<u>107</u>
Issued, allotted, called up and fully paid		
60,000 ordinary shares of £1 each	<u>107</u>	<u>107</u>

J.P. MORGAN CAPITAL FINANCING LIMITED

Notes to the accounts for the year ended 31 December 2001 (continued)

13. RECONCILIATION OF MOVEMENTS IN RESERVES AND SHAREHOLDERS' FUNDS

	Group Profit and loss account 2001 \$'000	Group Total shareholders' funds 2001 \$'000
At 1 January	(90)	17
Loss for the year	(3,300,261)	(3,300,261)
Capital contribution received	-	3,823,913
Transfer from capital contribution reserve	3,335,000	-
At 31 December	34,649	523,669

	Company Share capital 2001 \$'000	Company Capital contribution reserve 2001 \$'000	Company Profit and loss account 2001 \$'000	Company Total shareholders' funds 2001 \$'000
At 1 January	107	-	(90)	17
Loss for the year	-	-	(3,334,164)	(3,334,164)
Capital contribution received	-	3,823,913	-	3,823,913
Transfer between reserves	-	(3,335,000)	3,335,000	-
At 31 December	107	488,913	746	489,766

A capital contribution of \$3.8billion was received by the Company from its parent, J.P. Morgan Chase & Co., to facilitate the purchase of several affiliated companies at fair value. Following its purchase by the Company, JF Group Limited paid a dividend out of its surplus funds in the amount of \$3.15billion to the Company. The payment of that dividend resulted in, and was offset by, an automatic impairment in value in the Company's investment in JF Group Limited. An interim dividend in the amount of \$3.335billion was then paid by the Company to J.P. Morgan Chase & Co.. Accordingly, a transfer between the capital contribution reserve and the profit and loss account took place.

	Company Share capital 2000 \$'000	Company Profit and loss account 2000 \$'000	Company Total shareholders' funds 2000 \$'000
At 1 January	107	(226)	(119)
Profit for the year	-	136	136
At 31 December	107	(90)	17

J.P. MORGAN CAPITAL FINANCING LIMITED

Notes to the accounts for the year ended 31 December 2001 (continued)

14. ACQUISITIONS

On 17 July 2001 the following undertakings were acquired and included in the consolidated balance sheet at 31 December 2001:

Aldermanbury Investments Limited	(previously Chase Equities Limited)
Fleming Agency Nominees	
Fleming Crosby Nominees	
Fleming Martin Limited	(in members' voluntary liquidation)
J.P. Morgan Secretaries (UK) Limited	
JF Group Limited	(previously Jardine Fleming Group Limited)
Landmark Insurance Limited	
Robert Fleming Pension Trust Limited	
Robert Fleming Quest Limited	

For the period since acquisition, a trading loss of \$0.8m and operating profit of \$50m are included within the consolidated profit and loss account attributable to acquired undertakings. \$49m of the \$50m operating profit is attributable to JF Group Limited.

The operating assets and liabilities of JF Group Limited and other acquisitions on 17 July 2001 were as follows:

	JF Group Book value \$ million	Others Book value \$ million	Total Book value \$ million
Fixed assets			
Debtors	3,617	1,441	5,058
Cash	23	-	23
Creditors	(72)	(1,368)	(1,440)
Provisions for liabilities	-	(2)	(2)
	<u>3,568</u>	<u>71</u>	<u>3,639</u>
Cash consideration	<u>3,568</u>	<u>71</u>	<u>3,639</u>

At the date of acquisition, book value of the assets and liabilities acquired reflected fair value. Accordingly, no fair value adjustments were made. The cash consideration paid for the undertakings acquired equated to the fair value of the underlying assets and liabilities. Accordingly, no goodwill arose on acquisition.

15. POST BALANCE SHEET EVENTS

On 26 March 2002, the Company's 100% owned subsidiary, JF Group Limited ("JFGL"), subscribed for a total of 34,648 preferred ordinary shares of \$10,000 each in J.P. Morgan Securities Ltd. ("JPMSL") by way of:

- capitalisation of the \$196,000,000 Subordinated Debt dated 15 February 2001 (together with accrued interest) owed by JPMSL to JFGL in consideration for the issue to JFGL of 19,647 preferred ordinary shares of JPMSL credited as fully paid and one preferred ordinary share partly paid;
- payment to JPMSL of \$8,225.28 being the amount remaining unpaid on the partly paid share; and
- subscription for a further 15,000 preferred ordinary shares each in JPMSL at par for cash in the sum of \$150,000,000.

Fleming Martin Limited was liquidated subsequent to year-end. Fleming Martin Limited ceased trading on 18 December 1998 and the overall impact of the liquidation on the Group is minimal.

J.P. MORGAN CAPITAL FINANCING LIMITED

Notes to the accounts for the year ended 31 December 2001 (continued)

16. PARENT UNDERTAKINGS

At 31 December 2001 the immediate and ultimate parent undertaking was J.P. Morgan Chase & Co., which is incorporated in the state of Delaware in the United States of America. J.P. Morgan Chase & Co. is therefore also the smallest and largest Group into which the Company is consolidated. Details of the parent's consolidated accounts can be obtained from:

The Office of the Secretary
125 London Wall
London, EC2Y 5AJ