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TRADITION LONDON CLEARING LIMITED

Report and Accounts

31 December 2001

ERNST & YOUNG



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Tradition London Clearing Limited

Registered No. 3633863

DIRECTORS

G Boehi
G Craggs
N Houet-Dutruge
R M Houldsworth

SECRETARY

M W Hickman

AUDITORS

Ernst & Young LLP
Rolls House
7 Rolls Buildings
Fetter Lane
London EC4A 1NH

BANKERS

NatWest
115 Fenchurch Street
London EC3M 5AN

SOLICITORS

Rowe & Maw
20 Blackfriars Lane
London EC4V 6HD

REGISTERED OFFICE

Beaufort House
15 St Botolph Street
London EC3A 7DT

DIRECTORS' REPORT

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

RESULTS AND DIVIDENDS

The loss for the year was £2,782 (2000 – profit £4,533) as shown in the profit and loss account on page 5. The directors do not propose a dividend and propose that the loss is transferred from reserves.

PRINCIPAL ACTIVITY AND REVIEW OF THE BUSINESS

The company provides clearing services to other group companies.

FUTURE DEVELOPMENTS

In the directors' opinion the company's affairs and future prospects are satisfactory.

DIRECTORS AND THEIR INTERESTS

The directors who served during the year were as shown on page 1.

None of the directors had any interests in the share capital of the company or any other UK group company at any time during the year.

AUDITORS

On 28 June 2001, Ernst & Young, the company's auditor, transferred its entire business to Ernst & Young LLP, a limited liability partnership incorporated under the Limited Liability Partnership Act 2000. A resolution to reappoint Ernst & Young LLP as the company's auditor will be put to the members at the Annual General Meeting.

By order of the board


Secretary

STATEMENT OF DIRECTORS' RESPONSIBILITIES IN RESPECT OF THE ACCOUNTS

Company law requires the directors to prepare accounts 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 of the company for that period. In preparing those accounts, 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 accounts; and
- prepare the accounts 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 accounts 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.

INDEPENDENT AUDITORS' REPORT TO THE MEMBERS OF TRADITION LONDON CLEARING LIMITED

We have audited the company's accounts for the year ended 31 December 2001 which comprise Profit and Loss Account, Balance Sheet and the related notes 1 to 10. These accounts have been prepared on the basis of the accounting policies set out therein.

Respective responsibilities of directors and auditors

As described in the Statement of Directors' Responsibilities the company's directors are responsible for the preparation of the accounts in accordance with applicable United Kingdom law and accounting standards.

Our responsibility is to audit the accounts in accordance with relevant legal and regulatory requirements and United Kingdom Auditing Standards.

We report to you our opinion as to whether the accounts 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 accounts, 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 accounts. It also includes an assessment of the significant estimates and judgements made by the directors in the preparation of the accounts, and of whether the accounting policies are appropriate to the 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 accounts 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 accounts.

Opinion

In our opinion the accounts give a true and fair view of the state of affairs of the company as at 31 December 2001 and of its loss for the year then ended and have been properly prepared in accordance with the Companies Act 1985.

Ernst & Young LLP

Ernst & Young LLP

Registered Auditor

London

Date *2 April 2002*

Tradition London Clearing Limited

PROFIT AND LOSS ACCOUNT

for the year ended 31 December 2001

	<i>Notes</i>	<i>2001</i> £	<i>2000</i> £
TURNOVER	2	564,160	354,303
Total expenses		(614,489)	(413,120)
OPERATING LOSS	3	(50,329)	(58,817)
Net Interest receivable		47,547	63,350
(LOSS)/PROFIT ON ORDINARY ACTIVITIES BEFORE TAXATION		(2,782)	4,533
Taxation			—
Retained loss brought forward		(18,408)	(22,941)
RETAINED LOSS CARRIED FORWARD		(21,190)	(18,408)

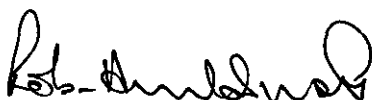
The company had no recognised gains or losses other than the profit for the year.

Tradition London Clearing Limited

BALANCE SHEET at 31 December 2001

	Notes	2001 £	2000 £
FIXED ASSETS	5	3,505	1,059
TANGIBLE ASSETS		<u>3,505</u>	<u>1,059</u>
CURRENT ASSETS			
Debtors	6	543,672	1,101,619
Cash at bank and in hand		834,187	1,098,696
		<u>1,377,859</u>	<u>2,200,315</u>
CREDITORS: amounts falling due within one year	7	402,554	(1,219,782)
NET CURRENT ASSETS		<u>975,305</u>	<u>980,533</u>
		<u>978,810</u>	<u>981,592</u>
CAPITAL AND RESERVES			
Called up share capital	8	1,000,000	1,000,000
Profit and loss account		(21,190)	(18,408)
		<u>978,810</u>	<u>981,592</u>

The accounts were approved by the board of directors and were signed on its behalf by:

Director 

Date 2-4-02

Tradition London Clearing Limited

NOTES TO THE ACCOUNTS

at 31 December 2001

1. ACCOUNTING POLICIES

The accounts are prepared under the historical cost convention in compliance with the requirements of the Companies Act 1985 and in accordance with applicable accounting standards.

Transaction accounting

Securities transactions are recorded on a trade date basis. The accounts reflect assets and liabilities relating to transactions which are due for settlement after the balance sheet date.

Foreign currencies

Assets and liabilities are translated into sterling at the rates ruling at 31 December 2001. Profits arising in foreign currencies which have been remitted have been translated at the rates ruling at the time of their remittance. Foreign currency retained to finance overseas dealings is translated into sterling at the rates ruling at 31 December 2001. Differences arising on year-end translation are dealt with through the profit and loss account.

Depreciation

Depreciation is provided on the cost of all tangible fixed assets in use during the year at a rate calculated to write off the cost of each asset evenly over its expected useful life. The following annual rate is used:

Equipment - 20%

2. TURNOVER

Turnover represents income earned from continuing operations (net of VAT) in connection with the provision of clearing services (all of which were incurred in the United Kingdom).

Turnover and profit or loss before taxation are not disclosed in respect of class of business and geographical segment, as the directors believe that to do so would be seriously prejudicial to the interests of the company.

3. OPERATING LOSS

This is stated after charging/(crediting):

	2001	2000
	£	£
Auditors' remuneration	12,000	14,050
Exchange (gain)/loss	(172)	5,918
Depreciation	622	96
	<u> </u>	<u> </u>

4. STAFF COSTS

None of the directors received any remuneration during the year in respect of their services as directors of the company.

There were no employees, apart from the directors during the year.

Tradition London Clearing Limited

NOTES TO THE ACCOUNTS

at 31 December 2001

5. TANGIBLE FIXED ASSETS

	<i>Equipment</i>	<i>Total</i>
	£	£
Cost		
At 31 December 2000	1,155	1,155
Additions in year	3,069	3,069
At 31 December 2001	4,224	4,224
Depreciation		
At 31 December 2000	96	96
Charge for the year	622	622
At 31 December 2001	718	718
Net book value:		
At 31 December 2001	3,505	3,505
At 31 December 2000	1,059	1,059

6. DEBTORS

	<i>2001</i>	<i>2000</i>
	£	£
Trade debtors	5,290	370,374
Due from clearing houses	537,636	442,559
Intercompany receivables	746	288,686
	543,672	1,101,619

7. CREDITORS: amounts falling due within one year

	<i>2001</i>	<i>2000</i>
	£	£
Amounts owed to group undertakings	165,884	935,671
Other creditors and accruals	236,670	284,111
	402,554	1,219,782

Tradition London Clearing Limited

NOTES TO THE ACCOUNTS

at 31 December 2001

8. CALLED UP SHARE CAPITAL

	2001 £	2000 £
Authorised ordinary shares of £1 each	1,000,000	1,000,000
Allotted and fully paid ordinary shares of £1 each	1,000,000	1,000,000

All shares have one vote and participate equally in the event of the winding up of the company.

9. RECONCILIATION OF MOVEMENTS IN SHAREHOLDERS' FUNDS

	Share capital £	Profit and loss account £	Total shareholders' funds £
At 31 December 1999	1,000,000	(22,941)	977,059
Profit for the year	-	4,533	4,533
At 31 December 2000	1,000,000	(18,408)	981,592
Loss for the year	-	(2,782)	(2,782)
At 31 December 2001	1,000,000	(21,190)	978,810

10. RELATED PARTY

The company's immediate parent undertaking is Holding Tradition Clearing SA, a company registered in Switzerland.

The company's ultimate parent company and controlling party is Viel et Cie Finance, which is incorporated in France. Copies of its group accounts, which include the company, are available from 253, Bd. Pereire, 75017 Paris.

The company has taken advantage of the exemption from disclosing transactions with related parties that are part of Viel et Cie Finance group or investees of the group. The company has taken advantage of the exemption from disclosing a statement of cashflows.