

Tradition London Clearing Limited

Report and Accounts

31 December 2002



Registered No: 3633863

Directors

G Boehi
G Craggs
R M Houldsworth
N Houet-Dutruge

Secretary

M W Hickman

Auditors

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

Bankers

NatWest
116 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 2002.

Results and dividends

The loss for the year was £5,551 (2001 – loss £2,782) 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

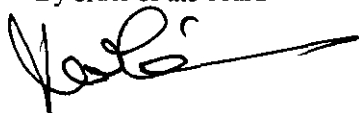
The directors who served during the year were as shown on page 1.

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

A resolution to reappoint Ernst & Young LLP as auditors will be put to the members at the Annual General Meeting.

By order of the board



M W Hickman

Secretary

9 April 2003

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 financial statements for the year ended 31 December 2002 which comprise the Profit and Loss Account, Balance Sheet and the related notes 1 to 10. These financial statements have been prepared on the basis of the accounting policies set out therein.

This report is made solely to the company's members, 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 members those matters we are required to state to them in an auditors' 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 members as a body, for our audit work, for this report, or for the opinions we have formed.

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 financial statements in accordance with applicable United Kingdom law and accounting 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 Directors' Report and consider the implications for our report if we become aware of any apparent misstatements within it.

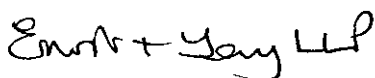
Basis of audit opinion

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.



Ernst & Young LLP
Registered Auditor
London
9 April 2003

Profit and loss account

for the year ended 31 December 2002

	Notes	2002 £	2001 £
Turnover	2	468,668	564,160
Total expenses		(499,223)	(614,489)
Operating loss	3	(30,555)	(50,329)
Net interest receivable		25,004	47,547
Loss on ordinary activities before taxation	10	(5,551)	(2,782)
Taxation			
Retained loss brought forward		(21,190)	(18,408)
Retained loss carried forward		(26,741)	(21,190)

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

Balance sheet

at 31 December 2002

	Notes	2002 £	2001 £
Fixed assets	5	2,864	3,505
Tangible assets		<u>2,864</u>	<u>3,505</u>
Current assets			
Debtors	6	2,238,839	543,672
Cash at bank and in hand		368,486	834,187
		<u>2,607,325</u>	<u>1,377,859</u>
Creditors: amounts falling due within one year	7	1,636,930	402,554
Net current assets		<u>970,395</u>	<u>975,305</u>
		<u>973,259</u>	<u>978,810</u>
Capital and reserves			
Called up share capital	8	1,000,000	1,000,000
Profit and loss account		(26,741)	(21,190)
		<u>973,259</u>	<u>978,810</u>

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


G Craggs

Director

9 April 2003

Notes to the accounts

at 31 December 2002

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 2002. 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 2002. 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).

3. Operating loss

This is stated after charging/(crediting):

	2002	2001
	£	£
Auditors' remuneration	12,093	12,000
Exchange (gain)	(784)	(172)
Depreciation	642	622
	<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.

Notes to the accounts

at 31 December 2002

5. Tangible fixed assets

	<i>Equipment</i>
	£
Cost	
At 31 December 2001	4,224
Additions in year	—
At 31 December 2002	4,224
Depreciation	
At 31 December 2001	718
Charge for the year	642
At 31 December 2002	1,360
Net book value:	
At 31 December 2002	2,864
At 31 December 2001	3,505

6. Debtors

	2002	2001
	£	£
Sundry debtors	556	5,290
Due from clearing houses	2,238,115	537,636
Intercompany receivables	168	746
	2,238,839	543,672

7. Creditors: amounts falling due within one year

	2002	2001
	£	£
Amounts owed to group undertakings	1,329,327	165,884
Other creditors and accruals	307,603	236,670
	1,636,930	402,554

Notes to the accounts

at 31 December 2002

8. Called up share capital

	2002 £	2001 £
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 2001	1,000,000	(21,190)	978,810
Loss for the year	-	(5,551)	(5,551)
At 31 December 2002	1,000,000	(26,741)	973,259

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.