

INTERNATIONAL ASSETS HOLDING CORP

Form 8-K/A

September 21, 2004

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# U.S. SECURITIES AND EXCHANGE COMMISSION

WASHINGTON, D.C. 20549

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**FORM 8-K/A**

**Amendment No. 1**

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**CURRENT REPORT**

**Pursuant to Section 13 or 15(d) of the Securities Exchange Act of 1934**

**Date of Report (Date of earliest event reported): July 9, 2004**

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## INTERNATIONAL ASSETS HOLDING CORPORATION

(Exact name of registrant as specified in its charter)

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**Delaware**  
(State of Incorporation)

**000-23554**  
(Commission File Number)

**59-2921318**  
(IRS Employer ID No.)

**220 E. Central Parkway, Suite 2060, Altamonte Springs, Florida 32701**

(Address of principal executive offices) (Zip Code)

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407-741-5300

(Registrant's telephone number, including area code)

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Check the appropriate box below if the Form 8-K filing is intended to simultaneously satisfy the filing obligation of the registrant under any of the following provisions (see General Instruction A.2. below):

- Written communications pursuant to Rule 425 under the Securities Act (17 CFR 230.425)
  - Soliciting material pursuant to Rule 14a-12 under the Exchange Act (17 CFR 240.14a-12)
  - Pre-commencement communications pursuant to Rule 14d-2(b) under the Exchange Act (17 CFR 240.14d-2(b))
  - Pre-commencement communications pursuant to Rule 13e-4(c) under the Exchange Act (17 CFR 240.13e-4(c))
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International Assets Holding Corporation

Current Report on Form 8-K/A

Item 9.01. FINANCIAL STATEMENTS, PRO FORMA FINANCIAL INFORMATION AND EXHIBITS.

On July 23, 2004, International Assets Holding Corporation ( IAHC ) filed a Form 8-K to report the acquisition of the foreign exchange business (the FX Business ) of Global Currencies Limited ( Global ). Pursuant to Items 7 (a) and 7 (b) of Form 8-K, IAHC indicated that it would file certain financial information relating to the acquisition no later than September 22, 2004. This Amendment No. 1 is filed to provide the required financial information.

(a) FINANCIAL STATEMENTS OF BUSINESSES ACQUIRED

This Form 8-K/A includes the following financial statements of Global:

Audited consolidated balance sheets of Global as of December 31, 2003 and 2002; and related consolidated profit and loss accounts and cash flow statements for the years ended December 31, 2003 and 2002. No separate statement of total recognized gains and losses has been presented as all such gains and losses have been dealt with in the profit and loss account. The consolidated financial statements of Global were prepared in accordance with generally accepted accounting standards for the United Kingdom and this presentation is also consistent with generally accepted accounting standards for the U.S. (U.S. GAAP). The audit of these financial statements was conducted in accordance with generally accepted auditing standards in the United Kingdom and in accordance with the standards of the Public Company Accounting Oversight Board (United States).

Unaudited consolidated balance sheet of Global as of March 31, 2004 and the related consolidated profit and loss account, cash flows statement for the quarter ended March 31, 2004. No separate statement of total recognized gains and losses has been presented as all such gains and losses have been dealt with in the profit and loss account. The consolidated financial statements of Global were prepared in accordance with generally accepted accounting standards in the United Kingdom and in accordance with generally accepted accounting standards in the United States.

(b) PRO FORMA FINANCIAL INFORMATION.

This Form 8-K/A includes the following pro forma financial statements relating to the acquisition of the FX Business of Global:

Pro forma combined condensed balance sheets as of September 30, 2003 and December 31, 2003; and combined condensed statements of operations for the year ended September 30, 2003 and for the three months ended December 31, 2003.

(c) Exhibits

<u>Exhibit No.</u>	<u>Description</u>
23.1	Consent of Baker Tilly

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**FINANCIAL STATEMENTS OF BUSINESSES ACQUIRED**

**Global Currencies Limited**

FINANCIAL STATEMENTS

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INDEPENDENT AUDITORS' REPORT TO THE MEMBERS OF  
GLOBAL CURRENCIES LIMITED

We have audited the balance sheets of Global Currencies Limited (the Company) as at 31 December 2003 and 31 December 2002 and the related consolidated profit and loss accounts and cash flow statements for each of the two years in the period ended 31 December 2003. These financial statements are the responsibility of the Company's Board of Directors and management. Our responsibility is to express an opinion on these financial statements based on our audits.

We conducted our audits in accordance with generally accepted auditing standards in the United Kingdom and in accordance with the standards of the Public Company Accounting Oversight Board (United States). Those Standards require that we plan and perform the audit to obtain reasonable assurance about whether the financial statements are free of material misstatements. An audit includes examining, on a test basis, evidence supporting the amounts and disclosures in the financial statements. An audit also includes assessing the accounting principles used and the significant estimates made by management, as well as evaluating the overall annual accounts presentation. We believe that our audit provides a reasonable basis for our opinion.

In our opinion, the aforementioned financial statements present fairly, in all material respects, the financial position of the Company as at 31 December 2003 and 31 December 2002 and the results of its operations, changes in its shareholders' equity and cash flows for each of the two years in the period ended 31 December 2003, in conformity with generally accepted accounting principles in the United Kingdom. In addition they present fairly, in all material respects, the financial position of the Company as at 31 December 2003 and 31 December 2002 and the results of its operations for each of the two years in the period ended 31 December 2003.

BAKER TILLY

Registered Auditor

Chartered Accountants

2 Bloomsbury Street

London WC1B 3ST

6 July 2004

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Global Currencies Limited

**CONSOLIDATED PROFIT AND LOSS ACCOUNT**

For the years ended 31 December 2003 and 2002

	<i>Notes</i>	<b>2003</b>	<b>2002</b>
		<b>US\$</b>	<b>US\$</b>
<b>TURNOVER</b>	1	1,287,944,779	1,050,139,314
<b>COST OF SALES</b>		(1,283,623,455)	(1,044,300,094)
<b>Gross profit</b>		4,321,324	5,839,220
Administrative expenses		(1,914,655)	(2,169,439)
<b>OPERATING PROFIT</b>		2,406,669	3,669,781
Investment income	2	165,275	67,191
Interest payable		(63,854)	(93,864)
<b>PROFIT ON ORDINARY ACTIVITIES BEFORE TAXATION</b>	3	2,508,090	3,643,108
Taxation	6	(909,466)	(1,187,154)
<b>PROFIT ON ORDINARY ACTIVITIES AFTER TAXATION</b>		1,598,624	2,455,954
Dividends	7	(1,227,977)	
<b>RETAINED PROFIT</b>		370,647	2,455,954

The operating profit for the year arises from the group's continuing operations.

No separate statement of Total Recognised Gains and Losses has been presented as all such gains and losses have been dealt with in the profit and loss account.

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Global Currencies Limited

## BALANCE SHEETS

31 December 2003 and 2002

	<i>Notes</i>	<b>Group</b>		<b>Company</b>	
		<b>2003</b>	<b>2002</b>	<b>2003</b>	<b>2002</b>
		<b>US\$</b>	<b>US\$</b>	<b>US\$</b>	<b>US\$</b>
<b>FIXED ASSETS</b>					
Intangible fixed assets	8	33,000	32,983		
Tangible assets	9	154,908	302,292		
Investments	10	303,620		3,326,343	2,099,243
		<u>491,528</u>	<u>335,275</u>	<u>3,326,343</u>	<u>2,099,243</u>
<b>CURRENT ASSETS</b>					
Stock	11		65,201		65,201
Debtors	12	10,057,687	12,565,089	372,868	3,762,715
Cash at bank and in hand		9,440,923	8,616,727	13,804,033	12,304,939
		<u>19,498,610</u>	<u>21,247,017</u>	<u>14,176,901</u>	<u>16,132,855</u>
CREDITORS: Amounts falling due within one year	13	(11,395,556)	(14,468,094)	(11,871,187)	(12,961,748)
<b>NET CURRENT ASSETS</b>		<u>8,103,054</u>	<u>6,778,923</u>	<u>2,305,714</u>	<u>3,171,107</u>
<b>TOTAL ASSETS LESS CURRENT LIABILITIES</b>		<u>8,594,582</u>	<u>7,114,198</u>	<u>5,632,057</u>	<u>5,270,350</u>
<b>CAPITAL AND RESERVES</b>					
Called up share capital	14	3,303,442	2,898,188	3,303,442	2,898,189
Share premium	15	1,146,933	643,012	1,146,933	643,012
Capital redemption reserve	15	279,919	279,919	279,919	279,919
Profit and loss account	15	3,864,288	3,293,079	901,763	1,449,230
<b>EQUITY SHARE-HOLDERS FUNDS</b>	16	<u>8,594,582</u>	<u>7,114,198</u>	<u>5,632,057</u>	<u>5,270,350</u>



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Global Currencies Limited

**CONSOLIDATED CASH FLOW STATEMENT**

For the years ended 31 December 2003 and 2002

		<b>2003</b>	<b>2002</b>
	<i>Notes</i>	<b>US\$</b>	<b>US\$</b>
	<u>      </u>	<u>      </u>	<u>      </u>
Cash flow from operating activities	17a	2,765,925	5,570,958
Returns on investments and servicing of finance	17b	101,421	(26,672)
Taxation		(1,360,078)	(837,166)
Capital expenditure and financial investment	17b	(60,650)	(558,375)
Acquisitions and disposals	17b	(303,620)	
Equity dividends paid		(261,994)	(677,579)
		<u>      </u>	<u>      </u>
<b>CASH INFLOW BEFORE FINANCING</b>		<b>881,004</b>	<b>3,471,166</b>
Financing	17b	(56,808)	99,800
		<u>      </u>	<u>      </u>
<b>INCREASE IN CASH IN THE PERIOD</b>		<b>824,196</b>	<b>3,570,966</b>
		<u>      </u>	<u>      </u>

**RECONCILIATION OF NET CASH FLOW TO MOVEMENT IN FUNDS**

	<b>2003</b>	<b>2002</b>
	<b>US\$</b>	<b>US\$</b>
	<u>      </u>	<u>      </u>
Increase in cash in the period	824,196	3,570,966
	<u>      </u>	<u>      </u>
<b>MOVEMENT IN NET FUNDS IN PERIOD</b>	<b>824,196</b>	<b>3,570,966</b>
NET FUNDS AT 1 JANUARY 2003	8,616,727	5,045,761
	<u>      </u>	<u>      </u>
<b>NET FUNDS AT 31 DECEMBER 2003</b>	<b>9,440,923</b>	<b>8,616,727</b>
	<u>      </u>	<u>      </u>

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Global Currencies Limited

ACCOUNTING POLICIES

For the years ended 31 December 2003 and 2002

BASIS OF ACCOUNTING

The financial statements have been prepared under the historical cost convention and in accordance with applicable accounting standards.

BASIS OF CONSOLIDATION

The consolidated financial statements incorporate those of Global Currencies Limited and all of its subsidiary undertakings for the year. They are consolidated using the acquisition method. Their results are incorporated from the date that control passes. All financial statements are made up to 31 December 2003.

No profit and loss account is presented for Global Currencies Limited as provided by Section 230(3) of the Companies Act 1985.

TANGIBLE FIXED ASSETS

Depreciation is provided on tangible fixed assets at rates calculated to write each asset down to its estimated residual value evenly over its expected useful life, as follows:-

Leasehold improvements	over the life of the lease
Computer equipment	33% straight line
Furniture and fittings	10% straight line
Office equipment	10% straight line

GOODWILL

Goodwill is amortised over 15 years as, in the opinion of the directors, this represents the period over which it is effective.

DEFERRED TAXATION

Deferred tax is recognised in respect of all timing differences that have originated but not reversed at the balance sheet date where transactions or events that result in an obligation to pay more tax in the future or a right to pay less tax in the future have occurred at the balance sheet date. Timing differences are differences between the company's taxable profits and its results as stated in the financial statements.

Deferred tax is measured at the average tax rates that are expected to apply in the periods in which timing differences are expected to reverse, based on tax rates and laws that have been enacted or substantially enacted by the balance sheet date. Deferred tax is measured on a non-discounted basis.

#### TURNOVER

Turnover represents gross value of each individual transaction whatever the currency used.

#### FIXED ASSET INVESTMENTS

Fixed assets investments are stated at cost less any provision for diminution in value.

#### STOCK

Stock is valued at the lower of cost and net realisable value.

#### FOREIGN CURRENCIES

The current year and comparative figures are denominated in United States dollars. The exchange rates used at 31 December 2002 and 31 December 2003 are £1 to US\$1.6091 and £1 to US\$1.7821 respectively. Transactions in foreign currencies are recorded at the rate ruling at the date of transaction. All differences are taken to the profit and loss account.

#### PENSION CONTRIBUTIONS

The costs of providing pensions for employees are charged in the profit and loss account over the average working life of employees.

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Global Currencies Limited

ACCOUNTING POLICIES

For the years ended 31 December 2003 and 2002

LEASES

Where assets are financed by leasing agreements that give rights approximating to ownership ( finance leases ), the assets are treated as if they had been purchased outright. The amount capitalised is the present value of the minimum lease payments payable during the lease term. The corresponding leasing commitments are shown as obligations to the lessor.

Lease payments are treated as consisting of capital and interest elements, and the interest is charged to the profit and loss account in proportion to the remaining balance outstanding.

All other leases are operating leases and the annual rentals are charged to profit and loss on a straight line basis over the lease term.

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Global Currencies Limited

## NOTES TO THE FINANCIAL STATEMENTS

For the years ended 31 December 2003 and 2002

## 1 TURNOVER AND PROFIT ON ORDINARY ACTIVITIES BEFORE TAXATION

The group's turnover and profit before taxation were all derived from its principal activity. Sales were contracted in the following geographical areas:

	2003	2002
	US\$	US\$
United Kingdom	766,432,153	605,819,122
United States of America	521,512,626	444,320,192
	<u>1,287,944,779</u>	<u>1,050,139,314</u>

## 2 INVESTMENT INCOME

	2003	2002
	US\$	US\$
Bank interest receivable	165,275	67,191

## 3 PROFIT ON ORDINARY ACTIVITIES BEFORE TAXATION

	2003	2002
	US\$	US\$
Profit on ordinary activities before taxation is stated after charging/(crediting):		
Depreciation and amounts written off tangible fixed assets:		
Charge for the period owned assets	193,241	567,044
Operating lease rentals:		
Land and buildings	148,488	142,590
Other	16,784	15,557
Amortisation of goodwill	3,000	10,433
Auditors' remuneration:		
audit	71,879	70,210
non audit	31,312	42,181

## 4 EXCEPTIONAL ITEM

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	2003	2002
	US\$	US\$
	<u>          </u>	<u>          </u>
Impairment of tangible fixed assets		364,620
	<u>          </u>	<u>          </u>

Included in administrative expenses is £Nil (2002: £364,620) which represents the impairment of the company's website messaging interface and related software which in the opinion of the directors has a net book value of US\$23,280 as at 31 December 2003 (2002: US\$50,000), and has been impaired accordingly.

5 EMPLOYEES

	2003	2002
	No.	No.
	<u>          </u>	<u>          </u>
The average monthly number of persons (including directors) employed by the group during the period was:		
Office and management	31	29
	<u>          </u>	<u>          </u>

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Global Currencies Limited

NOTES TO THE FINANCIAL STATEMENTS

For the years ended 31 December 2003 and 2002

5 EMPLOYEES (*continued*)

	2003	2002
	US\$	US\$
	<u>          </u>	<u>          </u>
Staff costs for above persons:		
Wages and salaries	3,047,825	3,561,762
Social security costs	411,364	302,321
Other pension costs	282,577	50,210
	<u>3,741,766</u>	<u>3,914,293</u>

In respect of the directors of Global Currencies Limited:

	2003	2002
	US\$	US\$
	<u>          </u>	<u>          </u>
Emoluments	1,059,207	2,021,237
Money purchase pension contributions	282,577	&nb