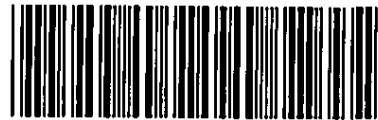


**Company Number: 170463**

**ICAP EUROPE LIMITED**  
**FINANCIAL STATEMENTS**  
**FOR THE YEAR ENDED**  
**31 MARCH 2007**

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# **ICAP EUROPE LIMITED**

## **Directors' Report for the year ended 31 March 2007**

The directors present their report and the audited financial statements of the company for the year ended 31 March 2007

### **PRINCIPAL ACTIVITY**

The company's principal activity is money broking and is regulated by the Financial Services Authority

The company is incorporated and domiciled in the United Kingdom ("UK") The registered office is 2 Broadgate, London, EC2M 7UR

### **BUSINESS REVIEW AND FUTURE DEVELOPMENTS**

The directors consider the year end position to be satisfactory and do not anticipate any changes to the principal activities in the foreseeable future

### **RESULTS AND DIVIDENDS**

The results of the company are set out in the income statement on page 4

Dividends of £21,000,000 (2006 £27,000,000) were paid during the year The profit for the year of £34,955,000 (2006 £32,394,000) has been transferred to reserves

### **FINANCIAL RISK MANAGEMENT**

The company's risk profile and financial risk management policies are disclosed in note 2 to the financial statements

### **KEY PERFORMANCE INDICATORS**

The directors of ICAP plc manage the group's operations on a divisional basis We monitor the voice revenue per voice broker and the variable component of voice broker remuneration as the most relevant efficiency measures of our voice division In addition, a key part of cost control is the overall percentage of staff compensation as a percentage of revenue The development, performance and position of ICAP plc, which includes the company, are discussed in their annual report which does not form part of this report

### **DIRECTORS AND DIRECTORS' INTERESTS**

The directors of the company, who held office during the year were

D Casterton	
V E Cruwys	
J M Yallop	(resigned 23 January 2007)
J W Herbert	
G MacDonald	
J N Pettigrew	(resigned 2 June 2006)
M A Spencer	(resigned 19 June 2006)

None of the directors had any interests in the shares of the company during the year The interests of the directors and their families in the share capital of the ultimate parent undertaking, ICAP plc, are shown in note 8 to the financial statements

### **DIRECTORS' RESPONSIBILITIES IN RESPECT OF THE FINANCIAL STATEMENTS**

The directors are responsible for preparing the Annual Report and the financial statements in accordance with applicable law and International Financial Reporting Standards (IFRSs) as adopted by the European Union

# **ICAP EUROPE LIMITED**

## **Directors' Report for the year ended 31 March 2007**

The directors are responsible for preparing financial statements for each financial year which give a true and fair view, in accordance with IFRSs as adopted by the European Union, of the state of affairs of the company and of the profit or loss of the company for that period. In preparing those financial statements, 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 the financial statements comply with IFRSs as adopted by the European Union, and
- prepare the financial statements on the going concern basis unless it is inappropriate to presume that the company will continue in business

The directors confirm that they have complied with the above requirements in preparing the financial statements

The directors are responsible for keeping proper accounting records that 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

### **CREDITOR PAYMENT POLICY**

The company has no external trade creditors

### **CHARITABLE DONATIONS**

The company made charitable donations amounting to £1,601,000 during the year (2006 £1,234,000)

### **LAYING OF REPORTS AND ACCOUNTS**

The company has passed an elective resolution dispensing with the requirement to lay reports and accounts before the members of the company in general meeting. However, under the provisions of section 253(2) of the Companies Act 1985 (as amended), any member of the company has the right to require this report and accounts to be laid before the members of the company in general meeting. Any member wishing to exercise this right must deposit notice at the Company's registered office within 28 days of the date of this report.

### **AUDITORS**

The company has passed an elective resolution dispensing with the requirement to appoint auditors annually. The company's auditors, PricewaterhouseCoopers LLP, have indicated their willingness to continue in office.

### **PROVISION OF INFORMATION TO THE AUDITORS**

So far as the directors are aware, there is no relevant audit information of which the company's auditors are unaware.

The directors have taken all steps that they ought to have taken as directors in order to make themselves aware of any relevant audit information and to establish that the company's auditors are aware of that information.

By Order of the Board



D Abrehart  
Secretary

24 May 2007

# ICAP EUROPE LIMITED

## Independent Auditors' Report to the members of ICAP Europe Limited

We have audited the financial statements of ICAP Europe Limited for the year ended 31 March 2007 which comprise the Income Statement, the Statement of Recognised Income and Expense, the Balance Sheet, the Cash Flow Statement and the related notes. These financial statements have been prepared under the accounting policies set out therein.

### Respective responsibilities of directors and auditors

The directors' responsibilities for preparing the Annual Report and the financial statements in accordance with applicable law and International Financial Reporting Standards (IFRSs) as adopted by the European Union 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 International Standards on Auditing (UK and Ireland). 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 into 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 whether the financial statements have been properly prepared in accordance with the Companies Act 1985. We report to you whether in our opinion the information given in the Directors' Report is consistent with the financial statements. We also report to you if, in our opinion, 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 other transactions 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 International Standards on Auditing (UK and Ireland) 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 judgments 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, in accordance with IFRSs as adopted by the European Union, of the state of the company's affairs as at 31 March 2007 and of its profit and cash flows for the year then ended,
- the financial statements have been properly prepared in accordance with the Companies Act 1985, and
- the information given in the Directors' Report is consistent with the financial statements.

*PricewaterhouseCoopers LLP*

PricewaterhouseCoopers LLP  
Chartered Accountants and Registered Auditors  
London  
24 May 2007  
25

**ICAP EUROPE LIMITED****Income Statement for the year ended 31 March 2007**

	<u>Note</u>	<u>Year ended 31/3/2007 £'000</u>	<u>Year ended 31/3/2006 £'000</u>
<b>Revenue</b>		187,624	173,009
Administrative expenses	4	(137,839)	(129,060)
Other operating expenses	6	512	37
<b>Operating profit</b>		50,297	43,986
Finance income	9	556	442
Finance costs	10	(41)	(5)
<b>Profit before taxation</b>		50,812	44,423
Taxation	11	(15,857)	(12,029)
<b>Profit for the year</b>		<u>34,955</u>	<u>32,394</u>

# ICAP EUROPE LIMITED


## Statement of Recognised Income and Expenses for the year ended 31 March 2007

	<u>Note</u>	<u>Year ended 31/3/2007 £'000</u>	<u>Year ended 31/3/2006 £'000</u>
Profit for the year		34,955	32,394
Adjustments to opening balance sheet	20	-	(291)
Net income recognised directly in equity		34,955	32,103
Total recognised income and expense for the year		34,955	32,103

**ICAP EUROPE LIMITED**  
**Balance Sheet as at 31 March 2007**

	<u>Note</u>	<u>As at</u> <u>31/3/2007</u> £'000	<u>As at</u> <u>31/3/2006</u> £'000
<b>Current assets</b>			
Trade and other receivables	12	29,614	38,111
Cash and cash equivalents	13	18,401	1,139
<b>Total assets</b>		<u>48,015</u>	<u>39,250</u>
<b>Current liabilities</b>			
Trade and other payables	14	(4,959)	(569)
Tax payable		(299)	(9,879)
<b>Total liabilities</b>		<u>(5,258)</u>	<u>(10,448)</u>
<b>Net assets</b>		<u>42,757</u>	<u>28,802</u>
<b>Equity</b>			
Called up share capital	16	22,071	22,071
Share premium reserve	17	646	646
Retained earnings	17	20,040	6,085
<b>Total equity</b>	17	<u>42,757</u>	<u>28,802</u>

The financial statements on pages 4 to 17 were approved by the board of directors on 24 May 2007 and were signed on its behalf by

  
**V E Cruwys**  
**Director**

# ICAP EUROPE LIMITED

## Cash Flow Statement for the year ended 31 March 2007

	<u>Note</u>	<u>Year ended</u> <u>31/3/2007</u> £'000	<u>Year ended</u> <u>31/3/2006</u> £'000
<b>Cash flows from operating activities</b>			
Profit before taxation		50,812	44,423
Adjustments for			
Net finance income		(515)	(437)
Operating cash flows before movements in working capital		50,297	43,986
Increase in trade and other receivables		(7,503)	(29,520)
Increase/(decrease) in trade and other payables		(21,047)	(366)
Operating cash flows after movements in working capital		21,747	14,100
Taxation paid		-	(17,542)
Net cash from/(used in) operating activities		21,747	(3,442)
<b>Cash flows from investing activities</b>			
Interest received		556	442
Net cash from investing activities		556	442
<b>Cash flows from finance activities</b>			
Interest paid		(41)	(5)
Dividends paid		(5,000)	-
Net cash used in financing activities		(5,041)	(5)
Net (decrease)/increase in cash and cash equivalents		17,262	(3,005)
Net cash and cash equivalents at beginning of year	13	1,139	4,144
Net cash and cash equivalents at end of year	13	18,401	1,139

Dividends paid to a fellow subsidiary undertaking of ICAP plc of £16,000 were settled through the netting of related party balances. Therefore, in the absence of the use of cash or cash equivalents, the dividend paid has been excluded from the cash flow statement.



# ICAP EUROPE LIMITED

## Notes to the Financial Statements for the year ended 31 March 2007

### 1. PRINCIPAL ACCOUNTING POLICIES

(a) Basis of preparation

The financial statements have been prepared in accordance with International Financial Reporting Standards ("IFRS") as adopted by the EU, the Companies Act 1985 and under the historical cost convention

(b) Revenue

Revenue comprises commission and brokerage income derived from money broking and is recognised on trade-date

Money broking comprises voice and electronic broking and is mainly transacted on an agency basis. For agency trades revenue is stated net of rebates and discounts, value added tax and other sales taxes. Revenue from broking on electronic platforms is recognised in accordance with the treatment for the equivalent voice broked products

(c) Foreign currencies

Transactions denominated in foreign currencies are translated into the functional currency at the rates of exchange prevailing on the dates of the transactions. At each balance sheet date, monetary assets and liabilities that are denominated in foreign currencies are retranslated at the rates prevailing on the balance sheet date. Exchange differences are taken to the income statement, except for exchange differences arising on non-monetary assets and liabilities where the changes in fair value are taken directly to reserves. Non-monetary assets and liabilities carried at fair value that are denominated in foreign currencies are translated at the rates prevailing at the date when the fair value was determined

(d) Borrowing costs

All borrowing costs are expensed as finance costs in the income statement using the applicable effective interest rate

(e) Taxation

Tax on the profit for the year comprises both current and deferred tax as well as adjustments in respect of prior periods. Tax is charged or credited to the income statement, except when it relates to items charged or credited directly to equity, in which case the deferred tax is also dealt with in equity

Current tax is the expected tax payable on the taxable income for the year, using tax rates enacted, or substantially enacted by the balance sheet date

Deferred tax is recognised in respect of all temporary differences between the carrying value of assets and liabilities for reporting purposes and the amounts charged or credited for tax purposes. Deferred tax is calculated at the rate of tax expected to apply when the liability is settled or the asset is realised. A deferred tax asset is only recognised to the extent that it is probable that future taxable profits will be available against which the asset can be utilised. Deferred tax liabilities are offset against deferred tax assets within the same taxable entity or qualifying local tax group where there is both the legal right and the intention to settle on a net basis or to realise the asset and settle the liability simultaneously

(f) Trade receivables

Trade receivables are recognised at fair value less provision for impairment

(g) Debt provisioning

Provisions are made for specific debts when it is considered that the creditworthiness of the debtor has deteriorated such that the recovery of all or part of a debt is in serious doubt

A provision is made in respect of potential losses which are judged to be present in debtor balances at the balance sheet date, but which will not be identified as such until some time in the future. The level of provision is based upon the previous experience of such losses in the company and is reviewed on a periodic basis. The appropriateness of the provision is periodically assessed against any actual losses that have arisen. All provisions are recorded within administrative expenses in the income statement

# ICAP EUROPE LIMITED

## Notes to the financial statements for the year ended 31 March 2007

### 1 PRINCIPAL ACCOUNTING POLICIES (CONTINUED)

(h) Cash and cash equivalents

Cash equivalents includes all investments readily convertible to a known amount of cash and subject to an insignificant risk of changes in value when it has a maturity of three months or less from the date of acquisition

(i) Share capital

Ordinary shares are classified as equity. Dividends are recognised as deductions from retained earnings in the period in which they are declared

### 2. FINANCIAL RISK MANAGEMENT

*Financial risk factors*

The company's activities expose it to a variety of financial risks, including market risk, credit risk and liquidity risk. The company's overall risk management program focuses on the unpredictability of financial markets and seeks to minimise potential adverse effects on the company's financial performance.

The overall financial risk management framework, strategy and policies of the company are determined by the board of its ultimate parent undertaking, ICAP plc (the "Group"). It does this through two board committees, the Group Risk and Treasury Committees, and also by regional and market risk committees.

(i) *Market risk*

Foreign exchange risk

The company is exposed to both transactional and translational fluctuations in the value of financial instruments due to exchange rate movements.

Transactional exposure arises from brokerage and remittance of funds in currencies other than the company's functional currency (Sterling), principally United States Dollars and Euros. The Group policy is to hedge such foreign exchange exposures with interest rate exposure using derivative financial instruments such as swaps, forward contracts and options. Derivative transactions are only carried out with counterparties of an acceptable credit standing such as global banks with a credit rating of at least AA.

Translational exposure arises on the conversion of the results of foreign branches, subsidiaries and foreign currency denominated investments into Sterling. The Group does not hedge its translational exposure but its impact is mitigated by the Group's use of average exchange rates. In addition the impact on the balance sheet is managed, where appropriate, by structural hedges via inter-company debt.

As at 31 March 2007 the company's risk exposure is not considered to be significant and is not therefore hedged.

The table below summarises the company's exposure to concentrations of foreign currencies as at 31 March 2007.

	<u>GBP</u> £'000	<u>USD</u> £'000	<u>EUR</u> £'000	<u>CHF</u> £'000	<u>Other</u> £'000	<u>Total</u> £'000
<b>Assets</b>						
Trade and other receivables	22,127	1,593	5,731	123	40	29,614
Cash and cash equivalents	18,311	2	88	-	-	18,401

# ICAP EUROPE LIMITED

## Notes to the financial statements for the year ended 31 March 2007

### 2 FINANCIAL RISK MANAGEMENT (CONTINUED)

The table below summarises the company's exposure to concentrations of foreign currencies as at 31 March 2006

	<u>GBP</u> £'000	<u>USD</u> £'000	<u>EUR</u> £'000	<u>CHF</u> £'000	<u>Other</u> £'000	<u>Total</u> £'000
<b>Assets</b>						
Trade and other receivables	30,309	1,930	5,685	148	39	38,111
Cash and cash equivalents	1,126	6	7	-	-	1,139

#### Interest rate risk

Since the company has no significant interest bearing assets and liabilities, the company's results and operating cash flows are substantially independent of changes in market rates

#### Price risk

The company's activities do not expose it to price risk

#### (ii) *Credit risk*

Credit risk arises from the potential that a counterparty is unable or unlikely to perform on an obligation resulting in a loss for the company. The company's exposure to credit risk is limited since it acts as an intermediary whereby business is transacted on an agency basis. All counterparties are subject to regular review and assessment by regional credit officers and credit limits are set and approved by the appropriate credit committee as overseen by the Group Risk Committee. Limits are set based on Group parameters determining the maximum loss any one company (within the Group) can suffer as a result of counterparty default. Typically the company's counterparties are highly credit rated large financial institutions. The company has no significant concentrations of credit risk and the maximum exposure is limited to trade and other receivables (note 12).

#### (iii) *Liquidity risk*

Prudent liquidity risk management implies maintaining sufficient cash and marketable securities and ensuring the availability of funding through an adequate amount of committed credit. This is important to ensure that the company can meet all present and future financial obligations as they fall due and comply with regulatory requirements. The Treasury Committee monitors free cash resources ensuring that all companies within the Group maintain sufficient resources to finance their operations and that all investments comply with the Group Investment Policy. This dictates borrowing and investing limits based on an institutions credit rating and the nature of financial instruments that can be held. Overall the company's exposure to liquidity risk is not significant.

#### (iv) *Fair value*

Fair value is the amount for which an asset could be exchanged, or a liability settled, between knowledgeable, willing parties in an arms length transaction. As at 31 March 2007 there are no assets or liabilities whose carrying value was not a reasonable approximation of its fair value (2006: None).

#### (v) *Capital management*

The company is regulated by the Financial Services Authority. It is not subject to regulatory consolidated capital requirements.

### 3. KEY ACCOUNTING JUDGEMENTS AND SOURCES OF ESTIMATION UNCERTAINTY

The company makes various judgements in applying its accounting policies and various assumptions and estimates, including about the future, when determining the carrying value of certain assets and liabilities. As at 31 March 2007 there were no such judgements or assumptions that had a significant effect on the amounts recognised in the financial statements, or a significant risk of causing material adjustment to the carrying amounts of assets and liabilities in the next financial year.

# ICAP EUROPE LIMITED

## Notes to the financial statements for the year ended 31 March 2007

### 4. ADMINISTRATIVE EXPENSES

	<u>Year ended 31/3/2007</u> £'000	<u>Year ended 31/3/2006</u> £'000
Management recharge (note 19)	136,525	110,394
Clearing costs borne directly by the company	1,314	18,666
	<u>137,839</u>	<u>129,060</u>

The company's administrative expenses include the auditors' remuneration in the UK of £40,000 (2006 £33,000)

Fees paid to the company's auditor, PricewaterhouseCoopers LLP, and its associates for services other than the statutory audit of the company are not disclosed in ICAP Europe Limited's accounts since the consolidated accounts of ICAP Europe Limited's parent, ICAP plc, are required to disclose non-audit fees on a consolidated basis

### 5. STAFF COSTS

Staff costs comprise

	<u>Year ended 31/3/2007</u> £'000	<u>Year ended 31/3/2006</u> £'000
Employee costs		
Wages and salaries	81,913	77,010
Social security costs	10,813	9,666
Other pension costs	728	712
	<u>93,454</u>	<u>87,388</u>

All staff costs were borne by fellow subsidiary undertakings of ICAP plc and were charged to the company by way of the group management charges referred to in note 4

The average number of persons employed by the company during the period was 321 (2006 309)

### 6. OTHER OPERATING EXPENSES

This represents exchange differences arising on transactions in foreign currencies during the year and on the translation at the balance sheet date of assets and liabilities denominated in foreign currencies

### 7. DIRECTORS' REMUNERATION

J M Yallop and M A Spencer are directors of the ultimate parent undertaking, ICAP plc, and receive no emoluments for their services to the company. Their emoluments for their services to the group are disclosed in the financial statements of ICAP plc.

J N Pettigrew was a director of the ultimate parent undertaking, ICAP plc, and received no emoluments for his services to the company. Emoluments for his services to the group are disclosed in the financial statements of ICAP plc.

# ICAP EUROPE LIMITED

## Notes to the financial statements for the year ended 31 March 2007

### 7. DIRECTORS' REMUNERATION (CONTINUED)

Remuneration payable to the other directors in respect of their services to the company was as follows

	<u>Year ended 31/3/2007</u>		<u>Year ended 31/3/2006</u>	
	Total £'000	Highest paid director £'000	Total £'000	Highest paid director £'000
Aggregate emoluments	3,691	1,955	2,859	943
Contributions to defined contribution pension schemes	269	215	301	228
	<u>3,960</u>	<u>2,170</u>	<u>3,160</u>	<u>1,171</u>

As at 31 March 2007, retirement benefits are accruing to 2 directors (2006 2 directors) under defined contribution schemes sponsored by ICAP plc

No fees were paid to the directors in respect of services to the company during the year (2006 £Nil)

### 8. DIRECTORS' INTERESTS

J M Yallop and M A Spencer are directors of the ultimate parent undertaking, ICAP plc, and their interests are disclosed in the financial statements of that company

J N Pettigrew was a director of the ultimate parent undertaking, ICAP plc, and his interests are disclosed in the financial statements of that company

Other directors' interests in shares were as follows

	<u>Ordinary shares</u>	
	<u>As at 1/4/2006</u>	<u>As at 31/3/2007</u>
<b>ICAP plc</b>		
<b>Ordinary shares of 10p each</b>		
D Casterton	83,120	81,095
V E Cruwys	2,560	5,495
G MacDonald	400,000	400,000
J Herbert	-	2,495

Further bonus shares arise from awards to the directors under the Senior Executives Equity Participation Plan (see below for details) These interests are held in trust, however the beneficial interest lies with the individual

Other directors' interests in options over shares were as follows

	<u>Scheme</u>	<u>As at 1/4/2006</u>	<u>Granted</u>	<u>Exercised</u>	<u>As at 31/3/2007</u>	<u>Exercise Price (p)</u>
<b>ICAP plc</b>						
<b>Ordinary shares of 10p each</b>						
D Casterton	SAYE *	5,495	-	(5,495)	-	168 20
	SAYE **	-	2,409	-	2,409	388 00
V E Cruwys	SAYE *	5,495	-	(5,495)	-	168 20
	SAYE **	-	2,409	-	2,409	388 00
J W Herbert	SAYE *	5,495	-	(5,495)	-	168 20

# ICAP EUROPE LIMITED

## Notes to the financial statements for the year ended 31 March 2007

### 8 DIRECTORS' INTERESTS (CONTINUED)

\* These options were granted on 27 June 2003 under the Sharesave Scheme Options are exercisable after 3 years from the contract start date

\* \* These options were granted on 30 June 2006 under the Sharesave Scheme Options are exercisable after 3 years from the contract start date

#### Interests in options over ICAP plc ordinary shares of 10p each through Long Term Incentive Plans

#### ICAP plc Senior Executive Equity Participation Plan (SEEPP)

	<u>Grant</u>	<u>As at</u> <u>1/4/2006</u>	<u>Granted</u>	<u>As at</u> <u>31/3/2007</u>
<b>ICAP plc</b>				
<b>Ordinary shares of 10p each</b>				
<b>D Casterton</b>				
Basic award	30/12/03	31,825	-	31,825
Matching award	30/12/03	31,825	-	31,825
Basic award	13/12/06	-	41,991	41,991
Matching award	13/12/06	-	41,991	41,991

The SEEPP is a long term incentive plan for directors and senior executives through which those directors and executives invest in shares of ICAP plc Directors and senior executives were invited to waive part of their potential cash bonus in return for rights over the number of shares (Basic Award) which can be purchased with the foregone bonus at the market value of the shares in ICAP plc on the date of grant Participants may also have been granted a provisional allocation over additional shares (Matching Award), these matching shares are transferred to the executive on a sliding scale if he / she remains in employment as follows no shares up to three years, 40% following completion of three but less than four years, and 100% on the fourth anniversary of the date of grant

Except as disclosed above, none of the directors in office at 31 March 2007 held any interests in the share capital of the Company, its ultimate parent undertaking, ICAP plc, or any of its fellow subsidiary undertakings

### 9. FINANCE INCOME

	<u>Year</u> <u>ended</u> <u>31/3/2007</u> £'000	<u>Year</u> <u>ended</u> <u>31/3/2006</u> £'000
Bank deposits	530	103
Other interest receivable	26	339
	<u>556</u>	<u>442</u>

### 10. FINANCE COSTS

	<u>Year</u> <u>ended</u> <u>31/3/2007</u> £'000	<u>Year</u> <u>ended</u> <u>31/3/2006</u> £'000
Other interest payable	<u>41</u>	<u>5</u>

# ICAP EUROPE LIMITED

## Notes to the financial statements for the year ended 31 March 2007

### 11 TAXATION

	<u>Year ended 31/3/2007</u> £'000	<u>Year ended 31/3/2006</u> £'000
a) Analysis of charge for the year		
Current taxation		
- UK corporation tax	16,593	14,240
- Adjustments to prior periods	(736)	(2,211)
	<u>15,857</u>	<u>12,029</u>
b) Factors affecting the taxation charge for the year		
Profit before taxation	<u>50,812</u>	<u>44,423</u>
Profit multiplied by standard rate of corporation tax in the UK of 30% (2006 30%)	15,244	13,327
Effects of		
Expenses not deductible for tax purposes (primarily client entertainment)	1,356	983
Capital allowances in excess of depreciation	(7)	(70)
Adjustments to prior periods – current taxation	(736)	(2,211)
	<u>613</u>	<u>(1,298)</u>
Tax charge for year	<u>15,857</u>	<u>12,029</u>

### 12 TRADE AND OTHER RECEIVABLES

	<u>As at 31/3/2007</u> £'000	<u>As at 31/3/2006</u> £'000
Gross trade receivables	29,848	28,211
Provision for impairment	(300)	(283)
Trade receivables	<u>29,548</u>	<u>27,928</u>
Amounts owed by group undertakings (note 19)	-	9,962
Prepayments	20	21
Other receivables	46	200
	<u>29,614</u>	<u>38,111</u>

# ICAP EUROPE LIMITED

## Notes to the financial statements for the year ended 31 March 2007

### 13. CASH AND CASH EQUIVALENTS

For the purposes of the cash flow statement cash and cash equivalents comprises

	<u>As at</u> <u>31/3/2007</u> £'000	<u>As at</u> <u>31/3/2006</u> £'000
Cash at bank and in hand	<u>18,401</u>	<u>1,139</u>

The balance includes £604,000 (2006 £578,000) which is held in an Employee Benefit Trust. The use of this cash is restricted.

### 14. TRADE AND OTHER PAYABLES

	<u>As at</u> <u>31/3/2007</u> £'000	<u>As at</u> <u>31/3/2006</u> £'000
Amounts owed by fellow subsidiaries (note 19)	4,702	-
Accruals and deferred income	<u>257</u>	<u>569</u>
	<u>4,959</u>	<u>569</u>

### 15. DEFERRED TAXATION

Deferred tax asset was as follows

	<u>Recognised</u>		<u>Unrecognised</u>	
	<u>As at</u> <u>31/3/2007</u> £'000	<u>As at</u> <u>31/3/2006</u> £'000	<u>As at</u> <u>31/3/2007</u> £'000	<u>As at</u> <u>31/3/2006</u> £'000
Capital allowances	<u>-</u>	<u>-</u>	<u>21</u>	<u>29</u>

### 16. CALLED UP SHARE CAPITAL

	<u>As at</u> <u>31/3/2007</u> £'000	<u>As at</u> <u>31/3/2006</u> £'000
Authorised 23,000,000 Ordinary shares of £1 each	<u>23,000</u>	<u>23,000</u>
Allotted and fully paid 22,071,000 Ordinary shares of £1 each	<u>22,071</u>	<u>22,071</u>



# ICAP EUROPE LIMITED

## Notes to the financial statements for the year ended 31 March 2007

### 17. STATEMENT OF CHANGES IN EQUITY

	Share capital (note 16) £'000	Share premium reserve £'000	Retained earnings £'000	Total £'000
As at 1 April 2005	22,071	646	691	23,408
Profit for the year	-	-	32,394	32,394
Dividends paid (note 18)	-	-	(27,000)	(27,000)
As at 31 March 2006	22,071	646	6,085	28,802
As at 1 April 2006	22,071	646	6,085	28,802
Profit for the year	-	-	34,955	34,955
Dividends paid (note 18)	-	-	(21,000)	(21,000)
As at 31 March 2007	22,071	646	20,040	42,757

### 18. DIVIDENDS

	Year Ended 31/3/2007 £'000	Year Ended 31/3/2006 £'000
<b>Equity - £1 Ordinary shares</b>		
Dividend paid of 95 1p per share (2006 122 3p per share)	21,000	27,000

### 19. RELATED PARTY TRANSACTIONS

#### Parent undertaking

The company's immediate parent undertaking is Godsell, Astley and Pearce (Holdings) Limited, which does not prepare consolidated financial statements

The company's ultimate parent undertaking is ICAP plc, which heads the smallest and largest group ("the group") of undertakings of which the company is a member that prepares consolidated financial statements. Copies of the consolidated financial statements of ICAP plc can be obtained from the Company Secretary, ICAP plc, 2 Broadgate, London, EC2M 7UR

# ICAP EUROPE LIMITED

## Notes to the financial statements for the year ended 31 March 2007

### 19. RELATED PARTY TRANSACTIONS (CONTINUED)

#### Related Party Transactions

The company entered into the following transactions with related parties who are members of the group

	<u>As at</u> <u>31/3/2007</u> £'000	<u>As at</u> <u>31/3/2006</u> £'000
Cost of management services received		
Fellow subsidiary undertakings	<u>136,525</u>	<u>110,394</u>

The company had the following outstanding balances owed by/(to) related parties who are members of the group

	<u>As at</u> <u>31/3/2007</u> £'000	<u>As at</u> <u>31/3/2006</u> £'000
Parent undertaking	3,278	15,786
Fellow subsidiary undertakings	<u>(7,980)</u>	<u>(5,824)</u>
	<u>(4,702)</u>	<u>9,962</u>

All companies of the group are party to a netting agreement. All balances are unsecured, non-interest bearing and have no fixed terms of repayment.

#### Fellow subsidiary undertakings

Administrative expenses arise from management charges from fellow subsidiary undertaking ICAP Management Services Limited. Details relating to this cost can be found in note 4.

#### Remuneration of key management personnel

There are no key management personnel other than the directors of the company. Directors' remuneration is disclosed in note 7.

### 20. RECONCILIATION OF IFRS BALANCES

The prior year adjustment related to the impairment of trade receivables posted as an IFRS conversion adjustment to retained earnings.