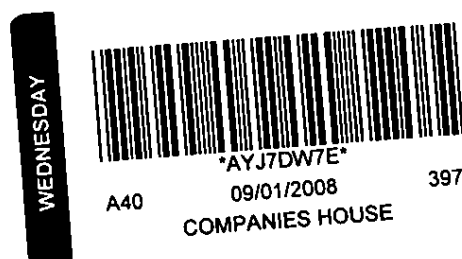


**Company Number: 2553782**

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



# **ICAP ENERGY 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 acts as an agency broker in the commodity derivatives market and is regulated by the Financial Services Authority

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

The directors consider that the year end financial position was 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 profit and loss account on page 4. The profit for the year of £1,916,000 (2006 loss of £5,824,000) has been transferred to reserves. Dividends of £2,000,000 (2006 £8,500,000) were paid during the year.

### **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

V E Cruwys  
G MacDonald  
P Newman  
J N Pettigrew  
J M Yallop

(resigned 2 June 2006)  
(resigned 23 January 2007)

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 regulations.

Company law requires the directors to prepare financial statements for each financial year. Under that law the directors have elected to prepare the financial statements in accordance with United Kingdom Generally Accepted Accounting Practice (United Kingdom Accounting Standards and applicable law). The financial statements are required by law to 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 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 applicable UK Accounting Standards have been followed, subject to any material departures disclosed and explained in the financial statements
- prepare the financial statements on the going concern basis unless it is inappropriate to presume that the company will continue in business, in which case there should be supporting assumptions or qualifications as necessary.

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

# **ICAP ENERGY LIMITED**

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

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 payables except for those disclosed in note 15, which are settled in the normal course of the company's clearing arrangements

### **CHARITABLE DONATIONS**

During the year the company made charitable donations of £352,000 (2006 £256,000)

### **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



V E Cruwys  
Director

29 June 2007

# **ICAP ENERGY LIMITED**

## **Independent Auditors' Report to the members of ICAP Energy Limited**

We have audited the financial statements of ICAP Energy Limited for the year ended 31 March 2007 which comprise the Profit and Loss Account, the Balance Sheet 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 financial statements in accordance with applicable law and United Kingdom Accounting Standards (United Kingdom Generally Accepted Accounting Practice) 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 are properly prepared in accordance with the Companies Act 1985. We also report to you whether in our opinion the information given in the Directors' Report is consistent with the financial statements.

In addition we 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 United Kingdom Generally Accepted Accounting Practice, of the state of the company's affairs as at 31 March 2007 and of its profit and cashflows 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**  
**29 June 2007**

# ICAP ENERGY LIMITED

## Profit and Loss Account for the year ended 31 March 2007

	<u>Note</u>	<u>Year ended</u> <u>31/3/2007</u> <u>£'000</u>	<u>Year ended</u> <u>31/3/2006</u> <u>£'000</u>
<b>Turnover</b>	1(b)	34,576	29,873
Administrative expenses	4	(28,604)	(26,088)
Other operating charges	6	(404)	213
<b>Operating profit</b>		<u>5,568</u>	<u>3,998</u>
Interest receivable and similar income	9	283	310
Interest payable and similar charges	10	(93)	(231)
<b>Profit on ordinary activities before taxation</b>		<u>5,758</u>	<u>4,077</u>
Taxation on profit on ordinary activities	11	(1,842)	(1,401)
<b>Profit on ordinary activities after taxation</b>		<u>3,916</u>	<u>2,676</u>
Dividends		(2,000)	(8,500)
<b>Retained profit/(loss) for the financial year</b>	18	<u>1,916</u>	<u>(5,824)</u>

Turnover and operating profit were derived wholly from continuing operations

The company had no recognised gains and losses for the period other than those included in the profit and loss account and therefore no separate statement of total recognised gains and losses is presented

There is no difference between the profit on ordinary activities before taxation and the retained profit for the year stated above and their historical cost equivalents

**ICAP ENERGY 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>Fixed assets</b>			
Intangible assets	12	2,199	2,893
		<u>2,199</u>	<u>2,893</u>
<b>Current assets</b>			
Debtors	13	5,358	4,578
Cash at bank and in hand	14	7,406	7,400
		<u>12,764</u>	<u>11,978</u>
<b>Creditors: amounts falling due within one year</b>	15	(4,522)	(6,346)
<b>Net current assets</b>		<u>8,242</u>	<u>5,632</u>
<b>Total assets less current liabilities</b>		<u>10,441</u>	<u>8,525</u>
<b>Creditors: amounts falling due after more than one year</b>	16	(1,600)	(1,600)
<b>Net assets</b>		<u>8,841</u>	<u>6,925</u>
<b>Capital and reserves</b>			
Called up share capital	17	6,958	6,958
Share premium account	18	10	10
Other reserves	18	5	5
Profit and loss reserve	18	1,868	(48)
<b>Total shareholders' funds</b>	18	<u>8,841</u>	<u>6,925</u>

The financial statements on pages 4 to 13 were approved by the board of directors on 29 June 2007 and were signed on its behalf by



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

# ICAP ENERGY 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 under the historical cost convention, the accounting policies set out below and in accordance with Accounting Standards applicable in the United Kingdom. The Company's parent, ICAP plc, prepares consolidated financial statements under International Financial Reporting Standards ("IFRS") as adopted by the EU. However, due to commercial reasons, the directors considered that it was not practical for the company to adopt IFRS for this period.

(b) Turnover

Turnover comprises commission and brokerage income derived from broking services supplied to third parties which is recognised on the date on which the transaction occurs.

(c) Intangible assets

Intangible assets are stated at historical cost less provision for any impairment in their values.

Intangible assets are amortised on a straight-line basis over their expected useful economic life of 7 years.

(d) 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.

(e) Impairment of fixed assets and goodwill

Fixed assets and goodwill are subject to an impairment review if there are events or changes in circumstances that indicate that the carrying value of the fixed asset or goodwill may not be fully recoverable. The impairment review comprises a comparison of the net book value of the fixed asset or goodwill with its recoverable amount (the higher of net realisable value and value in use). Net realisable value represents the amount at which the asset could be disposed. Value in use is calculated by discounting the expected future cash flows obtainable as a result of the asset's continued use, including those resulting from its ultimate disposal, at a market based discount rate on a pre-tax basis. The carrying value of fixed assets and goodwill are written down by the amount of any impairment and this loss is recognised in the profit and loss account in the year in which it occurs.

(f) Change in accounting policies

From 1 April 2006, the company has adopted Financial Reporting Standard 26, "Financial Instruments, Measurement", in these financial statements as required by the standard. There has been no effect on the company's financial statements for the current and preceding year of adopting the standard.

The company has adopted Financial Reporting Standard 23 "The effects of changes in foreign exchange rates", with effect from 1 April 2006 and has applied the standard prospectively. There has been no effect on the company's financial statements for the current and preceding year of adopting the standard.

# ICAP ENERGY LIMITED

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

### 1 PRINCIPAL ACCOUNTING POLICIES (CONTINUED)

#### (g) Foreign currencies

Transactions denominated in foreign currencies are recorded in the local currency at actual exchange rates as of the date of the transaction. Monetary assets and liabilities denominated in foreign currencies at the balance sheet date are reported at the rates of exchange prevailing at that date. Any gain or loss arising from a change in exchange rates subsequent to the date of the transaction is included as an exchange gain or loss in the profit and loss account.

#### (h) Debtors

In accordance with FRS 26 "Financial Instruments, Measurement", debtors are measured initially at fair value and subsequently measured at amortised cost using the effective interest method, less provision for impairment. A provision for impairment of debtors is established when there is objective evidence that the group will not be able to collect all amounts due according to the original terms of the receivables. Significant financial difficulties of the debtor, probability that the debtor will enter bankruptcy or financial reorganisation, and default or delinquency in payments (more than 30 days overdue) are considered indicators that the debtors are impaired. The amount of the provision is the difference between the assets carrying amount and the present value of estimated future cash flows, discounted at the original effective interest rate.

### 2. SEGMENTAL INFORMATION

In the opinion of the directors the company has a single class of business which is conducted principally in the United Kingdom.

### 3 CASH FLOW STATEMENT

As more than 90% of the voting rights of the company are controlled by ICAP plc which publishes a consolidated cash flow statement, the company is not required to present a cash flow statement in its own financial statements under Financial Reporting Standard 1 "Cash Flow Statements".

### 4. ADMINISTRATIVE EXPENSES

The company's administrative expenses, including the auditors' remuneration of £30,000 (2006 £30,000), have been borne by other group undertakings. A management recharge of £28,604,000 (2006 £26,088,000) has been made by a fellow subsidiary undertaking.

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 Energy Ltd's accounts since the consolidated accounts of ICAP Energy Ltd's parent ICAP plc, are required to disclose non-audit fees on a consolidated basis.



# ICAP ENERGY LIMITED

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

### 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	17,777	15,639
Social security costs	2,220	1,933
Other pension costs	43	45
	<u>20,040</u>	<u>17,617</u>

All staff costs were borne by a fellow subsidiary undertaking 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 60 (2006 56)

### 6. OTHER OPERATING CHARGES

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

### 7. DIRECTORS' REMUNERATION

J N Pettigrew and J M Yallop are directors of the company's ultimate parent undertaking, ICAP plc, and their remuneration is disclosed in the financial statements of that company

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

	<u>Year ended 31/3/2007</u>		<u>Year ended 31/3/2006</u>	
	Total	Highest paid director	Total	Highest paid director
Aggregate emoluments	724	549	660	485
Contributions to defined contribution pension schemes	221	211	19	10
	<u>945</u>	<u>760</u>	<u>679</u>	<u>495</u>

As at 31 March 2007, retirement benefits are accruing to 1 director (2006 1 directors) under defined contribution schemes sponsored by ICAP plc

# ICAP ENERGY LIMITED

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

### 8. DIRECTORS' INTERESTS

J N Pettigrew and J M Yallop are directors of the company's ultimate parent undertaking, ICAP plc, and their interests are disclosed in the financial statements of that company

P Newman has no interest in the share capital of the company or ICAP plc. Other directors' interests in shares were as follows

	<u>As at</u> <u>31/3/2007</u>	<u>As at</u> <u>31/3/2006</u>
<b>ICAP plc</b>		
<b>Ordinary shares of 10p each</b>		
V E Cruwys	5,495	2,560
G MacDonald	<u>400,000</u>	<u>400,000</u>

Other directors' interests in options over shares were as follows

	<u>Scheme</u>	<u>As at</u> <u>1/4/2006</u>	<u>Exercised</u>	<u>Granted</u>	<u>As at</u> <u>31/3/2007</u>	<u>Exercise</u> <u>price (p)</u>
<b>ICAP plc</b>						
<b>Ordinary shares of 10p each</b>						
V E Cruwys	SAYE *	5,495	5,495		-	168 20
	SAYE **	-	-	2,409	2,409	388 00
P Newman	UCSOP ***	166,700	-	-	166,700	177 90
	SAYE *	5,495	5,495	-	-	168 20
	SAYE **	-	-	2,409	2,409	388 00

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

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

\*\*\* These options were granted on 31 May 2002 under the 2001 Unapproved Company Share Option Plan (UCSOP). These options are exercisable between 13 May 2005 and 12 May 2012.

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. INTEREST RECEIVABLE AND SIMILAR INCOME

	<u>Year</u> <u>ended</u> <u>31/3/2007</u> <u>£'000</u>	<u>Year</u> <u>ended</u> <u>31/3/2006</u> <u>£'000</u>
Interest receivable from bank deposits	239	215
Other interest receivable	44	95
	<u>283</u>	<u>310</u>

# ICAP ENERGY LIMITED

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

### 10. INTEREST PAYABLE AND SIMILAR CHARGES

	<u>Year ended 31/3/2007</u> £'000	<u>Year ended 31/3/2006</u> £'000
Interest payable on subordinated loans	93	89
Other interest payable	-	142
	<u>93</u>	<u>231</u>

### 11. TAXATION ON PROFIT ON ORDINARY ACTIVITIES

	<u>Year ended 31/3/2007</u> £'000	<u>Year ended 31/3/2006</u> £'000
a) Analysis of charge for the period		
Current taxation		
UK corporation tax	2,081	1,437
Adjustments to prior periods	(239)	(36)
	<u>1,842</u>	<u>1,401</u>
b) Factors affecting the taxation charge for the period		
Profit on ordinary activities before taxation	<u>5,758</u>	<u>4,077</u>
Profit on ordinary activities multiplied by standard rate of corporation tax in the UK of 30% (2006 30%)	1,727	1,223
Effects of		
Expenses not deductible for tax purposes (primarily client entertainment)	357	290
Capital allowances in excess of depreciation	(3)	(3)
Timing differences not tax effected	-	(73)
Adjustments to prior periods	(239)	(36)
	<u>115</u>	<u>178</u>
Current tax charge for the period	<u>1,842</u>	<u>1,401</u>
Effective tax rate	32 %	34 %

# ICAP ENERGY LIMITED

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

### 12. INTANGIBLE FIXED ASSETS

	<u>Goodwill</u> £'000
<b>Cost</b>	
As at 1 April 2006 and 31 March 2007	<u>4,860</u>
<b>Amortisation</b>	
As at 1 April 2006	1,967
Charge for the period	<u>694</u>
As at 31 March 2007	<u>2,661</u>
<b>Net book value</b>	
As at 31 March 2007	<u>2,199</u>
As at 31 March 2006	<u>2,893</u>

### 13. DEBTORS

	<u>As at</u> <u>31/3/2007</u> £'000	<u>As at</u> <u>31/3/2006</u> £'000
Trade debtors	5,340	4,554
Other debtors	-	14
Prepayments and accrued income	<u>18</u>	<u>10</u>
	<u>5,358</u>	<u>4,578</u>

### 14. CASH AT BANK AND IN HAND

The balance includes £706,000 (2006 £1,442,000) which is held in trust. The use of this cash is restricted.

### 15. CREDITORS: AMOUNTS FALLING DUE WITHIN ONE YEAR

	<u>As at</u> <u>31/3/2007</u> £'000	<u>As at</u> <u>31/3/2006</u> £'000
Corporation tax	1,708	4,160
Amounts owed to group undertakings	2,129	1,746
Other tax and Social Security	599	337
Other creditors	33	22
Accruals and deferred income	<u>53</u>	<u>81</u>
	<u>4,522</u>	<u>6,346</u>

# ICAP ENERGY LIMITED

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

### 16. CREDITORS: AMOUNTS FALLING DUE AFTER ONE YEAR

	<u>As at</u> <u>31/3/2007</u> £'000	<u>As at</u> <u>31/3/2006</u> £'000
Subordinated loans	1,600	1,600
	<u>1,600</u>	<u>1,600</u>

Subordinated loans comprise of a loan from Intercapital plc of £1,600,000 (2006 £1,600,000) The loan is an approved subordinated loan under the rules of the Financial Services Authority, and interest is charged at 1% above Lloyds TSB Bank plc base rate This is only repayable with the prior approval of the Financial Services Authority

### 17. 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 7,000,000 Ordinary shares of £1 each	7,000	7,000
	<u>7,000</u>	<u>7,000</u>
Allotted and fully paid 6,958,407 Ordinary shares of £1 each	6,958	6,958
	<u>6,958</u>	<u>6,958</u>

### 18 RECONCILIATION OF MOVEMENTS IN SHAREHOLDERS' FUNDS

	<u>Share</u> <u>capital</u> (note 17) £'000	<u>Share</u> <u>premium</u> <u>account</u> £'000	<u>Other</u> <u>reserves</u> £'000	<u>Profit</u> <u>and loss</u> <u>account</u> £'000	<u>Total</u> £'000
As at 1 April 2006	6,958	10	5	(48)	6,925
Retained profit for the year	-	-	-	1,916	1,916
As at 31 March 2007	<u>6,958</u>	<u>10</u>	<u>5</u>	<u>1,868</u>	<u>8,841</u>

### 19. RELATED PARTY TRANSACTIONS

As more than 90% of the voting rights of the company are controlled by ICAP plc which publishes consolidated financial statements, no disclosure is required under Financial Reporting Standard 8 "Related party disclosures" of any transactions between the company and the other members, associates or joint ventures of the group of undertakings headed by ICAP plc

# **ICAP ENERGY LIMITED**

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

### **20. ULTIMATE PARENT UNDERTAKING**

The company's immediate parent undertaking is Intercapital plc, which does not prepare consolidated financial statements

The company's ultimate parent undertaking is ICAP plc, which heads the smallest and largest 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