

Company Number: 2553782

ICAP ENERGY LIMITED
FINANCIAL STATEMENTS
FOR THE YEAR ENDED
31 MARCH 2010



ICAP ENERGY LIMITED

Directors' Report for the year ended 31 March 2010

The directors present their report and the audited financial statements of the company for the year ended 31 March 2010. The company's registered number is 2553782.

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 loss for the year after dividends of £3,518,000 (2009 profit of £3,991,000) has been transferred to reserves. Dividends of £7,650,000 (2009 £3,400,000) were paid during the year.

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. The directors monitor the voice revenue per voice broker and the variable component of voice broker remuneration as the most relevant efficiency measures of the 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 and up to the date of signing the financial statements were:

V E Cruwys
D Casterton
T Kidd
P Newman

STATEMENT OF DIRECTORS' RESPONSIBILITIES IN RESPECT OF THE FINANCIAL STATEMENTS

The directors are responsible for preparing the Directors' 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). Under company law the directors must not approve the financial statements unless they are satisfied that they 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 these financial statements, the directors are required to

- select suitable accounting policies and then apply them consistently,
- make judgements and accounting 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.

The directors are responsible for keeping adequate accounting records that are sufficient to show and explain the company's transactions and disclose with reasonable accuracy at any time the financial position of the company and enable them to

ICAP ENERGY LIMITED

Directors' Report for the year ended 31 March 2010

ensure that the financial statements comply with the Companies Act 2006. 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 except for those disclosed in note 16, which are settled in the normal course of the company's clearing arrangements.

BASEL II REGULATORY REPORTING

The company's Basel II – Pillar 3 disclosure document is available by written request to the Company Secretary.

INDEPENDENT AUDITORS

The company's incumbent auditors, PricewaterhouseCoopers LLP, have indicated their willingness to continue in office and are deemed reappointed in the next financial year.

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



T Kidd

Director

25 June 2010

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 2010 which comprise the Profit and Loss Account, the Balance Sheet and the related notes. The financial reporting framework that has been applied in their preparation is applicable law and United Kingdom Accounting Standards (United Kingdom Generally Accepted Accounting Practice).

Respective responsibilities of directors and auditors

As explained more fully in the Statement of Directors' Responsibilities set out on page 1, the directors are responsible for the preparation of the financial statements and for being satisfied that they give a true and fair view. Our responsibility is to audit the financial statements in accordance with applicable law and International Standards on Auditing (UK and Ireland). Those standards require us to comply with the Auditing Practices Board's Ethical Standards for Auditors.

This report, including the opinions, has been prepared for and only for the company's members as a body in accordance with Chapter 3 of Part 16 of the Companies Act 2006 and for no other purpose. We do not, in giving these opinions, 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.

Scope of the audit of the financial statements

An audit involves obtaining evidence about the amounts and disclosures in the financial statements sufficient to give reasonable assurance that the financial statements are free from material misstatement, whether caused by fraud or error. This includes an assessment of whether the accounting policies are appropriate to the company's circumstances and have been consistently applied and adequately disclosed, the reasonableness of significant accounting estimates made by the directors, and the overall presentation of the financial statements.

Opinion on financial statements

In our opinion the financial statements

- give a true and fair view of the state of the company's affairs as at 31 March 2010 and of its loss for the year then ended,
- have been properly prepared in accordance with United Kingdom Generally Accepted Accounting Practice, and
- have been prepared in accordance with the requirements of the Companies Act 2006.

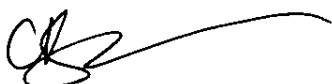
Opinion on other matter prescribed by the Companies Act 2006

In our opinion the information given in the Directors' Report for the financial year for which the financial statements are prepared is consistent with the financial statements.

Matters on which we are required to report by exception

We have nothing to report in respect of the following matters where the Companies Act 2006 requires us to report to you if, in our opinion

- adequate accounting records have not been kept, or returns adequate for our audit have not been received from branches not visited by us, or
- the financial statements are not in agreement with the accounting records and returns, or
- certain disclosures of directors' remuneration specified by law are not made, or
- we have not received all the information and explanations we require for our audit.



Carl Sizer (Senior Statutory Auditor)
For and on behalf of PricewaterhouseCoopers LLP
Chartered Accountants and Statutory Auditors
London
Date 25 June 2010

ICAP ENERGY LIMITED

Profit and Loss Account for the year ended 31 March 2010

	<u>Note</u>	<u>Year ended</u> <u>31/3/2010</u> £'000	<u>Year ended</u> <u>31/3/2009</u> £'000
Turnover	1(b)	47,442	46,702
Administrative expenses	5	(40,076)	(37,860)
Other operating (expenses) / income	7	(539)	1,736
Operating profit		<u>6,827</u>	<u>10,578</u>
Interest receivable and similar income	9	36	347
Interest payable and similar charges	10	(17)	(72)
Profit on ordinary activities before tax		<u>6,846</u>	<u>10,853</u>
Tax on profit on ordinary activities	11	(2,714)	(3,462)
Profit on ordinary activities after tax		<u>4,132</u>	<u>7,391</u>
Dividends	12	(7,650)	(3,400)
(Loss) / retained profit for the financial year	19	<u>(3,518)</u>	<u>3,991</u>

All amounts above were derived 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

The notes on pages 6 to 13 are an integral part of these financial statements

ICAP ENERGY LIMITED
Balance Sheet as at 31 March 2010

	<u>Note</u>	<u>As at</u> <u>31/3/2010</u> £'000	<u>As at</u> <u>31/3/2009</u> £'000
Fixed assets			
Intangible fixed assets	13	116	810
Current assets			
Debtors	14	7,643	10,934
Cash at bank and in hand	15	5,713	5,313
		<u>13,356</u>	<u>16,247</u>
Creditors: amounts falling due within one year	16	(3,435)	(3,502)
Net current assets		<u>9,921</u>	<u>12,745</u>
Total assets less current liabilities		<u>10,037</u>	<u>13,555</u>
Creditors: amounts falling due after one year	17	(1,600)	(1,600)
Net assets		<u>8,437</u>	<u>11,955</u>
Capital and reserves			
Called up share capital	18	6,958	6,958
Share premium account	19	10	10
Other reserves	19	5	5
Profit and loss account	19	1,464	4,982
Total shareholders' funds	19	<u>8,437</u>	<u>11,955</u>

The notes on pages 6 to 13 are an integral part of these financial statements

The financial statements on pages 4 to 13 were approved by the board of directors on 25 June 2010 and were signed on its behalf by



T Kidd

Director

ICAP ENERGY LIMITED

Notes to the financial statements for the year ended 31 March 2010

1. PRINCIPAL ACCOUNTING POLICIES

a) Basis of preparation

The financial statements have been prepared in accordance with the Companies Act 2006, on a going concern basis under the historical cost convention, and the accounting policies have been consistently applied throughout the financial statements. 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 year.

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

Goodwill represents the excess of the fair value of the consideration given over the fair value of the identifiable net assets acquired.

Goodwill is amortised on a straight-line basis over their expected useful economic life of 7 years.

d) Debtors

Trade debtors are recognised on trade date and measured at amortised cost.

e) 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.

f) 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.

2. FINANCIAL RISK MANAGEMENT

Financial risk factors

The company's activities expose it to a variety of financial risks, including liquidity, interest rate, foreign exchange and credit risk. The overall financial risk management framework, strategy and policies of the company are determined by the board of its ultimate parent company, ICAP plc (the "Group"). It does this through two board committees, the Group Risk and Finance Committees, and also by regional and market risk committees. The company does not manage its own financial risk framework.

The company's financial assets are classified as loans and receivables.

None of the company's financial liabilities are held for trading.

ICAP ENERGY LIMITED

Notes to the financial statements for the year ended 31 March 2010

2. FINANCIAL RISK MANAGEMENT (CONTINUED)

a) *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. Whilst it is the Group policy to hedge such foreign exchange exposures using derivative financial instruments at a Group level, the company remains exposed to these risks.

Translational exposure arises on the conversion of the foreign currency denominated assets and liabilities into sterling. The Group hedges up to 100% of its translational exposure at a Group level, but the company is exposed to the impact of exchange rate movements.

Interest rate risk

The company's interest rate risk arises from cash and cash equivalents where changes in market rates can have an adverse impact on cash flows and income streams. Interest rate risk is monitored at a Group level by the Finance Committee.

In terms of cash and other interest bearing investments, the company must comply with the Group Investment Policy. Limits are in place to restrict the amount that can be invested at one institution and all investments must be credit rated AA or above and be for less than 18 months, unless approved by the Finance and Group Risk Committees.

As at 31 March 2010 there were no instruments with a contracted maturity or re-pricing date in excess of 18 months (2009: none).

Price risk

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

b) *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 debtors (note 14).

c) *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 Finance 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 institution's credit rating and the nature of financial instruments that can be held.

The company's exposure to liquidity risk is not significant.

ICAP ENERGY LIMITED

Notes to the financial statements for the year ended 31 March 2010

2. FINANCIAL RISK MANAGEMENT (CONTINUED)

d) *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 2010 there are no assets or liabilities whose carrying value was not a reasonable approximation of its fair value (2009 none), due to their short term nature

e) *Capital management*

The company is regulated on a standalone basis by the Financial Services Authority under the EU Capital Requirements Directive and is subject to an investment firm consolidation waiver. Capital is managed on a Group basis, refer to ICAP plc Group accounts for further disclosure

3. SEGMENTAL INFORMATION

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

4. 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 (FRS) 1 "Cash Flow Statements"

5. ADMINISTRATIVE EXPENSES

	<u>Year ended 31/3/2010 £'000</u>	<u>Year ended 31/3/2009 £'000</u>
Management recharge	39,382	37,166
Amortisation	694	694
	<u>40,076</u>	<u>37,860</u>

A management recharge of £39,382,000 (2009 £37,166,000) has been made by a fellow subsidiary undertaking

The management recharge includes auditors' remuneration of £20,000 (2009 £22,500) and costs paid in relation to a Save-As-You-Earn (SAYE) share option scheme of £262,600 (2009 £207,987) for options over ordinary shares of ICAP plc, the company's ultimate parent company

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 Limited's financial statements since the consolidated financial statements of ICAP Energy Limited's parent, ICAP plc, disclose these fees on a consolidated basis. For the same reason the details of SAYE share option are not disclosed in ICAP Energy Limited's financial statements

ICAP ENERGY LIMITED

Notes to the financial statements for the year ended 31 March 2010

6. STAFF COSTS

Staff costs comprise

	<u>Year ended</u> <u>31/3/2010</u> £'000	<u>Year ended</u> <u>31/3/2009</u> £'000
Employee costs		
Wages and salaries	25,108	23,844
Social security costs	3,055	3,020
Other pension costs	47	48
	<u>28,210</u>	<u>26,912</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 5

The average number of persons employed by the company during the year was 79 (2009 74)

7. OTHER OPERATING (EXPENSES) / INCOME

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

8. DIRECTORS' REMUNERATION

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

	<u>Year ended</u> <u>31/3/2010</u>	<u>Year ended</u> <u>31/3/2009</u>	<u>Year ended</u> <u>31/3/2010</u>	<u>Year ended</u> <u>31/3/2009</u>
	<u>Total</u> £'000	<u>Highest paid director</u> £'000	<u>Total</u> £'000	<u>Highest paid director</u> £'000
Aggregate emoluments	966	716	766	502
Contributions to defined contribution pension schemes	242	241	254	231
	<u>1,208</u>	<u>957</u>	<u>1,020</u>	<u>733</u>

As at 31 March 2010, retirement benefits are accruing to 2 directors (2009 2 directors) under defined contribution schemes sponsored by ICAP plc

9. INTEREST RECEIVABLE AND SIMILAR INCOME

	<u>Year ended</u> <u>31/3/2010</u> £'000	<u>Year ended</u> <u>31/3/2009</u> £'000
Interest receivable from bank deposits	33	315
Other interest receivable	3	32
	<u>36</u>	<u>347</u>

ICAP ENERGY LIMITED

Notes to the financial statements for the year ended 31 March 2010

10. INTEREST PAYABLE AND SIMILAR CHARGES

	<u>Year ended 31/3/2010 £'000</u>	<u>Year ended 31/3/2009 £'000</u>
Interest payable on subordinated loans	<u>17</u>	<u>72</u>

11. TAX ON PROFIT ON ORDINARY ACTIVITIES

	<u>Year ended 31/3/2010 £'000</u>	<u>Year ended 31/3/2009 £'000</u>
a) Analysis of charge for the year		
Current taxation		
UK corporation tax on profit for the year	2,384	3,465
Adjustments in respect of prior years	330	(3)
	<u>2,714</u>	<u>3,462</u>
b) Factors affecting the taxation charge for the year		
Profit on ordinary activities before taxation	<u>6,846</u>	<u>10,853</u>
Profit on ordinary activities multiplied by standard rate of corporation tax in the UK of 28% (2009 28%)	1,917	3,039
Effects of		
Expenses not deductible for tax purposes	469	428
Capital allowances in excess of depreciation	(2)	(2)
Adjustments to prior periods	330	(3)
	<u>797</u>	<u>423</u>
Current tax charge for the year	<u>2,714</u>	<u>3,462</u>
Effective tax rate	40%	32 %

ICAP ENERGY LIMITED

Notes to the financial statements for the year ended 31 March 2010

12. DIVIDENDS

	<u>Year ended</u> <u>31/3/2010</u> £'000	<u>Year ended</u> <u>31/3/2009</u> £'000
Equity - Ordinary		
First interim dividend of 64 67p per share	4,500	3,400
Second interim dividend of 9 34p per share	650	-
Third interim dividend of 14 37p per share	1,000	-
Fourth interim dividend of 21 56p per share	1,500	-
	<u>7,650</u>	<u>3,400</u>

13. INTANGIBLE FIXED ASSETS

	<u>Goodwill</u> £'000
Cost	
As at 1 April 2009 and 31 March 2010	4,860
Amortisation	
As at 1 April 2009	4,050
Charge for the year	694
As at 31 March 2010	<u>4,744</u>
Net book value	
As at 31 March 2010	<u>116</u>
As at 31 March 2009	<u>810</u>

14. DEBTORS

	<u>As at</u> <u>31/3/2010</u> £'000	<u>As at</u> <u>31/3/2009</u> £'000
Trade debtors	7,242	8,041
Amounts owed by group undertakings	190	2,855
Prepayments and accrued income	211	38
	<u>7,643</u>	<u>10,934</u>

ICAP ENERGY LIMITED

Notes to the financial statements for the year ended 31 March 2010

15. CASH AT BANK AND IN HAND

	<u>As at</u> <u>31/3/2010</u> £'000	<u>As at</u> <u>31/3/2009</u> £'000
Cash at bank and in hand	<u>5,713</u>	<u>5,313</u>

The balance includes £812,000 (2009 £803,000) which is held in an Employee Benefit Trust. The use of this cash is restricted.

16. CREDITORS: AMOUNTS FALLING DUE WITHIN ONE YEAR

	<u>As at</u> <u>31/3/2010</u> £'000	<u>As at</u> <u>31/3/2009</u> £'000
Trade creditors	64	-
Corporation tax	594	2,979
Amounts owed to group undertakings	1,095	-
Other taxation and social security	1,682	-
Other creditors	-	523
	<u>3,435</u>	<u>3,502</u>

17. CREDITORS: AMOUNTS FALLING DUE AFTER ONE YEAR

	<u>As at</u> <u>31/3/2010</u> £'000	<u>As at</u> <u>31/3/2009</u> £'000
Subordinated loans	<u>1,600</u>	<u>1,600</u>

Subordinated loans comprise of a loan from Intercapital plc, a fellow subsidiary of ICAP plc, of £1,600,000 (2009 £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.

18. CALLED UP SHARE CAPITAL

	<u>As at</u> <u>31/3/2010</u> £'000	<u>As at</u> <u>31/3/2009</u> £'000
Authorised 7,000,000 Ordinary shares of £1 each	<u>7,000</u>	<u>7,000</u>
Allotted and fully paid 6,958,407 Ordinary shares of £1 each	<u>6,958</u>	<u>6,958</u>

ICAP ENERGY LIMITED

Notes to the financial statements for the year ended 31 March 2010

19. RECONCILIATION OF MOVEMENTS IN SHAREHOLDERS' FUNDS

	<u>Share capital (note 18) £'000</u>	<u>Share premium account £'000</u>	<u>Other reserves £'000</u>	<u>Profit and loss account £'000</u>	<u>Total £'000</u>
As at 1 April 2009	6,958	10	5	4,982	11,955
Retained profit for the year	-	-	-	(3,518)	(3,518)
As at 31 March 2010	<u>6,958</u>	<u>10</u>	<u>5</u>	<u>1,464</u>	<u>8,437</u>

20. 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 FRS 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

21. ULTIMATE PARENT UNDERTAKING

The company's immediate parent undertaking is ICAP Holdings (UK) Limited, which does not prepare consolidated financial statements

The company's ultimate parent undertaking is ICAP plc, which is incorporated in the United Kingdom and heads the largest group of companies of which the company is a member. ICAP plc prepares consolidated financial statements in accordance with IFRS and copies may be obtained from the Company Secretary, ICAP plc, 2 Broadgate, London, EC2M 7UR