

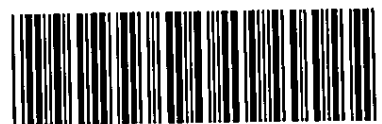
**E\*TRADE UK LIMITED**

**REPORT AND FINANCIAL STATEMENTS**

**FOR THE YEAR ENDED 31 DECEMBER 2007**

REGISTERED NUMBER 3598221

TUESDAY



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**E\*TRADE UK LIMITED**

**FINANCIAL STATEMENTS  
FOR THE YEAR ENDED 31 DECEMBER 2007**

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**E\*TRADE UK LIMITED**

**COMPANY INFORMATION  
FOR THE YEAR ENDED 31 DECEMBER 2007**

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**DIRECTORS**

P A Chrimes  
R D Taylor  
J Verkruysse

**SECRETARY**

P A Chrimes

**REGISTERED OFFICE**

42nd Floor  
One Canada Square  
Canary Wharf  
London  
E14 5AA

**BUSINESS ADDRESS**

42nd Floor  
One Canada Square  
Canary Wharf  
London  
E14 5AA

**AUDITORS**

Deloitte & Touche LLP  
Chartered Accountants  
London

## **E\*TRADE UK LIMITED**

### **DIRECTORS' REPORT**

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The directors present their report with the financial statements of the company for the year ended 31 December 2007

#### **PRINCIPAL ACTIVITIES**

The company has not traded since 1 September 2002

#### **REVIEW OF THE BUSINESS**

The company did not trade during the year and has no transactions in its revenue account. The net loss of the company was £26 in 2006.

#### **DIVIDENDS**

No dividends were paid during the year (2006: £ nil) and no recommendation is made as to dividends.

#### **DIRECTORS AND THEIR INTERESTS**

The names of directors who held office throughout the year were:

P A Chrimes  
R D Taylor  
J Verkruysse

#### **RISK MANAGEMENT**

As the company is a non-trading company, the directors have considered risk management and are of the opinion that the company is not exposed to significant risk associated with its financial instruments.

#### **STATEMENT OF DIRECTORS' RESPONSIBILITIES**

The directors are responsible for preparing the Annual Report and the financial statements in accordance with applicable law & regulations. Company law requires the directors to prepare financial statements for each financial year. Under that law the directors have chosen to prepare the financial statements in accordance with United Kingdom Generally Accepted Accounting Practice (UK 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 accounting standards have been followed, 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 are responsible for maintaining proper accounting records which disclose with reasonable accuracy at any time the financial position of the company and to enable them to ensure that the 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.

**E\*TRADE UK LIMITED**

**DIRECTORS' REPORT (continued)**

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**AUDITORS**

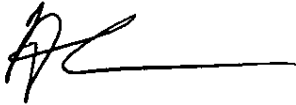
Each of the persons who is a director at the date of approval of this report confirms that

- (i) so far as the director is aware, there is no relevant audit information of which the company's auditors are unaware, and
- (ii) the director has taken all the steps that he ought to have taken as a director in order to make himself aware of any relevant audit information and to establish that the company's auditors are aware of that information

This confirmation is given and should be interpreted in accordance with the provisions of section 234ZA of the Companies Act 1985

Deloitte & Touche LLP have expressed their willingness to continue in office as auditors and a resolution to reappoint them will be proposed at the forthcoming Annual General Meeting

Approved by the board of directors and signed on behalf of the board



P A Chrimes  
Director

26 March 2008

We have audited the financial statements of E\*TRADE UK Limited for the year ended 31 December 2007 which comprise the profit and loss account, the balance sheet and the related notes 1 to 11. These financial statements have been prepared under the accounting policies set out therein.

This report is made solely to the company's members, as a body, in accordance with section 235 of the Companies Act 1985. Our audit work has been undertaken so that we might state to the company's members those matters we are required to state to them in an auditors' report and for no other purpose. To the fullest extent permitted by law, we do not accept or assume responsibility to anyone other than the company and the company's members as a body, for our audit work, for this report, or for the opinions we have formed.

**Respective responsibilities of directors and auditors**

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).

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 judgements made by the directors in the preparation of the financial statements, and of whether the accounting policies are appropriate to the company's circumstances, consistently applied and adequately disclosed.

We planned and performed our audit so as to obtain all the information and explanations which we considered necessary in order to provide us with sufficient evidence to give reasonable assurance that the financial statements are free from material misstatement, whether caused by fraud or other irregularity or error. In forming our opinion we also evaluated the overall adequacy of the presentation of information in the financial statements.

**Opinion**

In our opinion:

- the financial statements give a true and fair view, in accordance with United Kingdom Generally Accepted Accounting Practice, of the state of the company's affairs as at 31 December 2007 and of its result 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.



Deloitte & Touche LLP  
Chartered Accountants and  
Registered Auditors  
London, United Kingdom

26 March 2008

**E\*TRADE UK LIMITED****PROFIT AND LOSS ACCOUNT  
FOR THE YEAR ENDED 31 DECEMBER 2007**

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	Notes	2007 £	2006 £
Foreign exchange loss		-	(26)
<b>OPERATING LOSS</b>	2	<u>-</u>	<u>(26)</u>
<b>LOSS ON ORDINARY ACTIVITIES BEFORE TAXATION</b>		<u>-</u>	<u>(26)</u>
Tax on loss on ordinary activities	4	<u>-</u>	<u>-</u>
<b>LOSS ON ORDINARY ACTIVITIES AFTER TAXATION AND TRANSFERRED FROM RESERVES</b>	9	<u><u>-</u></u>	<u><u>(26)</u></u>

**Total recognised gains and losses**

The company has no recognised gains or losses for the current period (2006 £26 loss) and consequently no statement of recognised gains and losses has been prepared

The notes on pages 7 to 9 form part of these financial statements

**E\*TRADE UK LIMITED****BALANCE SHEET  
AS AT 31 DECEMBER 2007**

	Notes	2007 £	2007 £	2006 £	2006 £
<b>FIXED ASSETS</b>					
Investments	5	<u>3,188,514</u>	3,188,514	<u>3,188,514</u>	3,188,514
<b>CURRENT ASSETS</b>					
Debtors	6	<u>1,048,683</u>		<u>1,048,683</u>	
<b>NET CURRENT ASSETS</b>			<u>1,048,683</u>		<u>1,048,683</u>
<b>TOTAL ASSETS LESS CURRENT LIABILITIES</b>			<u>4,237,197</u>		<u>4,237,197</u>
<b>NET ASSETS</b>			<u><u>4,237,197</u></u>		<u><u>4,237,197</u></u>
<b>CAPITAL AND RESERVES</b>					
Called up share capital	7		64,609		64,609
Share premium account	8		17,657,364		17,657,364
Profit and loss account	9		<u>(13,484,776)</u>		<u>(13,484,776)</u>
<b>SHAREHOLDERS' FUNDS</b>	10		<u><u>4,237,197</u></u>		<u><u>4,237,197</u></u>

Approved by the Board of directors and authorised for issue on 26 March 2008 and signed on its behalf by



P A Chrimes  
Director

The notes on pages 7 to 9 form part of these financial statements

## **E\*TRADE UK LIMITED**

### **NOTES TO THE FINANCIAL STATEMENTS FOR THE YEAR ENDED 31 DECEMBER 2007**

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#### **1 STATEMENT OF ACCOUNTING POLICIES**

These financial statements have been prepared under the historical cost convention and are in accordance with all applicable United Kingdom laws and Accounting Standards

##### **Cash flow**

As permitted by Financial Reporting Standard No 1 (Revised 1996), the company is not required to produce a cash flow statement of its own as it is a wholly-owned subsidiary of E\*TRADE Financial Corporation

##### **Turnover**

Turnover comprises brokerage commission, management charges, fees and subscriptions stated net of value added tax, and derives substantially from the United Kingdom. Brokerage commission is recognised when clients' instructions have been fully met

##### **Investments**

Investments held as fixed assets are stated at cost less provisions for impairment. The investment is wholly owned by the smallest group for which consolidated accounts are produced and whose accounts are publicly available from the business address given on page 1

##### **Foreign currencies**

Monetary assets and liabilities in foreign currencies are translated into sterling at the rates of exchange ruling at the balance sheet date. Transactions in foreign currencies are translated into sterling at the rates of exchange ruling at the dates of the transactions. Exchange differences are taken into the profit and loss account for the year

##### **Related party transactions**

As a wholly-owned subsidiary of E\*TRADE Financial Corporation whose accounts are publicly available from 135 East 57th Street, New York, NY 10022, USA, the company has taken advantage of the exemptions conferred by Financial Reporting Standard No 8, regarding the disclosure of related party transactions. There were no other related party transactions or balances requiring disclosure

#### **2 OPERATING LOSS**

	2007 £	2006 £
<b>The operating loss was arrived at after charging</b>		
Auditor's Remuneration - audit fees	<u>-</u>	<u>-</u>

The audit fee of £2,000 (2006 £2,000) for the current and prior year has been borne by E\*Trade Securities Limited, a fellow group company

#### **3 INFORMATION ON DIRECTORS AND EMPLOYEES**

There are no employees (2006 nil) and no remuneration has been paid to the directors (2006 £nil)

There were no transactions disclosable under FRS 8 'Related Party Disclosures'

**E\*TRADE UK LIMITED****NOTES TO THE FINANCIAL STATEMENTS  
FOR THE YEAR ENDED 31 DECEMBER 2007****4 TAX ON LOSS ON ORDINARY ACTIVITIES****Factors affecting taxation charge for the year**

	2007 £	2006 £
Loss on ordinary activities before taxation	-	(26)
Tax at 30% thereon	-	8
<b>Effects of</b>		
Tax losses carried forward	-	(8)
<b>Current tax charge for the year</b>	-	-

**5 FIXED ASSET INVESTMENTS****Shares in associate**

	Associate £	2007 Total £	2006 Total £
<b>Cost</b>			
At 1 January and 31 December	3,188,514	3,188,514	3,188,514

Set out below is the company's associate

Name	Country of incorporation	Class of shares	Proportion of shares/voting rights
E*TRADE Securities Limited	Great Britain	Ordinary	24 22%

E\*TRADE Securities Limited's principal operations are located in the United Kingdom where it is a licensed broker of equity and fixed income securities, foreign exchange and derivative instruments

**6 DEBTORS**

	2007 £	2006 £
Amounts owed by group undertakings	1,048,683	1,048,683

**E\*TRADE UK LIMITED****NOTES TO THE FINANCIAL STATEMENTS  
FOR THE YEAR ENDED 31 DECEMBER 2007****7 SHARE CAPITAL**

	2007 £	2006 £
<b>Authorised:</b>		
25,000,000 Ordinary shares of 1p each	<u>250,000</u>	<u>250,000</u>
<b>Allotted, called up and fully paid</b>		
6,460,928 Ordinary shares of 1p each	<u>64,609</u>	<u>64,609</u>

**8 SHARE PREMIUM ACCOUNT**

	2007 £	2006 £
As at 1 January and 31 December	<u>17,657,364</u>	<u>17,657,364</u>

**9 PROFIT AND LOSS ACCOUNT**

	2007 £	2006 £
As at 1 January	(13,484,776)	(13,484,750)
Loss for the year	-	(26)
As at 31 December	<u>(13,484,776)</u>	<u>(13,484,776)</u>

**10 RECONCILIATION OF MOVEMENTS IN SHAREHOLDERS' FUNDS**

	2007 £	2006 £
Loss for the period	-	(26)
Net reduction in shareholders' funds	-	(26)
Opening shareholders' funds	<u>4,237,197</u>	<u>4,237,223</u>
Closing shareholders' funds	<u>4,237,197</u>	<u>4,237,197</u>

**11 ULTIMATE PARENT COMPANY**

The company is a subsidiary of E\*TRADE UK (Holdings) Limited, which heads the smallest group for which consolidated accounts are produced, and whose accounts are publicly available from the business address given on page 1. The ultimate parent company and controlling entity of E\*Trade UK Limited, and the parent company of the largest group into which this company is consolidated is E\*TRADE Financial Corporation, a company incorporated in the USA whose address is given in note 1.