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**E\*TRADE GLOBAL SERVICES LIMITED**

**REPORT AND FINANCIAL STATEMENTS**

**FOR THE YEAR ENDED 31 DECEMBER 2008**

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**E\*TRADE GLOBAL SERVICES LIMITED**  
**FINANCIAL STATEMENTS**  
**FOR THE YEAR ENDED 31 DECEMBER 2008**

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**E\*TRADE GLOBAL SERVICES LIMITED**

**COMPANY INFORMATION  
AS AT 31 DECEMBER 2008**

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**DIRECTORS**

P A Chrimes  
N Novakovic  
M L Ellingson

**SECRETARY**

P A Chrimes

**REGISTERED OFFICE**

Vintners' Place  
68 Upper Thames Street  
London  
EC4V 3BJ

**REGISTERED NUMBER**

4324886

**BUSINESS ADDRESS**

Vintners' Place  
68 Upper Thames Street  
London  
EC4V 3BJ

**AUDITORS**

Deloitte LLP  
Chartered Accountants  
London

## **E\*TRADE GLOBAL SERVICES LIMITED**

### **DIRECTORS' REPORT**

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The directors present their annual report on the affairs of E\*TRADE Global Services Limited ('the company') together with the financial statements and auditors' report, for the year ended 31 December 2008.

This report has been prepared in accordance with the special provisions relating to small companies under section 246(4) of the Companies Act 1985.

#### **PRINCIPAL ACTIVITIES**

The company provides management services to its ultimate parent company and other group companies. No major developments in the business are anticipated.

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

The net profit for the year after providing for taxation amounted to £78,890 (2007: £542,404).

#### **DIVIDENDS**

No dividends were paid or declared during the year (2007: £nil) and no recommendation is made as to dividends.

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

The names of directors who held office during the year and to the date of this report are:

P A Chrimes	
M S Klena	(appointed 5 June 2008, resigned 29 April 2009)
N Novakovic	(appointed 29 April 2009)
M L Ellingson	(appointed 29 April 2009)
J Verkruysse	(resigned 30 April 2008)
R D Taylor	(resigned 30 April 2009)

#### **RISK MANAGEMENT AND GOING CONCERN**

The company is exposed to a limited degree of credit risk arising from the non-payment of fees invoiced to fellow group entities. The credit risk is managed through monthly reconciliation meetings with other group entities and balances are being paid monthly.

The Directors have considered whether it remains appropriate to adopt the going concern basis for the preparation of the financial statements. Notwithstanding the current economic environment, and the small profit the company has made in 2008, the directors remain optimistic about the prospects for 2009. Having considered the nature of the company's transactions, the directors continue to believe that the going concern basis remains appropriate.

#### **AUDITORS**

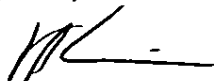
Each of the persons who is a director at the date of approval of this report confirms that :

1. So far as the director is aware , there is no relevant audit information of which the company's auditors are unaware; and
2. The director has taken all the steps that he/she ought to have taken as a director in order to make himself/herself 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 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

14 October 2009

**STATEMENT OF DIRECTORS' RESPONSIBILITIES**

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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 these 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; 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 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.

**E\*TRADE GLOBAL SERVICES LIMITED**

**INDEPENDENT AUDITORS' REPORT TO THE MEMBERS OF E\*TRADE GLOBAL SERVICES LIMITED**

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We have audited the financial statements of E\*TRADE Global Services Limited for the year ended 31 December 2008 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 the 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 United Kingdom 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 transactions with the company is not disclosed.

We read the directors' report and consider the implications for our report if we become aware of any apparent misstatements or material inconsistencies with the financial statements.

**Basis of audit opinion**

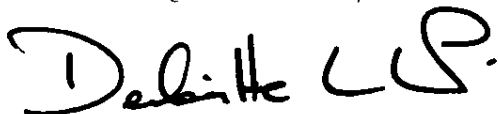
We conducted our audit in accordance with International Standards on Auditing (UK and Ireland) issued by the Auditing Practices Board. An audit includes examination, on a test basis, of evidence relevant to the amounts and disclosures in the financial statements. It also includes an assessment of the 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 as to whether 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 2008 and of its profit 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 LLP  
Chartered Accountants and Registered Auditors  
London, United Kingdom

14 October 2009

**E\*TRADE GLOBAL SERVICES LIMITED****PROFIT AND LOSS ACCOUNT  
FOR THE YEAR ENDED 31 DECEMBER 2008**

	Notes	Year ended 31 December 2008 £	Year ended 31 December 2007 £
<b>TURNOVER</b>		2,975,718	3,910,483
Operating expenses		<u>(2,896,828)</u>	<u>(3,368,079)</u>
<b>OPERATING PROFIT</b>	2	<u>78,890</u>	<u>542,404</u>
<b>PROFIT ON ORDINARY ACTIVITIES BEFORE TAXATION</b>		<u>78,890</u>	<u>542,404</u>
Tax on profit on ordinary activities	5	-	-
<b>PROFIT ON ORDINARY ACTIVITIES AFTER TAX</b>	9	<u><u>78,890</u></u>	<u><u>542,404</u></u>

All amounts relate to continuing activities.


The company has no recognised gains or losses other than the profit for the above periods and consequently no statement of recognised gains and losses has been prepared.

The notes on pages 7 to 10 form part of these financial statements.

**E\*TRADE GLOBAL SERVICES LIMITED****BALANCE SHEET  
AS AT 31 DECEMBER 2008**

	Notes	31 December 2008 £	31 December 2007 £
<b>CURRENT ASSETS</b>			
Debtors	6	2,181,980	3,332,704
<b>CREDITORS: amounts falling due within one year</b>	7	<u>(1,041,219)</u>	<u>(2,270,832)</u>
<b>NET ASSETS</b>		<u>1,140,762</u>	<u>1,061,872</u>
<b>CAPITAL AND RESERVES</b>			
Called up share capital	8	1	1
Profit and loss account	9	<u>1,140,761</u>	<u>1,061,871</u>
<b>SHAREHOLDERS' FUNDS</b>	10	<u>1,140,762</u>	<u>1,061,872</u>

Approved by the Board of Directors and authorised for issue on 14 October 2009 and signed on its behalf by:

  
P A Chrimes  
Director

14 October 2009

The notes on pages 7 to 10 form part of these financial statements.



## E\*TRADE GLOBAL SERVICES LIMITED

### NOTES TO THE FINANCIAL STATEMENTS FOR THE YEAR ENDED 31 DECEMBER 2008

#### 1 STATEMENT OF ACCOUNTING POLICIES

##### Basis of accounting

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 statement

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, whose accounts are publicly available.

##### Turnover

Turnover, which arises in the United Kingdom, consists of fee income, recognized on an accrual basis, received from the provision of management services to its ultimate parent company and other group companies.

##### Taxation

Current tax is provided at amounts expected to be paid (or recovered) using tax rates that have been enacted or substantially enacted by the balance sheet date.

Deferred taxation is provided in full on timing differences that result in an obligation at the balance sheet date to pay more tax, or a right to pay less tax, at a future date, at rates expected to apply when they crystallise based on current tax rates and law. Timing differences arise from the inclusion of items of income and expenditure in taxation computations in periods different from those in which they are included in financial statements. Deferred tax assets are recognised to the extent that it is regarded as more likely than not that they will be recorded. Deferred tax assets and liabilities are not discounted.

##### 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.

##### Pension costs

The company operates a money purchase (defined contribution) pension scheme. Contributions payable to this scheme are charged to the profit and loss account in the period to which they relate. These contributions are invested separately from the company's assets.

##### 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 party related transactions requiring disclosure.

##### Going concern basis

After making enquiries, the directors have formed a judgement, at the time of approving the financial statements, that there is a reasonable expectation that the company has adequate resources to continue in operational existence for the foreseeable future. For this reason the directors continue to adopt the going concern basis in preparing the financial statements.

#### 2 OPERATING PROFIT

	Year ended 31 December 2008 £	Year ended 31 December 2007 £
Operating profit is stated after charging:		
Auditors' remuneration - fees payable for audit of the company's annual accounts	9,452	11,430
Non-audit service fee - PAYE assistance	3,526	-
Directors' remuneration	190,918	281,370
Foreign exchange (gain)/loss	(242,897)	60,270

**E\*TRADE GLOBAL SERVICES LIMITED**

**NOTES TO THE FINANCIAL STATEMENTS  
FOR THE YEAR ENDED 31 DECEMBER 2008**

**3 INFORMATION ON DIRECTORS AND EMPLOYEES**

	Year ended 31 December 2008 £	Year ended 31 December 2007 £
<b>Staff costs</b>		
Wages and salaries	1,587,559	1,954,784
Social security costs	260,934	300,386
Pension costs	64,181	74,920
	<u>1,912,674</u>	<u>2,330,090</u>

	No.	No.
The average number of employees during the period was:	<u>18</u>	<u>18</u>

	Year ended 31 December 2008 £	Year ended 31 December 2007 £
<b>Directors' emoluments</b>		
Emoluments	190,918	376,257
Pension contributions to money purchase (defined contribution) schemes	-	26,392
	<u>190,918</u>	<u>402,649</u>

	No.	No.
During the period the following number of directors accrued benefits under money purchase (defined contribution) pension schemes	<u>-</u>	<u>1</u>

	Year ended 31 December 2008 £	Year ended 31 December 2007 £
<b>Details of highest paid director's emoluments</b>		
Emoluments	190,918	204,890
Pension contributions to money purchase (defined contribution) pension schemes	-	20,632
	<u>190,918</u>	<u>225,522</u>

**4 PENSION COSTS**

**Money purchase (defined contribution) pension scheme**

The company operates a money purchase (defined contribution) pension scheme. The assets of the scheme are held separately from those of the company in an independently administered fund. The pension cost charge represents contributions payable by the company to the fund and amounted to £60,001 (2007: £58,927). Contributions totalling £nil (2007: £nil) were payable to the fund at the period end.

**E\*TRADE GLOBAL SERVICES LIMITED**

**NOTES TO THE FINANCIAL STATEMENTS  
FOR THE YEAR ENDED 31 DECEMBER 2008**

**5 TAX ON PROFIT ON ORDINARY ACTIVITIES**

**i) Analysis of tax on loss on ordinary activities**

The tax charge on the profit on ordinary activities for the year was as follows:

	Year ended 31 December 2008 £	Year ended 31 December 2007 £
Corporation tax at 28.5% (2007:30%) on profit for the year	-	-
	<u>-</u>	<u>-</u>

**ii) Factors affecting taxation charge for the current year**

The tax assessed for the year is lower than that resulting from applying the standard rate of corporation tax in the United Kingdom: 28.5% (2007: 30%). The differences are explained below:

	Year ended 31 December 2008 £	Year ended 31 December 2007 £
Profit on ordinary activities before tax	78,890	542,404
Corporation tax at 28.5% (2007:30%) on profit for the year	22,484	162,721
<b>Effects of:</b>		
Non-taxable income	-	(113,582)
Expenses not deductible for tax purposes	212	-
Group relief claimed	(22,696)	(49,139)
<b>Current tax charge for the year</b>	<u>-</u>	<u>-</u>

**iii) Factors that may affect the future taxation charge**

A deferred tax asset has not been recognised in respect of short-term timing differences as there is insufficient evidence that the asset will be recovered. The amount of the asset not recognised is £nil (2007: £16,158).

**6 DEBTORS**

	31 December 2008 £	31 December 2007 £
Amounts owed by group undertakings	2,172,896	3,324,490
Other debtors	9,085	8,214
	<u>2,181,980</u>	<u>3,332,704</u>

**7 CREDITORS: amounts falling due within one year**

	31 December 2008 £	31 December 2007 £
Amounts owed to group undertakings	739,256	1,481,150
Other taxes and social security costs	66,121	211,315
Other creditors	207,744	557,354
Accruals	28,098	21,013
	<u>1,041,219</u>	<u>2,270,832</u>

**8 SHARE CAPITAL**

	31 December 2008 £	31 December 2007 £
<b>Authorised:</b>		
1,000 Ordinary shares of £1	<u>1,000</u>	<u>1,000</u>
<b>Allotted, called up and fully paid:</b>		
1 Ordinary share of £1	<u>1</u>	<u>1</u>

**E\*TRADE GLOBAL SERVICES LIMITED****NOTES TO THE FINANCIAL STATEMENTS  
FOR THE YEAR ENDED 31 DECEMBER 2008**

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**9 PROFIT AND LOSS ACCOUNT**

	<b>31 December 2008 £</b>	<b>31 December 2007 £</b>
As at 1 January	1,061,871	519,467
Profit for the year	<u>78,890</u>	<u>542,404</u>
As at 31 December	<u><u>1,140,761</u></u>	<u><u>1,061,871</u></u>

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

	<b>31 December 2008 £</b>	<b>31 December 2007 £</b>
Profit for the year	<u>78,890</u>	<u>542,404</u>
Net addition to shareholders' funds	78,890	542,404
Opening shareholders' funds	<u>1,061,872</u>	<u>519,468</u>
Closing shareholders' funds	<u><u>1,140,762</u></u>	<u><u>1,061,872</u></u>

**11 ULTIMATE PARENT COMPANY**

The ultimate parent company and controlling party, which heads the largest and smallest group for which consolidated accounts are prepared, is E\*TRADE Financial Corporation, a company incorporated in the USA whose address is given in note 1.