

**Company Number: 5012697**

**ICAP US (NO.2) LIMITED**  
**FINANCIAL STATEMENTS**  
**FOR THE YEAR ENDED**  
**31 MARCH 2006**

**WEDNESDAY**



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# **ICAP US (NO.2) LIMITED**

## **Directors' report**

The directors present their report and the audited financial statements of the company for the year ended 31 March 2006.

### **PRINCIPAL ACTIVITY**

The company is an investment holding company and it is not anticipated that the company's activities will change in the foreseeable future.

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

### **RESULTS AND DIVIDENDS**

The results of the company are set out in the income statement on page 4. During the year the company paid a dividend of £1,448,500 (2005: £825,171). No cashflow statement is presented as the company settles all transactions through intercompany netting.

The current period is for the year to 31 March 2006 and the comparative period is from the date of incorporation, 12 January 2004, to 31 March 2005.

### **FINANCIAL RISK MANAGEMENT**

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

### **INTERNATIONAL FINANCIAL REPORTING STANDARDS**

On 1 April 2005 the company adopted International Financial Reporting Standards ("IFRS"), as adopted by the European Union, for consistency with its ultimate parent company, ICAP plc. Previously the financial statements had been prepared in accordance with UK generally accepted accounting principles ("UK GAAP"). As a result there have been changes in the company's accounting policies and thus the profit and net assets for the period ended 31 March 2005 have been restated with the exception of financial instruments. International Accounting Standard ("IAS") 39, "Financial Instruments: Recognition and Measurement", and IAS 32, "Financial Instruments: Disclosure and Presentation", have been adopted prospectively from 1 April 2005 and as permitted by IFRS 1, "First-time Adoption of International Financial Reporting Standards", the comparative information has not been restated.

The impact of the adoption of IFRS on the profit and net assets of the company is not significant. Reconciliations of UK GAAP to IFRS balances have been disclosed in note 15.

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

The directors of the company during the year and thereafter were:

D A Abrehart	- Appointed 9 January 2006
H F Broomfield	- Resigned 9 January 2006
T C Kidd	
J N Pettigrew	- Resigned 2 June 2006
J M Yallop	- Appointed 13 July 2005
D Gelber	- Resigned 13 July 2005

Directors' interests in the share capital of the company, its ultimate parent company, ICAP plc, and any of its fellow subsidiary companies are set out in note 6 to the financial statements.

**ICAP US (NO.2) LIMITED**  
**Directors' report (continued)**

**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 a 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.

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

Company law requires the directors to prepare financial statements for each accounting period which 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.

The directors confirm that suitable accounting policies have been used and that these policies have been applied on a consistent basis. The directors also confirm that applicable accounting standards have been followed and that reasonable and prudent judgements and estimates have been made in preparing the financial statements.

The directors are responsible for keeping 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.

By Order of the Board



D A Abrehart  
Secretary

10/10/2006

**ICAP US (NO.2) LIMITED**  
**Independent auditor's report to the members of ICAP US (No.2) Limited**

We have audited the financial statements of ICAP US (No.2) Limited for the year ended 31 March 2006 which comprise the Income Statement, the Statement of Changes in Equity, 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 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 2006 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.

*PricewaterhouseCoopers LLP*

**PricewaterhouseCoopers LLP**  
**Chartered Accountants and Registered Auditors**  
**London**

*10 October 2006*

**ICAP US (NO.2) LIMITED**  
**Income statement for the year ended 31 March 2006**

	<u>Note</u>	<u>Year</u> <u>ended</u> <u>31/3/2006</u> £	<u>Period</u> <u>ended</u> <u>31/3/2005</u> £
Income from investments		1,448,500	825,171
<b>Profit before taxation</b>		1,448,500	825,171
Taxation	7	-	-
<b>Profit for the year</b>		<u>1,448,500</u>	<u>825,171</u>

**ICAP US (NO.2) LIMITED**  
**Statement of Changes in Equity for the year ended 31 March 2006**

	<u>Note</u>	<u>Called up share capital</u> £	<u>Share premium account</u> £	<u>Retained earnings</u> £	<u>Total</u> £
<b>As at 12 January 2004</b>		-	-	-	-
Profit for the period		-	-	825,171	825,171
<b>Total recognised income and expense for the period</b>				825,171	825,171
Ordinary shares issued	12	301	300	-	601
Dividends paid	13			(825,171)	(825,171)
<b>As at 31 March 2005</b>		301	300	-	601
Profit for the year				1,448,500	1,448,500
<b>Total recognised income and expense for the year</b>				1,448,500	1,448,500
Dividends paid	13			(1,448,500)	(1,448,500)
<b>As at 31 March 2006</b>		301	300	-	601

**ICAP US (NO.2) LIMITED**  
**Balance Sheet as at 31 March 2006**

	<u>Note</u>	<u>As at</u> <u>31/3/2006</u> £	<u>As at</u> <u>31/3/2005</u> £
<b>Non-current assets</b>			
Investment in joint ventures	8	600	600
<b>Current assets</b>			
Other receivables	9	1,448,501	1
<b>Total assets</b>		<u>1,449,101</u>	<u>601</u>
<b>Current liabilities</b>			
Other payables	11	(1,448,500)	-
<b>Net assets</b>		<u>601</u>	<u>601</u>
<b>Equity</b>			
Called up share capital	12	301	301
Share premium account		300	300
Retained earnings		-	-
<b>Total equity</b>		<u>601</u>	<u>601</u>

The financial statements on pages 4 to 12 were approved by the board of directors on 10/10/06 and were signed on its behalf by:



**T C Kidd**  
**Director**

# ICAP US (NO.2) LIMITED

## Notes to the financial statements for the year ended 31 March 2006

### 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 European Union and under the historical cost convention.

On 1 April 2005 the company adopted International Financial Reporting Standards ("IFRS"), as adopted by the European Union, for consistency with its ultimate parent company, ICAP plc. Previously the financial statements had been prepared in accordance with UK generally accepted accounting principles ("UK GAAP"). As a result there have been changes in the company's accounting policies and thus the profit and net assets for the period ended 31 March 2005 have been restated with the exception of financial instruments. International Accounting Standard ("IAS") 39, "Financial Instruments: Recognition and Measurement", and IAS 32, "Financial Instruments: Disclosure and Presentation", have been adopted prospectively from 1 April 2005 and as permitted by IFRS 1, "First-time Adoption of International Financial Reporting Standards", the comparative information has not been restated.

The impact of the adoption of IFRS on the profit and net assets of the company is not significant. Reconciliations of UK GAAP to IFRS balances have been disclosed in note 15.

The company has exercised its entitlement not to produce consolidated financial statements since consolidated financial statements have been prepared by its ultimate parent company (note 14).

(b) 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.

(c) Investments in joint ventures

Investments comprise equity shareholdings and other interests. These investments are recorded at historical cost less provision for any impairment in their values. Dividend income is recognised upon declaration and interest when receivable.

A joint venture is an entity in which the company has an interest and, in the opinion of the directors, exercises joint control over its operating and financial policies. An interest exists where an investment is held on a long-term basis for the purpose of securing a contribution to the company's activities.



## ICAP US (NO.2) LIMITED

### Notes to the financial statements for the year ended 31 March 2006 (continued)

#### 1. PRINCIPAL ACCOUNTING POLICIES (CONTINUED)

(d) Impairment of assets

An impairment review of the recoverable amounts of assets is undertaken at each balance sheet date or when such events or changes in circumstances indicate that an impairment loss may have occurred. Impairment losses are recognised in the income statement except where the asset was previously revalued. For revalued assets the loss is recognised directly against any revaluation surplus with the surplus being recognised in the income statement

(e) Share capital and reserves

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

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 Treasury Committees, and also by regional and market risk committees. Since the company does not trade its exposure to risk is not significant.

*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 is exposed to concentrations of credit risk in amounts due from group companies (note 9). The Group policy is to limit exposure by netting balances. All group companies are party to a netting agreement.

*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 2006 there are no assets or liabilities whose carrying value was not a reasonable approximation of its fair value.

#### 3. KEY ACCOUNTING JUDGEMENTS

The company makes various judgements in applying its accounting policies and various assumptions and estimates when determining the carrying value of certain assets and liabilities. As at 31 March 2006 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.

#### 4. ADMINISTRATIVE EXPENSES

Annual filing fees and audit fees were borne by a fellow subsidiary company of ICAP plc.

The company had no employees during the year (2005: nil).

## ICAP US (NO.2) LIMITED

### Notes to the financial statements for the year ended 31 March 2006 (continued)

#### 5. DIRECTORS' REMUNERATION

The directors received no remuneration in respect of their services as directors of the company or any its joint ventures.

#### 6. DIRECTORS' INTERESTS

None of the directors held interests in the called up share capital of the company.

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

Other directors' interests in the share capital of the company's ultimate parent company, ICAP plc, in the form of options over ICAP plc ordinary shares of 10p each and through Long Term Incentive Plans are as follows:

##### ICAP plc Ordinary shares of 10p each

	<u>Exercise</u> <u>price (p)</u>	<u>Grant date</u>	<u>As at</u> <u>31/3/2005</u>	<u>Lapsed</u> <u>in year</u>	<u>Exercised</u> <u>in year</u>	<u>As at</u> <u>31/3/2006</u>
T C Kidd						
UESOP	188.5	17/1/2003	100,000	-	(100,000)	-
SAYE	168.2	27/6/2003	5,495	-	-	5,495
			<u>105,495</u>	<u>-</u>	<u>(100,000)</u>	<u>5,495</u>

The UESOP is a long term incentive plan for the directors and senior executives through which those directors and executives invest in shares of ICAP plc. The grants of options have a maximum overall grant value of four times annual salary including bonuses. Options granted cannot be exercised until ICAP plc has achieved certain performance criteria (currently growth in earnings per share in excess of growth in the Retail Price Index by an average of 3% per annum over a rolling three year period).

The SAYE is an Inland Revenue approved scheme that enables employees to acquire options over ordinary shares at a discount of up to 20% of their market value, using the proceeds of a related SAYE contract. Options granted under the SAYE scheme are not subject to performance conditions. A qualifying employee share ownership trust (QUEST) has been established through which the SAYE scheme has operated to date.

# ICAP US (NO.2) LIMITED

## Notes to the financial statements for the year ended 31 March 2006 (continued)

### 7. TAXATION

The company's tax charge for the year and the statutory rate can be reconciled as follows:

	<u>Year ended 31/3/2006</u> £	<u>Period ended 31/3/2005</u> £
Profit before taxation	1,448,500	825,171
Tax on profit at the standard rate of Corporation Tax in the UK of 30% (2005: 30%)	434,550	247,551
Income from investments	(434,550)	(247,551)
	<u>-</u>	<u>-</u>

All tax balances are group relieved.

### 8. INVESTMENT IN JOINT VENTURES

	<u>2006</u> £	<u>2005</u> £
As at 1 April *	600	-
Additions	-	600
As at 31 March	<u>600</u>	<u>600</u>

\* The prior period began on 12 January 2004

At 31 March 2006, the company's joint venture was as follows:

<u>Name</u>	<u>Country of incorporation</u>	<u>Class of shares held</u>	<u>Percentage held</u>
Garban-Intercapital America (No.1) Limited	England & Wales	Ordinary	50%

The joint venture operates as an investment company.

# ICAP US (NO.2) LIMITED

## Notes to the financial statements for the year ended 31 March 2006 (continued)

### 9. OTHER RECEIVABLES

	<u>As at</u> <u>31/3/2006</u> £	<u>As at</u> <u>31/3/2005</u> £
Amount due from parent company	1	1
Amount due from joint venture	1,448,500	-
	<u>1,448,501</u>	<u>1</u>

The amounts due from group company are unsecured, non-interest bearing and have no fixed date of repayment.

### 10. CASH AND CASH EQUIVALENTS

The company does not hold any cash or cash equivalents and therefore no cash flow statement has been prepared. Dividends received and paid are settled by netting related party balances.

### 11. OTHER PAYABLES

	<u>As at</u> <u>31/3/2006</u> £	<u>As at</u> <u>31/3/2005</u> £
Amount due to parent company	<u>1,448,500</u>	<u>-</u>

### 12. CALLED UP SHARE CAPITAL

	<u>As at</u> <u>31/3/2006</u> £	<u>As at</u> <u>31/3/2005</u> £
Authorised:		
1,000 Ordinary shares of £1 each	<u>1,000</u>	<u>1,000</u>
Allotted and fully paid:		
301 Ordinary shares of £1 each	<u>301</u>	<u>301</u>

The company was incorporated on 12 January 2004 with an authorised share capital of 1,000 ordinary £1 shares. On that day, the company issued 301 shares to ICAP plc.

### 13. DIVIDENDS

	<u>Year</u> <u>ended</u> <u>31/3/2006</u> £	<u>Period</u> <u>ended</u> <u>31/3/2005</u> £
<b>Dividends in respect of ordinary shares</b>		
Dividend paid of £ 4,812.29 per share (2005 - £2,741.43 per share)	<u>1,448,500</u>	<u>825,171</u>

## ICAP US (NO.2) LIMITED

### Notes to the financial statements for the year ended 31 March 2006 (continued)

#### 14. RELATED PARTIES

##### Parent company

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

##### Related party transactions

All Group companies are party to a netting agreement. There were no related party transactions or balances during the year ended 31 March 2006 and period ended 31 March 2005 other than disclosed in the above notes.

#### 15. RECONCILIATION OF UK GAAP TO IFRS BALANCES

There was no impact on the balance sheet as at 31 March 2005 by the adoption of IFRS.

Reconciliation of IFRS income statement for the period ended 31 March 2005:

	<u>UK GAAP</u> <u>period ended</u> <u>31/3/2005</u> <u>£'000</u>	<u>Presentation</u> <u>adjustments</u> <u>£'000</u>	<u>IFRS</u> <u>period ended</u> <u>31/3/2005</u> <u>£'000</u>
Income from investments	825,171	-	825,171
<b>Profit before and after taxation</b>	<b>825,171</b>	<b>-</b>	<b>825,171</b>
Equity dividends paid	(825,171)	825,171	-
<b>Profit for the year</b>	<b>-</b>	<b>825,171</b>	<b>825,171</b>

In accordance with IAS 1 "Presentation of Financial Statements", the company has chosen to disclose dividends paid during the year on the face of statement of changes in equity. Previously under UK GAAP they were disclosed on the face of the income statement.

The company has chosen to adopt IAS 32 and IAS 39 prospectively from 1 April 2005 as permitted under IFRS 1. No adjustment to the profit or net assets of the company as at 31 March 2005 would be needed for the comparative information to comply with IAS 32 and IAS 39.

Similarly, the adoption of IAS 32 and IAS 39 as at 1 April 2005 had no impact on the profit or net assets of the company.