

**Company Number: 7282077**

**ISWAP EURO LIMITED**  
**FINANCIAL STATEMENTS**  
**FOR THE YEAR ENDED**  
**31 MARCH 2013**

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# **ISWAP EURO LIMITED**

## **Directors' Report for the year ended 31 March 2013**

Company Number 7282077

The directors present their report and the audited financial statements of iSwap Euro Limited (the 'Company') for the year ended 31 March 2013

### **PRINCIPAL ACTIVITY**

The Company's principal activity is to provide access to customers to trade Euro interest rate derivatives on the i-Swap trading platform. The platform supports electronic trading in fixed/floating Interest Rate Swaps. The Company is regulated by the Financial Conduct Authority. It is anticipated that the Company will continue its present business activities next year.

The Company is incorporated and domiciled in England and Wales. The registered office is 2 Broadgate, London, EC2M 7UR.

### **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.

### **RESULTS AND DIVIDENDS**

The results of the Company are set out in the income statement on page 4.

The loss for the year of €631,444 (2012: €389,485) has been transferred to reserves.

The directors do not recommend the payment of a dividend (2012: £nil).

### **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**

Given the straightforward nature of the business, the Company's directors are of the opinion that analysis using key performance indicators is not necessary for an understanding of the development, performance or position of the business.

### **DIRECTORS**

The directors of the Company, who held office during the year and up to the date of signing the financial statements were:

J. Nixon	
A. Brown	(resigned 1 May 2013)
A. Ferry	
C. Hodson	(resigned 14 May 2013)
M. Hodgson	

### **CREDITOR PAYMENT POLICY**

The Company has no external trade creditors.

# **ISWAP EURO LIMITED**

## **Directors' Report for the year ended 31 March 2013**

Company Number 7282077

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

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 prepared the financial statements in accordance with International Financial Reporting Standards (IFRSs) as adopted by the European Union. 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 International Financial Reporting Standards (IFRSs) as adopted by the European Union 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 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.

### **POST BALANCE SHEET EVENTS**

There have been no material post balance sheet events which require separate disclosure.

### **INDEPENDENT AUDITORS**

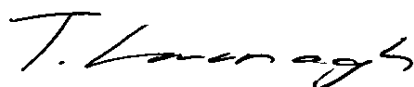
The Company's incumbent auditors, PricewaterhouseCoopers LLP, have indicated their willingness to continue in office and are deemed reappointed in the next financial year.

### **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 the steps 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 Cavanagh  
Company secretary

17 July 2013

# **ISWAP EURO LIMITED**

## **Independent Auditors' Report to the members of iSwap Euro Limited**

We have audited the financial statements of iSwap Euro Limited for the year ended 31 March 2013 which comprise the Income Statement, the Statement of Comprehensive Loss, the Balance Sheet, the Statement of Changes in Equity, the Statement of Cash Flow and the related notes. The financial reporting framework that has been applied in their preparation is applicable law and International Financial Reporting Standards (IFRSs) as adopted by the European Union.

### **Respective responsibilities of directors and auditors**

As explained more fully in the Statement of Directors' Responsibilities set out on page 2, 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 and express an opinion on 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. In addition, we read all the financial and non-financial information in the directors' report to identify material inconsistencies with the audited financial statements. If we become aware of any apparent material misstatements or inconsistencies we consider the implications for our report.

### **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 2013 and of its loss and cash flows for the year then ended,
- have been properly prepared in accordance with IFRSs as adopted by the European Union, 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 Auditors)  
for and on behalf of PricewaterhouseCoopers LLP  
Chartered Accountants and Statutory Auditors  
London  
17 July 2013

# ISWAP EURO LIMITED

## Income Statement for the year ended 31 March 2013

	<u>Note</u>	<u>Year ended</u> <u>31/03/2013</u> €	<u>Year ended</u> <u>31/03/2012</u> €
<b>Revenue</b>	1	3,381,996	373,386
Administrative expenses	4	(4,184,790)	(886,940)
Other operating expenses	6	(17,325)	(3,098)
<b>Operating loss</b>		<u>(820,119)</u>	<u>(516,652)</u>
Finance income	7	7,163	4,047
<b>Loss before tax</b>		<u>(812,956)</u>	<u>(512,605)</u>
Tax	8	181,512	123,120
<b>Loss for the year</b>		<u><u>(631,444)</u></u>	<u><u>(389,485)</u></u>

The loss of the Company for the year is derived from continuing operations

The notes on pages 9 to 22 are an integral part of these financial statements

# **ISWAP EURO LIMITED**

## **Statement of Comprehensive Loss for the year ended 31 March 2013**

	<u>Year ended</u> <u>31/03/2013</u> €	<u>Year ended</u> <u>31/03/2012</u> €
<b>Loss for the year</b>	(631,444)	(389,485)
<b>Total comprehensive loss for the year</b>	<u>(631,444)</u>	<u>(389,485)</u>

The notes on pages 9 to 22 are an integral part of these financial statements

**ISWAP EURO LIMITED**  
**Balance Sheet as at 31 March 2013**

Company Number 7282077


	<u>Note</u>	<u>As at</u> <u>31/03/2013</u> €	<u>As at</u> <u>31/03/2012</u> €
<b>Non-current assets</b>			
Intangible assets	9	5,915,505	5,586,095
Deferred tax assets	10	304,632	121,878
		<u>6,220,137</u>	<u>5,707,973</u>
<b>Current assets</b>			
Trade and other receivables	11	1,603,311	202,084
Tax receivable		-	1,242
Cash and cash equivalents	12	2,179,402	3,877,297
		<u>3,782,713</u>	<u>4,080,623</u>
Total assets		<u>10,002,850</u>	<u>9,788,596</u>
<b>Current liabilities</b>			
Trade and other payables	13	(1,058,855)	(213,157)
Total liabilities		<u>(1,058,855)</u>	<u>(213,157)</u>
Net assets		<u>8,943,995</u>	<u>9,575,439</u>
<b>Equity</b>			
Called up share capital	14	2	2
Retained deficit		(1,020,929)	(389,485)
Other reserves		9,964,922	9,964,922
Total equity		<u>8,943,995</u>	<u>9,575,439</u>

The notes on pages 9 to 22 are an integral part of these financial statements

The financial statements on pages 4 to 22 were approved by the board of directors on  
and were signed on its behalf by

17 July

2013

  
J Nixon  
Director

## ISWAP EURO LIMITED

### Statement of Changes in Equity as at 31 March 2013

	<u>Called up</u> <u>share</u> <u>capital</u> <u>(note 14)</u> €	<u>Other</u> <u>reserves</u> €	<u>Retained</u> <u>deficit</u> €	<u>Total</u> €
As at 1 April 2011	2	-	-	2
Loss for the year	-	-	(389,485)	(389,485)
Capital Contribution	-	9,964,922	-	9,964,922
As at 31 March 2012	<u>2</u>	<u>9,964,922</u>	<u>(389,485)</u>	<u>9,575,439</u>
Loss for the year	-	-	(631,444)	(631,444)
As at 31 March 2013	<u>2</u>	<u>9,964,922</u>	<u>(1,020,929)</u>	<u>8,943,995</u>

The notes on pages 9 to 22 are an integral part of these financial statements

#### Called up share capital

The balance classified as called up share capital includes the nominal value of the proceeds on issue of the Company's equity share capital, comprising €1 ordinary shares

#### Other reserves

The other reserves relate to a capital contribution reserve



# ISWAP EURO LIMITED

## Statement of Cash Flow for the year ended 31 March 2013

	<u>Note</u>	<u>Year ended</u> <u>31/03/2013</u> €	<u>Year ended</u> <u>31/03/2012</u> €
<b>Cash flows from operating activities</b>			
Loss before tax		(812,956)	(512,605)
Adjustments for			
Amortisation of intangible assets		1,585,026	507,827
Net finance income		(7,163)	(4,047)
<i>Operating cash flows before movements in working capital</i>		<u>764,907</u>	<u>(8,825)</u>
Decrease in trade and other receivables		(1,401,226)	(202,082)
Increase in trade and other payables		845,697	213,157
<i>Operating cash flows after movements in working capital</i>		<u>209,378</u>	<u>2,250</u>
 Net cash from operating activities		<u>209,378</u>	<u>2,250</u>
<b>Cash flows from investing activities</b>			
Purchase of intangible assets		(1,914,436)	(6,093,922)
Interest received		7,163	4,047
Net cash used in investing activities		<u>(1,907,273)</u>	<u>(6,089,875)</u>
<b>Cash flows from financing activities</b>			
Capital contribution received		-	9,964,922
Net cash from financing activities		<u>-</u>	<u>9,964,922</u>
Net (decrease)/ increase in cash and cash equivalents		<u>(1,697,895)</u>	<u>3,877,297</u>
Net cash and cash equivalents at beginning of year	12	3,877,297	-
<b>Net cash and cash equivalents at end of year</b>	12	<u>2,179,402</u>	<u>3,877,297</u>

The notes on pages 9 to 22 are an integral part of these financial statements

# **ISWAP EURO LIMITED**

## **Notes to the financial statements for the year ended 31 March 2013**

### **1 PRINCIPAL ACCOUNTING POLICIES**

#### **a) Basis of preparation**

The financial statements have been prepared in accordance with IFRS adopted by the EU, IFRIC interpretations and with those parts of the Companies Act 2006 applicable to companies reporting under IFRS and therefore comply with Article 4 of the EU IAS Regulation. The financial statements are prepared in Euros which is the functional currency of the Company.

The financial statements have been prepared on a going concern basis.

#### **b) Recent accounting developments**

The following new standards and amendments to standards and interpretations have been issued, but are not effective for the financial year beginning 1 April 2012 and have not been early adopted:

- IFRS9 'Financial instruments' addresses classification and measurement of financial assets, as the first phase of the replacement of IAS39 'Financial Instruments – recognition and measurement' and is effective for annual periods beginning after 1 January 2015, subject to EU endorsement. The impact on the Company's financial statements of the future adoption of the standard is still under review.
- IFRS10 'Consolidated financial statements' requires a parent to present consolidated financial statements as those of a single economic entity, replacing the requirements previously contained in IAS27 'Consolidated and separate financial statements' and SIC-12 'Consolidation – special purpose entities'. The standard has been endorsed by the EU for annual periods beginning on or after 1 January 2014.
- IFRS11 'Joint arrangements' replaces IAS31 'Interests in joint ventures' and requires a party to a joint arrangement to determine the type of joint arrangement in which it is involved by assessing its rights and obligations and then account for those rights and obligations in accordance with that type of joint arrangement. The standard has been endorsed by the EU for annual periods beginning on or after 1 January 2014.
- IFRS12 'Disclosure of interests in other entities' requires the extensive disclosure of information that enables users of financial statements to evaluate the nature of, and risks associated with, interests in other entities and the effects of those interests on its financial position, financial performance and cash flows. The standard has been endorsed by the EU for annual periods beginning on or after 1 January 2014.
- IFRS13 'Fair value measurement' replaces the guidance on fair value measurement in existing IFRS accounting literature with a single standard. The standard becomes effective for annual periods beginning on or after 1 January 2013.
- IAS27 'Consolidated and separate financial statements' – reissued as IAS27 'Separate financial statements' (as amended in 2011). This standard is an amended version of IAS27 'Consolidated and separate financial statements' which now deals only with the requirements for separate financial statements which have been carried over largely unchanged from IAS27 'Consolidated and separate financial statements'. Requirements for consolidated financial statements are now contained in IFRS10 'Consolidated financial statements'. The standard has been endorsed by the EU for annual periods beginning on or after 1 January 2014.
- IAS28 'Investments in associates and joint ventures (2011)' supersedes IAS28 'Investments in associates' and prescribes the accounting for investments in associates and sets out the requirements for the application of the equity method when accounting for investments in associates and joint ventures. The standard has been endorsed by the EU for annual periods beginning on or after 1 January 2014.

# **ISWAP EURO LIMITED**

## **Notes to the financial statements for the year ended 31 March 2013**

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

The impact on the Company's financial statements of adopting IFRS10, IFRS11, IFRS12, IFRS13, IAS27 and IAS28 is currently under review. However the adoption of these standards is not expected to have a material impact. The impact of adopting IFRS9 is still to be determined.

#### **c) Revenue**

Revenue comprises commission from the Company's agency business.

The Company acts in a non-advisory capacity to match buyers and sellers of financial instruments and raises invoices monthly for the service provided. The Company does not act as principal and only receives and transmits orders between counterparties. Revenue is stated net of rebates and discounts, value added tax and other sales taxes and is recognised in full on the date of the trade. Amounts receivable at the year end are reported as agency trade debtors within trade and other receivables (note 11).

#### **d) Other operating expenses**

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.

#### **e) Tax**

Tax on the loss for the year comprises both current and deferred tax as well as adjustments in respect of prior years. 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 current and 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.

#### **f) Foreign Currencies**

Transactions denominated in foreign currencies are translated into the functional currency at the rates of exchange prevailing on the dates of the transactions. At each balance sheet date, monetary assets and liabilities that are denominated in foreign currencies are retranslated at the rates prevailing on the balance sheet date. Exchange differences are taken to the income statement, except for exchange differences arising on non-monetary assets and liabilities where the changes in fair value are taken directly to reserves. Non-monetary assets and liabilities carried at fair value that are denominated in foreign currencies are translated at the rates prevailing at the date when the fair value was determined.

# ISWAP EURO LIMITED

## Notes to the financial statements for the year ended 31 March 2013

### 1. PRINCIPAL ACCOUNTING POLICIES (CONTINUED)

#### g) Intangible assets

##### *Intangible assets arising from internal development*

Development expenditure on electronic trading platforms is recognised as an intangible asset in accordance with the criteria of IAS 38, "Intangible assets". Intangible assets are stated at historical cost less provision for any impairment in its value and accumulated amortisation.

Amortisation is charged to administrative expenses in the income statement on a straight line basis over the expected useful economic life of the asset as follows:

Capitalised software	3-4 years
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Intangible assets arising from internal development may also include assets previously recognised on the balance sheet of an acquired entity.

Amortisation is charged against assets from the date at which the asset becomes available for use.

#### h) Trade receivables

Trade receivables are recognised initially at cost less provision for impairment.

#### i) Cash and cash equivalents

Cash and cash equivalents comprise cash on hand, overdrafts and demand deposits and other short-term highly liquid investments which are subject to insignificant risk of change in value and are readily convertible into a known amount of cash with less than three months maturity.

#### j) 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.

#### k) Intercompany balances

All UK Group companies are party to a netting agreement and balances have been netted within debtors and creditors.

#### l) Share capital

Ordinary shares are classified as equity. Dividends are recognised as deductions from retained earnings in the period in which they are declared.

#### m) Finance income

Interest income is recognised using the effective interest method.

# ISWAP EURO LIMITED

## Notes to the financial statements for the year ended 31 March 2013

### 2 FINANCIAL RISK MANAGEMENT

#### *Financial risk factors*

The Company's activities expose it to a variety of financial risks, including liquidity, interest rate, currency 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. It does this through the Group Risk and Capital Committee, and also by regional and market risk committees. The Company does not manage its own financial risk framework.

#### *Financial assets and liabilities*

The Company's financial assets are classified as loans and receivables. None of the Company's financial liabilities are held for trading.

The Financial assets can be reconciled as follows:

	<u>As at</u> <u>31/03/2013</u> €	<u>As at</u> <u>31/03/2012</u> €
<b>Financial assets</b>		
Cash and cash equivalents	2,179,402	3,877,297
Trade and other receivables	1,603,311	202,084
	<u>3,782,713</u>	<u>4,079,381</u>

#### *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 administrative and other expenses and remittance of funds in currencies other than the Company's functional currency (Euros), principally United States Dollars and Sterling. Whilst it is the Group policy to hedge such foreign exchange movements 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 Euros. 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.

It is estimated that a 10 cent increase in the exchange rates of the United States Dollar and Sterling would have an immaterial impact on the Company's income statement and equity.

# ISWAP EURO LIMITED

## Notes to the financial statements for the year ended 31 March 2013

### 2 FINANCIAL RISK MANAGEMENT (CONTINUED)

The table below summarises the Company's exposure to concentrations of foreign and domestic currencies as at 31 March 2013

	<u>USD</u> €	<u>EUR</u> €	<u>Other</u> €	<u>GBP</u> €	<u>Total</u> €
<b>Assets</b>					
Cash and cash equivalents	219	2,102,120	-	77,063	2,179,402
Trade and other receivables less prepayments	-	1,603,311	-	-	1,603,311
	<u>219</u>	<u>3,705,431</u>	<u>-</u>	<u>77,063</u>	<u>3,782,713</u>
<b>Liabilities</b>					
Trade and other payables	-	-	-	(1,058,855)	(1,058,855)
	<u>-</u>	<u>-</u>	<u>-</u>	<u>(1,058,855)</u>	<u>(1,058,855)</u>
<b>Net assets</b>	<u>219</u>	<u>3,705,431</u>	<u>-</u>	<u>(981,792)</u>	<u>2,723,858</u>

The table below summarises the Company's exposure to concentrations of foreign and domestic currencies as at 31 March 2012

	<u>USD</u> €	<u>EUR</u> €	<u>Other</u> €	<u>GBP</u> €	<u>Total</u> €
<b>Assets</b>					
Cash and cash equivalents	211	3,877,086	-	-	3,877,297
Trade and other receivables less prepayments	-	983	-	201,101	202,084
	<u>211</u>	<u>3,878,069</u>	<u>-</u>	<u>201,101</u>	<u>4,079,381</u>
<b>Liabilities</b>					
Trade and other payables	-	-	-	(213,157)	(213,157)
	<u>-</u>	<u>-</u>	<u>-</u>	<u>(213,157)</u>	<u>(213,157)</u>
<b>Net assets</b>	<u>211</u>	<u>3,878,069</u>	<u>-</u>	<u>(12,056)</u>	<u>3,866,224</u>

#### 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 Group Risk and Capital 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 Group Risk and Capital Committee.

As at 31 March 2013 there were no instruments with a contracted maturity or re-pricing date in excess of 18 months.

The Company estimates that an increase of 1% in interest rates would have an impact of €33,000 on the Company's income statement and equity.

# ISWAP EURO LIMITED

## Notes to the financial statements for the year ended 31 March 2013

### 2. FINANCIAL RISK MANAGEMENT (CONTINUED)

The Company's interest rate profile as at 31 March 2013 was as follows

	<u>None</u> €	<u>Fixed</u> €	<u>Variable</u> €	<u>Total</u> €
<b>Assets</b>				
Cash and cash equivalents	-	-	2,179,402	2,179,402
Trade and other receivables less prepayments	1,102,362	500,949	-	1,603,311
	<u>1,102,362</u>	<u>500,949</u>	<u>2,179,402</u>	<u>3,782,713</u>
<b>Liabilities</b>				
Trade and other payables	(1,058,855)	-	-	(1,058,855)
	<u>(1,058,855)</u>	<u>-</u>	<u>-</u>	<u>(1,058,855)</u>

The Company's interest rate profile as at 31 March 2012 was as follows

	<u>None</u> €	<u>Fixed</u> €	<u>Variable</u> €	<u>Total</u> €
<b>Assets</b>				
Cash and cash equivalents	-	3,876,500	797	3,877,297
Trade and other receivables less prepayments	202,084	-	-	202,084
	<u>202,084</u>	<u>3,876,500</u>	<u>797</u>	<u>4,079,381</u>
<b>Liabilities</b>				
Trade and other payables	(213,157)	-	-	(213,157)
	<u>(213,157)</u>	<u>-</u>	<u>-</u>	<u>(213,157)</u>

The table below shows the effective interest rate for each relevant category of financial asset and liability

	<u>Year ended 31/03/2013</u>		<u>Year ended 31/03/2012</u>	
	<u>Fixed</u> %	<u>Variable</u> %	<u>Fixed</u> %	<u>Variable</u> %
Cash at bank	0.44	-	0.31	-
Intercompany receivable	0.83	-	-	-

#### Price Risk

The Company's activities do not expose it to price risk

# ISWAP EURO LIMITED

## Notes to the financial statements for the year ended 31 March 2013

### 2. FINANCIAL RISK MANAGEMENT (CONTINUED)

#### *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 and Capital 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.

The Company has no significant concentrations of credit risk and the maximum exposure is limited to receivables (note 11).

#### *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 Group Risk and Capital 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.

The following tables show the maturity of the Company's liabilities as at 31 March 2013 and 2012.

	On demand	Less than 3 months	3 months to 1 year	More than 1 year	Total
<b>31 March 2013</b>	€	€	€	€	€
<b>Liabilities</b>					
Trade and other payables	(1,058,855)	-	-	-	(1,058,855)
	<u>(1,058,855)</u>	<u>-</u>	<u>-</u>	<u>-</u>	<u>(1,058,855)</u>

	On demand	Less than 3 months	3 months to 1 year	More than 1 year	Total
<b>31 March 2012</b>	€	€	€	€	€
<b>Liabilities</b>					
Trade and other payables	(213,157)	-	-	-	(213,157)
	<u>(213,157)</u>	<u>-</u>	<u>-</u>	<u>-</u>	<u>(213,157)</u>



# ISWAP EURO LIMITED

## Notes to the financial statements for the year ended 31 March 2013

### 2. FINANCIAL RISK MANAGEMENT (CONTINUED)

#### *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. The fair values of financial instruments are determined as per the Company's accounting policies.

As at 31 March 2013 there were no assets or liabilities whose carrying value was not a reasonable approximation of its fair value (2012: none).

#### *Capital management*

The Company is regulated on a stand-alone basis by the Financial Conduct Authority under the EU Capital Requirements Directive and is subject to an investment firm consolidation waiver. Capital is managed on a Group basis, please refer to ICAP plc financial statements for further disclosure. Copies of the consolidated financial statements of ICAP plc can be obtained from the Company Secretary, ICAP plc, 2 Broadgate, London, EC2M 7UR.

### 3. KEY ACCOUNTING JUDGEMENTS AND SOURCES OF ESTIMATION UNCERTAINTY

The Company makes various judgements in applying its accounting policies and various assumptions and estimates, including about the future, when determining the carrying value of certain assets and liabilities.

Judgement has been applied in determining the carrying value of the entity's intangible asset. The process of assessing the carrying value of this asset requires significant judgement. Management have based their valuation on both internal and external inputs and have considered key sensitivities. As a result of our assessment, we believe we have reduced the risk of misstatement to an acceptable level.

### 4. ADMINISTRATIVE EXPENSES

Administrative expenses borne directly by the company included the following:

	<u>Year ended</u> <u>31/03/13</u>	<u>Year ended</u> <u>31/03/12</u>
	€	€
Amortisation of intangible assets	1,585,026	507,827
Other operating costs	-	4,846
Management recharge (Note 15)	2,599,764	374,267
	<u>4,184,790</u>	<u>886,940</u>

The Company's auditors' remuneration in the UK was € 27,000 (2012: € 26,000), which has been borne by other Group companies.

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 the Company's financial statements since the consolidated financial statements of its parent, ICAP plc, include these fees on a consolidated basis.

The average number of persons employed by the Company during the year was nil (2012: nil).

## ISWAP EURO LIMITED

### Notes to the financial statements for the year ended 31 March 2013

#### 5. DIRECTORS' REMUNERATION

No fees were paid to the directors in respect of services to the Company during the year (2012 €nil)

#### 6. OTHER OPERATING EXPENSES

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

#### 7. FINANCE INCOME

	<u>Year ended</u> <u>31/03/2013</u>	<u>Year ended</u> <u>31/03/2012</u>
	€	€
Bank deposits	6,215	4,047
Interest receivable from Group companies	948	-
	<u>7,163</u>	<u>4,047</u>

# ISWAP EURO LIMITED

## Notes to the financial statements for the year ended 31 March 2013

### 8. TAX ON PROFIT ON ORDINARY ACTIVITIES

	<u>Year ended</u> <u>31/03/2013</u> €	<u>Year ended</u> <u>31/03/2012</u> €
a) Analysis of credit for the year		
Current taxation		
UK Corporation tax	-	(1,242)
Adjustments to prior years	1,242	-
	<u>1,242</u>	<u>(1,242)</u>
Deferred taxation		
Deferred taxation (note 10) - current year	(181,865)	(121,878)
Adjustments to prior years (note 10 )	(889)	-
	<u>(182,754)</u>	<u>(121,878)</u>
	<u>(181,512)</u>	<u>(123,120)</u>
b) Factors affecting the taxation credit for the year		
Loss before tax	<u>(812,956)</u>	<u>(512,605)</u>
Loss before tax multiplied by standard rate of corporation tax in the UK of 24% (2012 26%)	(195,109)	(133,277)
Effects of		
Expenses not deductible for tax purposes	146	-
Effect of change in rate of deferred tax	13,098	-
Adjustments to prior years – current tax	1,242	-
Adjustments to prior years – deferred tax	(889)	-
Exchange adjustment on deferred tax	-	10,157
	<u>13,597</u>	<u>10,157</u>
Tax credit for the year	<u>(181,512)</u>	<u>(123,120)</u>
Effective tax rate	-	-

Legislation to reduce the main rate of Corporation Tax from 24% to 23% from 1 April 2013 was included in the Finance Act 2012. Further reductions to the main rate are proposed to reduce the rate to 20% by 1 April 2015. These latter changes had not been substantially enacted at the balance sheet date and are not included in the tax charge for the period. The reduction to 20% is not expected to have a material impact on the deferred tax balances.

# ISWAP EURO LIMITED

## Notes to the financial statements for the year ended 31 March 2013

### 9 INTANGIBLE ASSETS

	<u>Capitalised software</u> €
<b>Cost</b>	
As at 1 April 2012	6,093,922
Additions	1,914,436
As at 31 March 2013	<u>8,008,358</u>
<b>Amortisation</b>	
As at 1 April 2012	507,827
Amortisation charge for the year	1,585,026
As at 31 March 2013	<u>2,092,853</u>
<b>Net book value</b>	
As at 31 March 2013	<u><u>5,915,505</u></u>

	<u>Capitalised software</u> €
<b>Cost</b>	
Additions	6,093,922
As at 31 March 2012	<u>6,093,922</u>
<b>Amortisation</b>	
Amortisation charge for the year	507,827
As at 31 March 2012	<u>507,827</u>
<b>Net book value</b>	
As at 31 March 2012	<u><u>5,586,095</u></u>

### 10. DEFERRED TAX ASSETS

Deferred taxation assets were as follows

	<u>As at 31/03/2013</u> €	<u>As at 31/03/2012</u> €
Capital allowances	144,038	121,878
Tax losses	160,594	-
	<u>304,632</u>	<u>121,878</u>
	<u>2013</u> €	<u>2012</u> €
At beginning of the year	121,878	-
Transferred to the income statement (note 8)	182,754	121,878
As at 31 March	<u><u>304,632</u></u>	<u><u>121,878</u></u>

# ISWAP EURO LIMITED

## Notes to the financial statements for the year ended 31 March 2013

### 11 TRADE AND OTHER RECEIVABLES

	<u>As at</u> <u>31/03/2013</u> €	<u>As at</u> <u>31/03/2012</u> €
<b>Current</b>		
Agency trade debtors	1,102,362	202,084
<b>Net trade receivables</b>	<u>1,102,362</u>	<u>202,084</u>
Amounts owed by Group companies (note 15)	500,949	-
	<u><u>1,603,311</u></u>	<u><u>202,084</u></u>

As at 31 March the following trade and other receivables were past their normal settlement date, but had not been impaired

	<u>As at</u> <u>31/03/2013</u> €	<u>As at</u> <u>31/03/2012</u> €
Less than 30 days	240,855	18,557
Over 30 days, but less than 90 days	235,873	69,541
Over 90 days	<u>360,986</u>	<u>-</u>
As at 31 March	<u><u>837,714</u></u>	<u><u>88,098</u></u>

### 12. CASH AND CASH EQUIVALENTS

	<u>As at</u> <u>31/03/2013</u> €	<u>As at</u> <u>31/03/2012</u> €
Cash in hand and at bank	2,179,402	797
Short-term bank deposits	-	3,876,500
	<u><u>2,179,402</u></u>	<u><u>3,877,297</u></u>

The effective interest rates are disclosed in note 2

The short term deposits had a maturity of less than 30 days

# ISWAP EURO LIMITED

## Notes to the financial statements for the year ended 31 March 2013

### 13 TRADE AND OTHER PAYABLES

	<u>As at</u> <u>31/03/2013</u>	<u>As at</u> <u>31/03/2012</u>
	€	€
<b>Current</b>		
Amounts owed to Group companies (note 15)	1,058,855	213,157
	<u>1,058,855</u>	<u>213,157</u>

### 14. CALLED UP SHARE CAPITAL

	<u>As at</u> <u>31/03/2013</u>	<u>As at</u> <u>31/03/2012</u>
	€	€
<b>Allotted and fully paid:</b>		
2 Ordinary share(s) of €1 each	2	2
	<u>2</u>	<u>2</u>

# ISWAP EURO LIMITED

## Notes to the financial statements for the year ended 31 March 2013

### 15. RELATED PARTY TRANSACTIONS

#### Parent company

The Company's immediate parent is iSwap Limited, which prepares consolidated financial statements

The Company's ultimate parent is ICAP plc, which is incorporated in England and Wales, 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

The Company entered into the following transactions with related parties who are members of the Group

	<u>Year ended</u> <u>31/03/2013</u>	<u>Year ended</u> <u>31/03/2012</u>
	€	€
Cost of management services received		
Fellow subsidiary companies	(2,599,764)	(374,267)

The Company had the following outstanding net balances owed to related parties who are members of the Group

	<u>As at</u> <u>31/03/2013</u>	<u>As at</u> <u>31/03/2012</u>
	€	€
Fellow subsidiary companies	(557,906)	(213,157)
	<u>(557,906)</u>	<u>(213,157)</u>

All balances are unsecured, non-interest bearing and have no fixed terms of repayment

#### Remuneration of key management personnel

There are no key management personnel other than the directors of the Company. Directors' remuneration is disclosed in note 5