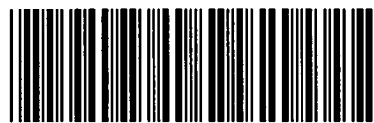


Company Number: 07282077

ISWAP EURO LIMITED
ANNUAL REPORT AND FINANCIAL STATEMENTS
FOR THE YEAR ENDED
31 MARCH 2017

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ISWAP EURO LIMITED

Strategic Report for the year ended 31 March 2017

The directors present their Annual Report and the audited financial statements of iSwap Euro Limited (the 'Company') for the year ended 31 March 2017.

BUSINESS REVIEW AND FUTURE DEVELOPMENTS

2016 was a challenging year with high levels of market volatility associated with the Brexit vote midyear, followed by the Trump victory in the US Elections held in November. Global markets finished the calendar year with a strong tail wind as the prospects of improved levels of Global Economic activity and a return of inflation, fueled overall levels of activity.

Underlying conditions year to date remain challenging. There have been periods where activity levels have spiked such as Brexit, but the ongoing macro-economic backdrop continues to constrain volumes.

The focus on benchmark instruments remains, and pricing on the 2, 5, and 10 year points has remained competitive. The percentage of ICAP's overall activity represented by i-Swap trades in these instruments has fluctuated. In normal market conditions the uptrend remains intact, but in periods of excessive volatility market makers are naturally more defensive, and activity migrates back to voice. More participants are using i-Swap to execute issue related activity, for speed, efficiency, downstream risk position updates and STP. The electronic audit trail is also a valuable tool to prove execution compliance. Market makers have been consistent and we have 8 price streaming counterparties on a regular basis.

We have made continued and strong progress with the targeted streaming initiative. Our current market makers continue to provide liquidity on a consistent basis. The liquidity consumer group of banks has expanded to a universe of 18, and there is a wider diversification of utilisation within this group. Whilst the activity remains concentrated within a core group, the group is expanding which is strategically important. Volumes have steadily increased over recent months with a succession of record DVO1 activity. The tiering deployed by each liquidity provider has a bearing on the aggregated pricing available to each liquidity consumer, however the initiative is designed to allow i-Swap partners and liquidity providers to target tier 2 and 3 banks that are i-Swap users with bespoke streams unique to each permissioned counterparty and is in direct competition to the "click to trade" component of Bloomberg ALLQ. We have introduced order cloning and resting order functionality for liquidity consumers, and this functionality is widely utilised. We continue to push to expand the footprint of providers and consumers. Targeted Streaming (TS) is established as an effective mechanism for risk transfer and we expect to see continued momentum over the coming months. We initiated a charging structure for liquidity consumers from the start of January 2017.

The timelines associated with MiFID 2 implementation are exacting with no delays anticipated. The i-Swap MiFID 2 compliant release is in the final stages of testing and will be deployed to the existing user Group in the next upcoming financial year. Additionally, an ION Gateway has been commissioned and this will be available from May 2017. This will allow all the existing users time to develop to the compliant version, which includes, "e" RFQ, a sponsored access component and modified targeted streaming functionality to ensure compliance with the new rules framework.

On 30 December 2016 Tullett Prebon plc acquired ICAP plc's Global Broking Business to create the largest interdealer broker in the world. The deal combines the complementary strengths of two leading global hybrid voice broking franchises with a leading market position, and revenue diversity by region and product mix. The resulting transaction has changed the ultimate parent company of the entity from ICAP plc to TP ICAP plc. The Directors do not expect the transaction to have a material impact on the financial position and performance of the Company.

The announcement of the result of the Brexit referendum that took place on 23 June 2016 caused a period of heightened activity and instils market uncertainty between the triggering of Article 50 and the final state of the UK negotiation with the EU. There are material implications for financial markets between the so called 'soft' or 'hard' Brexit outcomes. In the future, the Company will likely manage more client relationships from within the Eurozone, where the ultimate parent company TP ICAP plc already have a network of offices in Paris, Frankfurt, Madrid and in other locations. TP ICAP plc have a strategic planning workstream which examines the various Brexit scenarios and how they might want to adapt the business accordingly.

ISWAP EURO LIMITED

Strategic Report for the year ended 31 March 2017

PRINCIPAL RISKS AND UNCERTAINTIES

The key risks which the Company faces in its day to day operations can broadly be categorised as credit, operational, liquidity, capital and strategic and business risk.

Credit risk is the risk of financial loss to the Company in the event of non-performance by a client or counterparty with respect to its contractual obligations to the Company. As the Company's business is contracted on an agency or intermediary basis, the main credit risk is more akin to a market risk, as the exposure in such cases is to movements in securities prices and foreign currency. A significant portion of transactions brokered by the Company are on a 'Name passing' basis, where the Company acts as agent in arranging the trade. Whilst the Company does not suffer any exposure in relation to the underlying instrument brokered (given that the Company is not a principal to the trade), it is exposed to the risk that the client fails to pay the brokerage it is charged.

Operational risk is the risk of loss resulting from inadequate or failed internal processes, people activities, systems or external events. Operational risk covers a wide and diverse range of risk types and the overall objective of the Company's approach to operational risk management is not to attempt to avoid all potential risks but to proactively identify and assess risk and risk situations in order to manage them in an efficient and informed manner.

Liquidity risk is the risk that the Company, in periods of corporate or market volatility, will not have access to an appropriate level of cash or funding to enable it to finance its ongoing operations and any other reasonable unanticipated events on cost effective terms. Cash and equivalent balances are held with the primary objective of capital security and availability, with a secondary objective of generating returns. Funding requirements and cash and equivalent exposures are monitored by the Group Finance and Operations departments.

Capital management risk is the risk arising from failure to maintain adequate levels of capital. The Company is exposed to the risk of new regulations imposing a fundamental change to the structure or activity of financial markets which could result in the obligation to hold punitive levels of regulatory capital. The Company monitors closely regulatory developments in its markets and is actively involved in consultation and rule setting processes so as to ensure an informed debate of all regulatory issues potentially affecting the IDB markets, both on an individual firm basis and through trade associations. The Company board also undertakes an informed assessment of whether the Company holds sufficient capital in the context of the Company's overarching business objectives, the nature of its business model and risk profile, and its risk management framework. The Company has maintained appropriate financial resources throughout the year.

Strategic and business risk is the risk that the Company's ability to do business might be damaged as a result of its failure to adapt to change market dynamics, customer requirements or the way OTC markets and their participants are regulated.

Management in front office and support functions have the day-to-day responsibility for ensuring that the Company operates in accordance with the Enterprise Risk Management Framework which includes policies and procedures for these key risks. Further details of the Enterprise Risk Management Framework are outlined in the Group's Annual Report, which does not form part of this report.

RESULTS

The results of the Company are set out in the income statement on page 7.

The loss for the year of €485,189 (2016: €3,990,605) has been transferred to reserves.

The net assets of the Company are €13,697,594 (2016: €11,682,783).

ISWAP EURO LIMITED

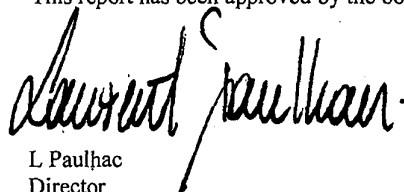
Strategic Report for the year ended 31 March 2017

KEY PERFORMANCE INDICATORS

The Company's return on assets, calculated as net loss divided by net assets is -4% (2016: -34%).

The directors of TP ICAP plc manage the Group's operations on a regional basis. For this reason, the Company's directors believe that further analysis using key performance indicators for the Company is not necessary or appropriate for an understanding of the development, performance or position of the business of the Company. The key performance indicators of TP ICAP plc, which includes the Company, are discussed on page 10 and 11 of the Group's annual report, which does not form part of this report.

This report has been approved by the board of directors and signed by order of the board:



L Paulhac
Director

30 June 2017

ISWAP EURO LIMITED

Directors' Report for the year ended 31 March 2017

Company Number: 07282077

PRINCIPAL ACTIVITIES

The Company's principal activity is to provide access to customers to trade Euro interest rate derivatives on the iSwap 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 in the United Kingdom and domiciled in England and Wales. The registered office is Tower 42, Level 37, 25 Old Broad Street, London EC2N 1HQ.

GOING CONCERN

The Directors have a reasonable expectation that the Company has adequate resources to continue in operational existence for the foreseeable future. Thus they continue to adopt the going concern basis in preparing the financial statements.

Further details regarding the adoption of the going concern basis can be found in note 1, accounting policies, in the financial statements on page 12.

DIVIDENDS

The directors do not recommend the payment of a dividend (2016: nil).

POST BALANCE SHEET EVENTS

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

DIRECTORS

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

J Brigstock	
J Lundstrom	
L Paulhac	
T Prickett	
N Sagers	(resigned 30 May 2017)
J Bradley	(appointed 20 January 2017)

DIRECTOR'S INDEMNITIES

The Company's ultimate parent, TP ICAP plc, has made qualifying third party indemnity provisions for the benefit of its Directors which remain in force at the date of this report.

POLITICAL CONTRIBUTIONS

There were no political donations made by the Company during the year (2016: nil).

DISABLED EMPLOYEES

Applications for employment by disabled persons are always fully considered, bearing in mind the abilities of the applicant concerned. In the event of members of staff becoming disabled every effort is made to ensure that their employment with the Company continues and that appropriate training is arranged. It is the policy of the Company that the training, career development and promotion of disabled persons should, as far as possible, be identical to that of other employees.

ISWAP EURO LIMITED

Directors' Report for the year ended 31 March 2017

Company Number: 07282077

EMPLOYEE CONSULTATION

The Company is committed to attracting, retaining, developing and advancing the most qualified persons without regard to their race, ethnicity, religion or belief, gender, age, sexual orientation or disability. This commitment is underpinned by policies on equal opportunities, harassment and discrimination, to which all employees are required to adhere.

In the event that an employee becomes disabled, the Group's policy is to make reasonable adjustments, including arranging training, to enable the employee to continue working for the Group.

The Company participates in the Group's policies and practices relating to current and prospective employees. These policies and practices are outlined in the Group's Annual Report which does not form part of this report.

DIRECTORS' RESPONSIBILITIES STATEMENT

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 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:

- properly select and apply accounting policies;
- present information, including accounting policies, in a manner that provides relevant, reliable, comparable and understandable information;
- provide additional disclosures when compliance with the specific requirements in IFRSs are insufficient to enable users to understand the impact of particular transactions, other events and conditions on the entity's financial position and financial performance; and
- make an assessment of the company's ability to continue as a going concern.

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.

The directors are responsible for the maintenance and integrity of the Company's website. Legislation in the United Kingdom governing the preparation and dissemination of financial statements may differ from legislation in other jurisdictions.

INDEPENDENT AUDITOR

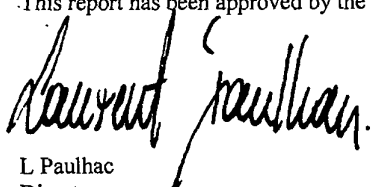
The Company's incumbent auditor, Deloitte LLP, have indicated their willingness to continue in office and are deemed reappointed in the next financial year.

PROVISION OF INFORMATION TO THE AUDITOR

So far as the directors are aware, there is no relevant audit information of which the Company's auditor is 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 auditor is aware of that information.

This report has been approved by the board of directors and signed by order of the board:



L Paulhac
Director

30 June 2017

ISWAP EURO LIMITED

Independent Auditor's Report to the members of iSwap Euro Limited

We have audited the financial statements of iSwap Euro Limited for the year ended 31 March 2017 which comprise the Income Statement, the Statement of Comprehensive Income, the Balance Sheet, the Statement of Changes in Equity, the Statement of Cash Flow and the related notes 1 to 15. The financial reporting framework that has been applied in the preparation of the financial statements is IFRSs as adopted by the European Union, and applicable law.

This report is made solely to the company's members, as a body, in accordance with Chapter 3 of Part 16 of the Companies Act 2006. 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 auditor's 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 auditor

As explained more fully in the Directors' Responsibilities Statement, 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.

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 annual report to identify material inconsistencies with the audited financial statements and to identify any information that is apparently materially incorrect based on, or materially inconsistent with, the knowledge acquired by us in the course of performing the audit. 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 2017 and of its loss for the year then ended;
- have been properly prepared in accordance with International Financial Reporting Standards (IFRSs) as adopted by the European Union; and
- have been prepared in accordance with the requirements of the Companies Act 2006.

Opinion on other matters prescribed by the Companies Act 2006

In our opinion, based on the work undertaken in the course of the audit:

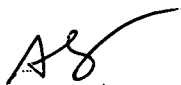
- the information given in the Strategic Report and the Directors' Report for the financial year for which the financial statements are prepared is consistent with the financial statements; and
- the Strategic Report and the Directors' Report have been prepared in accordance with applicable legal requirements.

In the light of the knowledge and understanding of the company and its environment obtained in the course of the audit, we have not identified any material misstatements in the Strategic Report and the Directors' Report.

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.



Adam Cichocki FCA (Senior Statutory Auditor)

for and on behalf of Deloitte LLP

Statutory Auditor

London, United Kingdom

30 June 2017

ISWAP EURO LIMITED

Income Statement for the year ended 31 March 2017

	<u>Note</u>	<u>Year ended</u> <u>31/03/2017</u> €	<u>Year ended</u> <u>31/03/2016</u> €
Revenue		2,977,695	2,639,873
Administrative expenses	4	(4,726,829)	(6,928,411)
Other operating income /(expenses)	6	16,566	(52,847)
Operating loss		<u>(1,732,568)</u>	<u>(4,341,385)</u>
Finance income	7	7,205	11,190
Loss before tax		<u>(1,725,363)</u>	<u>(4,330,195)</u>
Tax credit	8	1,240,174	339,590
Loss for the financial year		<u><u>(485,189)</u></u>	<u><u>(3,990,605)</u></u>

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

The notes on pages 12 to 26 are an integral part of these financial statements.

ISWAP EURO LIMITED**Statement of Comprehensive Income for the year ended 31 March 2017**

	<u>Year ended</u> <u>31/03/2017</u> €	<u>Year ended</u> <u>31/03/2016</u> €
Loss for the financial year	(485,189)	(3,990,605)
Total comprehensive loss for the financial year	<u>(485,189)</u>	<u>(3,990,605)</u>

The notes on pages 12 to 26 are an integral part of these financial statements.

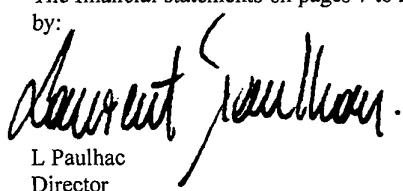
ISWAP EURO LIMITED
Balance Sheet as at 31 March 2017

Company Number: 07282077

	<u>Note</u>	<u>As at</u> <u>31/03/2017</u> €	<u>As at</u> <u>31/03/2016</u> €
Non-current assets			
Intangible assets	9	2,683,605	2,931,290
Deferred tax asset	10	2,047,766	1,307,896
		<u>4,731,371</u>	<u>4,239,186</u>
Current assets			
Trade and other receivables	11	2,442,779	2,716,427
Cash and cash equivalents	12	6,907,794	6,185,192
Tax receivable		500,304	-
		<u>9,850,877</u>	<u>8,901,619</u>
Total assets		<u>14,582,248</u>	<u>13,140,805</u>
Current liabilities			
Trade and other payables	13	(884,654)	(1,458,022)
Total liabilities		<u>(884,654)</u>	<u>(1,458,022)</u>
Net assets		<u>13,697,594</u>	<u>11,682,783</u>
Equity			
Share capital	14	402	302
Share premium		10,999,600	8,499,700
Accumulated losses		(10,790,930)	(10,305,741)
Other reserves		13,488,522	13,488,522
Total equity		<u>13,697,594</u>	<u>11,682,783</u>

The notes on pages 12 to 26 are an integral part of these financial statements.

The financial statements on pages 7 to 26 were approved by the board of directors on 30 June 2017 and were signed on its behalf by:


L Paulhac
Director

ISWAP EURO LIMITED

Statement of Changes in Equity for the year ended 31 March 2017

	<u>Share capital</u> (note 14)	<u>Share premium</u>	<u>Other reserves</u>	<u>Accumulated losses</u>	<u>Total equity</u>
	€	€	€	€	€
As at 1 April 2015	202	6,499,800	13,488,522	(6,315,136)	13,673,388
Loss and total comprehensive loss for the financial year	-	-	-	(3,990,605)	(3,990,605)
Issue of ordinary shares	100	1,999,900	-	-	2,000,000
Capital Contribution	-	-	-	-	-
As at 31 March 2016	302	8,499,700	13,488,522	(10,305,741)	11,682,783
As at 1 April 2016	302	8,499,700	13,488,522	(10,305,741)	11,682,783
Loss and total comprehensive loss for the financial year	-	-	-	(485,189)	(485,189)
Issue of ordinary shares	100	2,499,900	-	-	2,500,000
As at 31 March 2017	402	10,999,600	13,488,522	(10,790,930)	13,697,594

The notes on pages 12 to 26 are an integral part of these financial statements.

Share capital

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

Share premium

The share premium account includes the value of the proceeds above nominal on issue of the Company's 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 2017

	<u>Note</u>	<u>Year ended</u> <u>31/03/2017</u> €	<u>Year ended</u> <u>31/03/2016</u> €
Cash flows from operating activities			
Loss before tax		(1,725,363)	(4,330,195)
Adjustments for:			
Amortisation of intangible assets		1,135,798	2,042,128
Net finance income		(7,205)	(11,190)
<i>Operating cash flows before movements in working capital</i>		<u>(596,770)</u>	<u>(2,299,257)</u>
Decrease/ (increase) in trade and other receivables		273,648	(433,102)
Decrease in trade and other payables		(573,368)	(472,371)
<i>Operating cash flows after movements in working capital</i>		<u>(896,490)</u>	<u>(3,204,730)</u>
Net cash used in operating activities		<u>(896,490)</u>	<u>(3,204,730)</u>
Cash flows from investing activities			
Purchase of intangible assets		(888,113)	(895,048)
Interest received		7,205	11,190
Net cash used in investing activities		<u>(880,908)</u>	<u>(883,858)</u>
Cash flows from financing activities			
Issue of shares		2,500,000	2,000,000
Net cash generated from financing activities		<u>2,500,000</u>	<u>2,000,000</u>
Net increase/ (decrease) in cash and cash equivalents		<u>722,602</u>	<u>(2,088,588)</u>
Net cash and cash equivalents at beginning of year	12	6,185,192	8,273,780
Net cash and cash equivalents at end of year	12	<u><u>6,907,794</u></u>	<u><u>6,185,192</u></u>

The notes on pages 12 to 26 are an integral part of these financial statements.

ISWAP EURO LIMITED

Notes to the financial statements for the year ended 31 March 2017

1. PRINCIPAL ACCOUNTING POLICIES

a) Basis of preparation

The financial statements have been prepared under the historical cost convention 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 accounting policies have been applied consistently other than where new policies have been adopted.

The financial statements are prepared on a going concern basis.

b) Adoption of new and revised Standards

The following new and revised Standards and Interpretations have been adopted in the current year although their adoption has not had any significant impact on the Financial Statements:

- Amendments to IAS 1 'Presentation of financial statements' regarding disclosures;
- Annual Improvements to IFRSs (2012–2014 Cycle);
- Amendments to IAS 16 and IAS 38 regarding the clarification of acceptable methods of depreciation and amortisation; and
- Amendments to IFRS 11 regarding the accounting for acquisition of interests in Joint Operations.

At the date of authorisation of these Financial Statements, the following EU endorsed Standards and Interpretations were in issue but not yet effective. The Company has not applied these Standards or Interpretations in the preparation of these Financial Statements:

- IFRS 9 'Financial Instruments'; and
- IFRS 15 'Revenue from Contracts with Customers'.

The adoption of IFRS 9 will impact both the measurement and disclosures of financial instruments but it is not practicable to provide a complete estimate of its effect until a detailed review has been completed prior to implementation. The adoption of IFRS 15 may have an impact on revenue recognition and related disclosures.

The following Standards and Interpretations have not been endorsed by the EU and have not been applied in the preparation of these Financial Statements:

- Amendments to IAS 12 'Income Taxes' regarding the recognition of deferred tax assets for unrealised losses;
- Amendments to IAS 7 'Cash flow statements' regarding disclosures;
- Clarifications to IFRS 15 'Revenue from Contracts with Customers';
- Amendments to IFRS 2 'Share-based payment transactions' regarding the classification and measurement of share-based payment transactions;
- Annual Improvements to IFRS Standards (2014-2016 Cycle); and
- IFRIC Interpretation 22 relating to foreign currency transactions and advance consideration.

The Directors do not expect the adoption of the other Standards and Interpretations will have a material impact on the Financial Statements of the Company in future periods.

ISWAP EURO LIMITED

Notes to the financial statements for the year ended 31 March 2017

1. PRINCIPAL ACCOUNTING POLICIES (CONTINUED)

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) Finance income

Interest income is recognised using the effective interest method.

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 using the liability method, in respect of all temporary differences between the carrying value of assets and liabilities for reporting purposes and the tax bases of the assets and liabilities. 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 recognised only to the extent that it is probable that future taxable profits will be available against which the asset can be utilised.

Calculations of current and deferred tax liability have been based on ongoing discussions with the relevant tax authorities, management's assessment of legal and professional advice, case law and other relevant guidance. Where the expected tax outcome of these matters is different from the amounts that were recorded initially, such differences will impact the current and deferred tax amounts in the period in which a reassessment of the liability is made.

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 profit and loss account. 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 2017

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
----------------------	-----------

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 at cost less provision for impairment.

i) Intercompany balances

Intercompany balances are shown in accordance with the netting agreement, which allows netting of bilateral intercompany balances within entities that are party to the netting agreement.

j) Trade receivables provisioning

Provisions are made for specific debts when it is considered that the creditworthiness of the debtor has deteriorated such that the recovery of all or part of a debt is in serious doubt.

A provision is made in respect of potential losses which are judged to be present in debtor balances at the balance sheet date, but which will not be identified as such until some time in the future. The level of provision is based upon the previous experience of such losses in the Company and is reviewed on a periodic basis. The appropriateness of the provision is periodically assessed against any actual losses that have arisen. All provisions are recorded within administrative expenses in the profit and loss account.

k) Cash and cash equivalents

Cash and cash equivalents comprise cash in 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.

l) 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.

ISWAP EURO LIMITED

Notes to the financial statements for the year ended 31 March 2017

1. PRINCIPAL ACCOUNTING POLICIES (CONTINUED)

m) Share capital

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

n) New standards, amendments and interpretations

No new standards, amendments or interpretations, effective for the first time for the financial year beginning on or after 1 April 2016 have had a material impact on the Company.

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, TP ICAP plc. It does this through the Board Risk Committee, Group Executive Risk Committee and regional 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. All financial liabilities are carried at amortised cost.

The financial assets can be reconciled to the balance sheet as follows:

	<u>As at</u> <u>31/03/2017</u>	<u>As at</u> <u>31/03/2016</u>
	€	€
Financial assets		
Cash and cash equivalents (note 12)	6,907,794	6,185,192
Trade and other receivables (note 11)	2,442,779	2,716,427
<i>Less</i>		
Prepayments (note 11)	<u>(3,359)</u>	<u>(2,219)</u>
	<u>9,347,214</u>	<u>8,899,400</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 (sterling), principally United States dollars and euros. Translational exposure arises on the conversion of the foreign currency denominated assets and liabilities into sterling.

It is estimated that a 10 percent change in the exchange rates of sterling would have an impact of €24,017 (2016: €197,474) on the Company's income statement and equity.

ISWAP EURO LIMITED

Notes to the financial statements for the year ended 31 March 2017

2. FINANCIAL RISK MANAGEMENT (CONTINUED)

The table below summarises the Company's exposure to concentrations of foreign and domestic currencies as at 31 March 2017:

	<u>USD</u> €	<u>EUR</u> €	<u>GBP</u> €	<u>Other</u> €	<u>Total</u> €
Assets					
Cash and cash equivalents	477	6,394,414	512,903	-	6,907,794
Trade and other receivables less prepayments	-	1,853,635	585,785	-	2,439,420
	<u>477</u>	<u>8,248,049</u>	<u>1,098,688</u>	<u>-</u>	<u>9,347,214</u>
Liabilities					
Trade and other payables	-	(15,415)	(869,239)	-	(884,654)
	<u>-</u>	<u>(15,415)</u>	<u>(869,239)</u>	<u>-</u>	<u>(884,654)</u>
Net assets	<u>477</u>	<u>8,232,634</u>	<u>229,449</u>	<u>-</u>	<u>8,462,560</u>

The table below summarises the Company's exposure to concentrations of foreign and domestic currencies as at 31 March 2016:

	<u>USD</u> €	<u>EUR</u> €	<u>GBP</u> €	<u>Other</u> €	<u>Total</u> €
Assets					
Cash and cash equivalents	448	5,641,398	543,346	-	6,185,192
Trade and other receivables less prepayments	-	75,463	2,638,745	-	2,714,208
	<u>448</u>	<u>5,716,861</u>	<u>3,182,091</u>	<u>-</u>	<u>8,899,400</u>
Liabilities					
Trade and other payables	-	(39,168)	(1,418,854)	-	(1,458,022)
	<u>-</u>	<u>(39,168)</u>	<u>(1,418,854)</u>	<u>-</u>	<u>(1,458,022)</u>
Net assets	<u>448</u>	<u>5,677,693</u>	<u>1,763,237</u>	<u>-</u>	<u>7,441,378</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 Board Risk Committee. In terms of cash and other interest bearing investments, the Company must comply with the Enterprise Risk Management Framework which includes policies and procedures for these key risks. 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 Board Risk Committee.

As at 31 March 2017 there were no instruments with a contracted maturity or re-pricing date in excess of 18 months.

The Company estimates that change of 1% in interest rates would have an impact of €86,871 (2016: €61,578) on the Company's income statement and equity.

ISWAP EURO LIMITED

Notes to the financial statements for the year ended 31 March 2017

2. FINANCIAL RISK MANAGEMENT (CONTINUED)

The Company's interest rate profile as at 31 March 2017 was as follows:

	<u>None</u> €	<u>Fixed</u> €	<u>Variable</u> €	<u>Total</u> €
Assets				
Cash and cash equivalents	-	-	6,907,794	6,907,794
Trade and other receivables less prepayments	660,101	-	1,779,319	2,439,420
	<u>660,101</u>	<u>-</u>	<u>8,687,113</u>	<u>9,347,214</u>
Liabilities				
Trade and other payables	(884,654)	-	-	(884,654)
	<u>(884,654)</u>	<u>-</u>	<u>-</u>	<u>(884,654)</u>

The Company's interest rate profile as at 31 March 2016 was as follows:

	<u>None</u> €	<u>Fixed</u> €	<u>Variable</u> €	<u>Total</u> €
Assets				
Cash and cash equivalents	-	-	6,185,192	6,185,192
Trade and other receivables less prepayments	942,129	-	1,772,079	2,714,208
	<u>942,129</u>	<u>-</u>	<u>7,957,271</u>	<u>8,899,400</u>
Liabilities				
Trade and other payables	(1,458,022)	-	-	(1,458,022)
	<u>(1,458,022)</u>	<u>-</u>	<u>-</u>	<u>(1,458,022)</u>

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 and is limited to cash and cash equivalents and trade and other receivables. 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. Limits are set based on Group parameters determining the maximum loss any one company (within the Group) can suffer as a result of counterparty default. Typically the Companies are highly credit rated large financial institutions.

The Company has no significant concentrations of credit risk and the maximum exposure is limited to debtors and cash. For debtors who are past their normal settlement date, but not impaired, refer to note 11.

ISWAP EURO LIMITED

Notes to the financial statements for the year ended 31 March 2017

2. FINANCIAL RISK MANAGEMENT (CONTINUED)

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 Board Risk 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 Enterprise Risk Management Framework. 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 2017 and 2016:

	On demand	Less than 3 months	3 months to 1 year	More than 1 year	Total
31 March 2017	€	€	€	€	€
Liabilities					
Trade and other payables	(869,239)	(15,415)	-	-	(884,654)
	<u>(869,239)</u>	<u>(15,415)</u>	<u>-</u>	<u>-</u>	<u>(884,654)</u>

	On demand	Less than 3 months	3 months to 1 year	More than 1 year	Total
31 March 2016	€	€	€	€	€
Liabilities					
Trade and other payables	(1,418,854)	(39,168)	-	-	(1,458,022)
	<u>(1,418,854)</u>	<u>(39,168)</u>	<u>-</u>	<u>-</u>	<u>(1,458,022)</u>

ISWAP EURO LIMITED

Notes to the financial statements for the year ended 31 March 2017

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 arm's length transaction. The fair values of financial instruments are determined as per the Company's accounting policies.

As at 31 March 2017 there are no assets or liabilities whose carrying value was not a reasonable approximation of its fair value (2016: none).

Capital management

The Company's capital strategy is to maintain an effective and strong capital base which maximises the return to its shareholders, while also maintaining flexibility and ensuring compliance with supervisory regulatory requirements. The capital structure of the Company consists of debt and equity, including share capital, share premium, other reserves and retained earnings.

The Company seeks to ensure that it has sufficient regulatory capital to meet regulatory requirements.

The regulatory capital level is set in accordance with the FCA's capital requirements. The approach is to hold an appropriate surplus over the minimum.

TP ICAP plc evaluates at the Company level the risks facing the business, to determine whether its capital is sufficient to cover any expected losses.

The Company complied with its regulatory capital requirements throughout the year.

ISWAP EURO LIMITED

Notes to the financial statements for the year ended 31 March 2017

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.

As at 31 March 2017, significant judgements and assumptions were applied to the valuation of intangible assets held by iSwap Euro Limited. The value of this investment is based on future discounted cash flows. On the basis of this valuation technique, no impairment was recognised. None of these items give rise to a significant risk of causing material adjustment to the carrying amounts of assets and liabilities in the next financial year.

4. ADMINISTRATIVE EXPENSES

	<u>Year ended</u> <u>31/03/2017</u>	<u>Year ended</u> <u>31/03/2016</u>
	€	€
Amortisation of intangible assets	1,135,798	2,042,128
Management recharge	3,591,031	4,886,283
	<u>4,726,829</u>	<u>6,928,411</u>

The Company's administrative expenses includes auditors' remuneration in respect of statutory audit in the UK of €26,289 (2016: €23,750).

The monthly average number of persons employed by the Company during the year was nil (2016: nil).

5. DIRECTORS' REMUNERATION

No fees were paid to the directors in respect of services to the Company during the year (2016: nil).

6. OTHER OPERATING INCOME /(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>31/03/2017</u>	<u>Year ended</u> <u>31/03/2016</u>
	€	€
Bank interest (paid) / received	(36)	274
Interest receivable from intermediate parent company	7,241	10,916
	<u>7,205</u>	<u>11,190</u>

ISWAP EURO LIMITED

Notes to the financial statements for the year ended 31 March 2017

8. TAX CREDIT

	<u>Year ended</u> <u>31/03/2017</u>	<u>Year ended</u> <u>31/03/2016</u>
	€	€
Current tax:	(500,304)	-
Deferred tax:		
Deferred tax (note 10) - current year	(739,870)	(339,589)
Adjustments in respect of prior years (note 10)	-	(1)
	<u>(1,240,174)</u>	<u>(339,590)</u>
	<u>(1,240,174)</u>	<u>(339,590)</u>
Loss before tax	<u>(1,725,362)</u>	<u>(4,330,195)</u>
Tax calculated at a rate of 20% (2016: 20%)	(345,072)	(866,039)
Effects of:		
Tax losses for which deferred income tax asset was not recognised	(890,113)	457,613
Expenses not deductible for tax purposes	2,919	-
Adjustments in respect of prior years – deferred tax	-	(1)
Impact of rate change in deferred tax	(7,908)	68,837
	<u>(895,102)</u>	<u>526,449</u>
Tax credit for the year	<u>(1,240,174)</u>	<u>(339,590)</u>
Effective tax rate	72%	8%

In the UK, legislation to reduce the corporation tax rate to 19% from 1 April 2017 and to 17% from 1 April 2020 has been enacted. UK deferred tax will therefore unwind at a rate of 19% for periods from 1 April 2017 to 31 March 2020 and at a rate of 17% thereafter.

In accordance with the Capital Requirements Directive IV (CRD IV) and the associated Capital Requirements (Country-by-Country Reporting) Regulations 2013, effective January 2014, the Company will publish additional information at the following web address: www.tpicap.com.

ISWAP EURO LIMITED

Notes to the financial statements for the year ended 31 March 2017

9. INTANGIBLE ASSETS

	<u>Capitalised software</u> €
Cost	
As at 1 April 2016	11,256,457
Additions	888,113
As at 31 March 2017	<u>12,144,570</u>
Accumulated amortisation	
As at 1 April 2016	8,325,167
Amortisation charge for the year	1,135,798
As at 31 March 2017	<u>9,460,965</u>
Net book value	
As at 31 March 2017	<u><u>2,683,605</u></u>

	<u>Capitalised software</u> €
Cost	
As at 1 April 2015	10,361,409
Additions	895,048
As at 31 March 2016	<u>11,256,457</u>
Accumulated amortisation	
As at 1 April 2015	6,283,039
Amortisation charge for the year	2,042,128
As at 31 March 2016	<u>8,325,167</u>
Net book value	
As at 31 March 2016	<u><u>2,931,290</u></u>

ISWAP EURO LIMITED

Notes to the financial statements for the year ended 31 March 2017

10. DEFERRED TAX ASSET

The deferred tax asset was as follows:

	<u>As at</u> <u>31/03/2017</u>	<u>As at</u> <u>31/03/2016</u>
	€	€
Capital allowances	890,113	1,307,896
Losses	<u>1,157,653</u>	<u>-</u>
	<u>2,047,766</u>	<u>1,307,896</u>
	<u>2017</u>	<u>2016</u>
	€	€
At beginning of the year	1,307,896	968,306
Transferred to the income statement (note 8)	739,870	339,590
As at 31 March	<u>2,047,766</u>	<u>1,307,896</u>

ISWAP EURO LIMITED

Notes to the financial statements for the year ended 31 March 2017

11. TRADE AND OTHER RECEIVABLES

	<u>As at</u> <u>31/03/2017</u> €	<u>As at</u> <u>31/03/2016</u> €
Current		
Agency trade debtors	587,340	418,980
Net trade receivables	<u>587,340</u>	<u>418,980</u>
Loan owed by intermediate parent company (note 15)	1,779,319	1,772,079
Amounts owed by related Group companies (note 15)	72,761	523,149
Prepayments and accrued income	3,359	2,219
	<u>2,442,779</u>	<u>2,716,427</u>

The majority of net trade debtors which are neither impaired nor past their normal settlement dates are held with high quality credit institutions.

As at 31 March the following trade debtors were past their normal settlement date, but had not been impaired:

	<u>As at</u> <u>31/03/2017</u> €	<u>As at</u> <u>31/03/2016</u> €
Less than 30 days, and not yet due	327,399	264,444
Over 30 days, but less than 90 days, and past due date	137,688	155,381
Over 90 days, but less than 180 days, and past due date	84,893	(857)
Over 180 days, and past due date	37,360	12
	<u>587,340</u>	<u>418,980</u>

ISWAP EURO LIMITED

Notes to the financial statements for the year ended 31 March 2017

12. CASH AND CASH EQUIVALENTS

	<u>As at</u> <u>31/03/2017</u>	<u>As at</u> <u>31/03/2016</u>
	€	€
Cash at bank and in hand	6,907,794	6,185,192
	<u>6,907,794</u>	<u>6,185,192</u>

13. TRADE AND OTHER PAYABLES

	<u>As at</u> <u>31/03/2017</u>	<u>As at</u> <u>31/03/2016</u>
	€	€
Amounts falling due within one year		
Amounts owed to related Group companies (note 15)	869,239	1,418,854
Accruals	817	39,168
Other payables	14,598	-
	<u>884,654</u>	<u>1,458,022</u>

14. SHARE CAPITAL

	<u>As at</u> <u>31/03/2017</u>	<u>As at</u> <u>31/03/2016</u>
	€	€
Allotted and fully paid:		
402 Ordinary shares of €1 each (2016: 302)	402	302
	<u>402</u>	<u>302</u>

On 31 May 2016, the Company issued 100 ordinary €1 shares for a consideration of €2,500,000.

ISWAP EURO LIMITED

Notes to the financial statements for the year ended 31 March 2017

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 TP ICAP plc, formerly Tullett Prebon plc, which is incorporated in the United Kingdom and registered in England and Wales, and heads the largest group of companies of which the Company is a member. TP ICAP plc prepares consolidated financial statements in accordance with IFRS. Copies of TP ICAP plc financial statements are available from the registered office: Tower 42, Level 37, 25 Old Broad Street, London, EC2N 1HQ.

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

	<u>Year ended</u> <u>31/03/2017</u>	<u>Year ended</u> <u>31/03/2016</u>
	€	€
Cost of management services received:		
Fellow subsidiary companies	(3,591,031)	(4,886,283)

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

	<u>As at</u> <u>31/03/2017</u>	<u>As at</u> <u>31/03/2016</u>
	€	€
Fellow subsidiary companies	982,841	876,374
	<u>982,841</u>	<u>876,374</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.