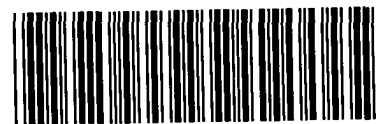


Company Number: 7282077

ISWAP EURO LIMITED
FINANCIAL STATEMENTS
FOR THE YEAR ENDED
31 MARCH 2014

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ISWAP EURO LIMITED

Directors' Report for the year ended 31 March 2014

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 2014.

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.

DIVIDENDS

The directors do not recommend the payment of a dividend (2013: € nil).

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	(resigned 24 March 2014)
M Harman	(appointed 18 July 2013)

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.

ISWAP EURO LIMITED

Directors' Report for the year ended 31 March 2014

Company Number: 7282077

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.

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


C Gibson
Company secretary

25 June 2014

ISWAP EURO LIMITED

Strategic Report for the year ended 31 March 2014

The directors present their strategic report and the audited financial statements of iSwap Euro Limited (the 'Company') for the year ended 31 March 2014.

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.

iSwap, ICAP's global electronic trading platform for IRS, has continued to build on its leading market position and has brought increased transparency, greater efficiency and lower transaction costs to the world's largest OTC derivative market. iSwap is central to ICAP's SEF strategy and is the trading platform utilised for required and permitted interest rate derivative transactions. The transition to SEFs creates an opportunity to expand the Company's customer base, as swap market participants have obligations to trade required instruments on the SEF.

In euro swaps, liquidity has consolidated in the 2 and 10-year points, as benchmark outright activity continues to transition to electronic trading venues. Approximately 65% of ICAP's overall euro 2-year trades and 50% of the 10-year trades are executed through the platform.

RESULTS

The results of the Company are set out in the income statement on page 6.

The loss for the year of €1,785,495 (2013: €631,444) has been transferred to reserves.

The net assets of the Company are €8,158,500 (2013: €8,943,995).

PRINCIPAL RISKS AND UNCERTAINTIES

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

KEY PERFORMANCE INDICATORS

The directors of ICAP plc manage the Group's operations on a divisional basis. For this reason, the Company's directors believe that 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 ICAP plc, which includes the Company, are discussed on page 20 of the Group's annual report, which does not form part of this report.

The Company's return on assets, calculated as net loss divided by net assets is -22%.

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


C Gibson
Company secretary

25 June 2014

ISWAP EURO LIMITED

Independent Auditors' Report to the members of iSwap Euro Limited

Report on the financial statements

Our opinion

In our opinion the financial statements, defined below:

- give a true and fair view of the state of the Company's affairs as at 31 March 2014 and of its profit/loss and cash flows 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.

This opinion is to be read in the context of what we say in the remainder of this report.

What we have audited

The financial statements, which are prepared by iSwap Euro Limited, comprise:

- the income statement and statement of comprehensive loss for the year then ended;
- the balance sheet as at 31 March 2014;
- the statement of changes in equity for the year then ended;
- the statement of cash flow for the year then ended; and
- the notes to the financial statements, which include a summary of significant accounting policies and other explanatory information.

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.

In applying the financial reporting framework, the directors have made a number of subjective judgements, for example in respect of significant accounting estimates. In making such estimates, they have made assumptions and considered future events.

What an audit of financial statements involves

We conducted our audit in accordance with International Standards on Auditing (UK and Ireland) ("ISAs (UK & Ireland)"). 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 and Strategic 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 other matters prescribed by the Companies Act 2006

In our opinion the information given in the Directors' Report and Strategic Report for the financial year for which the financial statements are prepared is consistent with the financial statements.

Other matters on which we are required to report by exception

Adequacy of accounting records and information and explanations received

Under the Companies Act 2006 we are required to report to you if, in our opinion:

ISWAP EURO LIMITED

Independent Auditors' Report to the members of iSwap Euro Limited

- we have not received all the information and explanations we require for our audit; or
- 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.

We have no exceptions to report arising from this responsibility.

Directors' remuneration

Under the Companies Act 2006 we are required to report to you if, in our opinion, certain disclosures of directors' remuneration specified by law are not made. We have no exceptions to report arising from this responsibility.

Responsibilities for the financial statements and the audit

Our responsibilities and those of the directors

As explained more fully in the Statement of Directors' Responsibilities set out on page 1, 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 ISAs (UK & 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.



Lisa Kleinman (Senior Statutory Auditor)
for and on behalf of PricewaterhouseCoopers LLP
Chartered Accountants and Statutory Auditors
London
25 June 2014

ISWAP EURO LIMITED**Income Statement for the year ended 31 March 2014**

	<u>Note</u>	<u>Year ended</u> <u>31/03/2014</u> €	<u>Year ended</u> <u>31/03/2013</u> €
Revenue		3,350,281	3,381,996
Administrative expenses	4	(5,512,076)	(4,184,790)
Other operating expenses	6	(23,210)	(17,325)
Operating loss		<u>(2,185,005)</u>	<u>(820,119)</u>
Finance income	7	4,667	7,163
Loss before tax		<u>(2,180,338)</u>	<u>(812,956)</u>
Tax	8	394,843	181,512
Loss for the year		<u><u>(1,785,495)</u></u>	<u><u>(631,444)</u></u>

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

The notes on pages 11 to 24 are an integral part of these financial statements.

ISWAP EURO LIMITED

Statement of Comprehensive Loss for the year ended 31 March 2014

	<u>Year ended</u> <u>31/03/2014</u> €	<u>Year ended</u> <u>31/03/2013</u> €
Loss for the financial year	(1,785,495)	(631,444)
Total comprehensive loss for the financial year	<u>(1,785,495)</u>	<u>(631,444)</u>

The notes on pages 11 to 24 are an integral part of these financial statements.

ISWAP EURO LIMITED
Balance Sheet as at 31 March 2014

Company Number: 7282077

	<u>Note</u>	<u>As at</u> <u>31/03/2014</u> €	<u>As at</u> <u>31/03/2013</u> €
Non-current assets			
Intangible assets	9	4,853,402	5,915,505
Deferred tax asset	10	699,475	304,632
		<u>5,552,877</u>	<u>6,220,137</u>
Current assets			
Trade and other receivables	11	941,252	1,603,311
Cash and cash equivalents	12	2,041,713	2,179,402
		<u>2,982,965</u>	<u>3,782,713</u>
Total assets		<u>8,535,842</u>	<u>10,002,850</u>
Current liabilities			
Trade and other payables	13	(377,342)	(1,058,855)
		<u>(377,342)</u>	<u>(1,058,855)</u>
Total liabilities		<u>(377,342)</u>	<u>(1,058,855)</u>
Net assets		<u>8,158,500</u>	<u>8,943,995</u>
Equity			
Called up share capital	14	2	2
Accumulated losses		(2,806,424)	(1,020,929)
Other reserves		10,964,922	9,964,922
Total equity		<u>8,158,500</u>	<u>8,943,995</u>

The notes on pages 11 to 24 are an integral part of these financial statements.

The financial statements on pages 6 to 24 were approved by the board of directors on 25 June 2014 and were signed on its behalf by:



J Nixon
Director

ISWAP EURO LIMITED

Statement of Changes in Equity as at 31 March 2014

	<u>Called up share capital (note 14) €</u>	<u>Other reserves €</u>	<u>Accumulated losses €</u>	<u>Total equity €</u>
As at 1 April 2012	2	9,964,922	(389,485)	9,575,439
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>
Loss for the year	-	-	(1,785,495)	(1,785,495)
Capital contribution	-	1,000,000	-	1,000,000
As at 31 March 2014	<u>2</u>	<u>10,964,922</u>	<u>(2,806,424)</u>	<u>8,158,500</u>

The notes on pages 11 to 24 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 called up 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 2014

	<u>Note</u>	<u>Year ended</u> <u>31/03/2014</u> €	<u>Year ended</u> <u>31/03/2013</u> €
Cash flows from operating activities			
Loss before tax		(2,180,338)	(812,956)
Adjustments for:			
Amortisation of intangible assets		1,930,283	1,585,026
Net finance income		(4,667)	(7,163)
<i>Operating cash flows before movements in working capital</i>		<u>(254,722)</u>	<u>764,907</u>
Decrease/ (increase) in trade and other receivables		662,060	(1,401,226)
(Decrease)/ increase in trade and other payables		(681,514)	845,697
<i>Operating cash flows after movements in working capital</i>		<u>(274,176)</u>	<u>209,378</u>
 Net cash (used in)/from operating activities		<u>(274,176)</u>	<u>209,378</u>
Cash flows from investing activities			
Purchase of intangible assets		(868,180)	(1,914,436)
Interest received		4,667	7,163
 Net cash used in investing activities		<u>(863,513)</u>	<u>(1,907,273)</u>
Cash flows from financing activities			
Capital contribution received		1,000,000	-
 Net cash from financing activities		<u>1,000,000</u>	<u>-</u>
 Net decrease in cash and cash equivalents		<u>(137,689)</u>	<u>(1,697,895)</u>
 Net cash and cash equivalents at beginning of year	12	2,179,402	3,877,297
 Net cash and cash equivalents at end of year	12	<u>2,041,713</u>	<u>2,179,402</u>

The notes on pages 11 to 24 are an integral part of these financial statements.

ISWAP EURO LIMITED

Notes to the financial statements for the year ended 31 March 2014

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 are prepared on a going concern basis.

b) Recent accounting developments

At 31 March 2014, a number of standards and amendments to standards had been issued by the IASB which are not effective for these consolidated financial statements. In addition to the standards and amendments to standards described below, the IASB is also continuing to work on projects on insurance, revenue recognition and lease accounting, which together with the following could represent significant changes to accounting requirements in the future.

- IFRS 10 'Consolidated Financial Statements' requires a parent to present consolidated financial statements as those of a single economic entity, replacing the requirements previously contained in IAS 27 '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.
- IFRS 11 'Joint Arrangements' replaces IAS 31 '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.
- IFRS 12 '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. IAS 27 (2011) 'Separate Financial Statements' carries forward the existing accounting and disclosure requirements of IAS 27 (2008) for separate financial statements, with some minor clarifications. The requirements of IAS 28 (2008) and IAS 31 for separate financial statements have been incorporated into IAS 27 (2011). The revised standard has been endorsed by the EU for annual periods beginning on or after 1 January 2014.
- IAS 28 (2011) 'Associates and Joint Ventures' includes the requirements for joint ventures and associates to be equity accounted following the issue of IFRS 11 Joint Arrangements. The revised standard has been endorsed by the EU for annual periods beginning on or after 1 January 2014.

Adoption of these standards will have an immaterial impact on the Company's financial statements.

In November 2013, the IASB announced the completion of phase III (hedge accounting) of the IFRS 9: Financial Instruments project. In an announcement made on 19 November 2013 the IASB postponed the previously targeted mandatory effective date of 1 January 2015, citing that the impairment phase (phase II) of the project had not yet been completed. The IASB also noted that a new date will be decided on when the entire IFRS 9 project is closer to completion. The impact on the Company's financial statements of adopting phase I (classification and measurement) and phase III (hedge accounting) is currently under review, but the Company will only adopt IFRS 9 as a complete standard.

ISWAP EURO LIMITED

Notes to the financial statements for the year ended 31 March 2014

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 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 2014

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 at cost less provision for impairment.

i) Intercompany netting

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

j) 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.

k) 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.

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.

ISWAP EURO LIMITED

Notes to the financial statements for the year ended 31 March 2014

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>31/03/2014</u>	<u>As at</u> <u>31/03/2013</u>
	€	€
Financial assets		
Cash and cash equivalents	2,041,713	2,179,402
Trade and other receivables	941,252	1,603,311
	<u>2,982,965</u>	<u>3,782,713</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 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 sterling would have an unfavourable impact of €77,813 (2013: immaterial) on the Company's income statement and equity.

ISWAP EURO LIMITED

Notes to the financial statements for the year ended 31 March 2014

2. FINANCIAL RISK MANAGEMENT (CONTINUED)

The table below summarises the Company's exposure to concentrations of foreign and domestic currencies as at 31 March 2014:

	<u>USD</u> €	<u>EUR</u> €	<u>Other</u> €	<u>GBP</u> €	<u>Total</u> €
Assets					
Cash and cash equivalents	204	2,041,441	-	68	2,041,713
Trade and other receivables less prepayments	-	126,446	-	814,806	941,252
	<u>204</u>	<u>2,167,887</u>	<u>-</u>	<u>814,874</u>	<u>2,982,965</u>
Liabilities					
Trade and other payables	-	(129,519)	-	(247,823)	(377,342)
	<u>-</u>	<u>(129,519)</u>	<u>-</u>	<u>(247,823)</u>	<u>(377,342)</u>
Net assets	<u>204</u>	<u>2,038,368</u>	<u>-</u>	<u>567,051</u>	<u>2,605,623</u>

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> €
Assets					
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>
Liabilities					
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>
Net assets	<u>219</u>	<u>3,705,431</u>	<u>-</u>	<u>(981,792)</u>	<u>2,723,858</u>

Interest rate risk

The Company's interest rate risk arises from cash at bank and in hand 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 2014 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 €22,035 (2013: €33,000) on the Company's income statement and equity.

ISWAP EURO LIMITED

Notes to the financial statements for the year ended 31 March 2014

2. FINANCIAL RISK MANAGEMENT (CONTINUED)

The Company's interest rate profile as at 31 March 2014 was as follows:

	<u>None</u> €	<u>Fixed</u> €	<u>Variable</u> €	<u>Total</u> €
Assets				
Cash and cash equivalents	-	-	2,041,713	2,041,713
Trade and other receivables less prepayments	941,252	-	-	941,252
	<u>941,252</u>	<u>-</u>	<u>2,041,713</u>	<u>2,982,965</u>
Liabilities				
Trade and other payables	(882,801)	505,459	-	(377,342)
	<u>(882,801)</u>	<u>505,459</u>	<u>-</u>	<u>(377,342)</u>

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> €
Assets				
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>
Liabilities				
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 table below shows the effective interest rate for each relevant category of financial asset and liability.

	<u>Year ended 31/03/2014</u>		<u>Year ended 31/03/2013</u>	
	<u>Fixed</u>	<u>Variable</u>	<u>Fixed</u>	<u>Variable</u>
	%	%	%	%
Cash and cash equivalents	0.18	-	0.44	-
Amounts owed by Group companies	0.88	-	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 2014

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 2014 and 2013:

	On demand	Less than 3 months	3 months to 1 year	More than 1 year	Total
31 March 2014	€	€	€	€	€
Liabilities					
Trade and other payables	(247,823)	-	(129,519)	-	(377,342)
	<u>(247,823)</u>	<u>-</u>	<u>(129,519)</u>	<u>-</u>	<u>(377,342)</u>

	On demand	Less than 3 months	3 months to 1 year	More than 1 year	Total
31 March 2013	€	€	€	€	€
Liabilities					
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>

ISWAP EURO LIMITED

Notes to the financial statements for the year ended 31 March 2014

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 2014 there are no assets or liabilities whose carrying value was not a reasonable approximation of its fair value (2013: 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

	<u>Year ended</u> <u>31/03/2014</u>	<u>Year ended</u> <u>31/03/2013</u>
	€	€
Amortisation of intangible assets	1,930,283	1,585,026
Management recharge	3,581,793	2,599,764
	<u>5,512,076</u>	<u>4,184,790</u>

The Company's administrative expenses includes auditors' remuneration in respect of statutory audit in the UK of € 19,000 (2013: € 27,000).

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 monthly average number of persons employed by the Company during the year was nil (2013: nil).

ISWAP EURO LIMITED

Notes to the financial statements for the year ended 31 March 2014

5. DIRECTORS' REMUNERATION

No fees were paid to the directors in respect of services to the Company during the year (2013: €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>31/03/2014</u>	<u>Year ended</u> <u>31/03/2013</u>
	€	€
Bank deposits	157	6,215
Interest receivable from Group companies	4,510	948
	<u>4,667</u>	<u>7,163</u>

ISWAP EURO LIMITED

Notes to the financial statements for the year ended 31 March 2014

8. TAX

	<u>Year ended</u> <u>31/03/2014</u>	<u>Year ended</u> <u>31/03/2013</u>
	€	€
a) Analysis of credit for the year		
Current tax:		
Adjustments in respect of prior years	-	1,242
	<u>-</u>	<u>1,242</u>
Deferred tax:		
Deferred tax (note 10) - current year	(396,556)	(181,865)
Adjustments in respect of prior years (note 10)	1,713	(889)
	<u>(394,843)</u>	<u>(182,754)</u>
	<u>(394,843)</u>	<u>(181,512)</u>
b) Factors affecting the tax credit for the year		
Loss before tax	<u>(2,180,338)</u>	<u>(812,956)</u>
Loss before tax multiplied by standard rate of corporation tax in the UK of 23% (2013: 24%)	(501,478)	(195,109)
Effects of:		
Expenses not deductible for tax purposes	-	146
Adjustments in respect of prior years – current tax	-	1,242
Adjustments in respect of prior years – deferred tax	1,713	(889)
Impact of change in rate for deferred tax	104,922	13,098
	<u>106,635</u>	<u>13,597</u>
Tax credit for the year	<u>(394,843)</u>	<u>(181,512)</u>
Effective tax rate	-	-

Legislation to reduce the main rate of Corporation Tax from 23% to 21% from 1 April 2014 was included in the Finance Act 2013. Further reductions to the main rate have been enacted reducing it to 20% by 1 April 2015. As these latter changes have been substantially enacted at the balance sheet date they are therefore included in the tax charge. Deferred tax will unwind at a rate of 21% in the period to 31 March 2015 but this is not expected to have a material impact on the deferred tax balances.

Under Capital Requirements Regulation (Regulation 575/2013) and the Capital Requirements Directive (2013/36/EU) (together "CRD IV"), no additional disclosures are made as the required information is already disclosed within these financial statements.

ISWAP EURO LIMITED

Notes to the financial statements for the year ended 31 March 2014

9. INTANGIBLE ASSETS

	<u>Capitalised software</u> €
Cost	
As at 1 April 2013	8,008,358
Additions	868,180
As at 31 March 2014	<u>8,876,538</u>
Accumulated amortisation	
As at 1 April 2013	2,092,853
Amortisation charge for the year	1,930,283
As at 31 March 2014	<u>4,023,136</u>
Net book value	
As at 31 March 2014	<u><u>4,853,402</u></u>

	<u>Capitalised software</u> €
Cost	
As at 1 April 2012	6,093,922
Additions	1,914,436
As at 31 March 2013	<u>8,008,358</u>
Accumulated amortisation	
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>
Net book value	
As at 31 March 2013	<u><u>5,915,505</u></u>

ISWAP EURO LIMITED

Notes to the financial statements for the year ended 31 March 2014

10. DEFERRED TAX ASSET

The deferred tax asset was as follows:

	<u>As at</u> <u>31/03/2014</u> €	<u>As at</u> <u>31/03/2013</u> €
Capital allowances	248,665	144,038
Tax losses	450,810	160,594
	<u>699,475</u>	<u>304,632</u>
	<u>2014</u> €	<u>2013</u> €
At beginning of the year	304,632	121,878
Transferred to the income statement (note 8)	394,843	182,754
As at 31 March	<u>699,475</u>	<u>304,632</u>

A deferred tax asset has been recognised as it is more likely than not that there will be sufficient taxable profits in the UK group in the foreseeable future against which the temporary difference can be utilised.

11. TRADE AND OTHER RECEIVABLES

	<u>As at</u> <u>31/03/2014</u> €	<u>As at</u> <u>31/03/2013</u> €
Current		
Agency trade debtors	941,252	1,102,362
Net trade debtors	<u>941,252</u>	<u>1,102,362</u>
Amounts owed by Group companies	-	500,949
	<u>941,252</u>	<u>1,603,311</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>31/03/2014</u> €	<u>As at</u> <u>31/03/2013</u> €
Less than 30 days	323,634	240,855
Over 30 days, but less than 90 days	433,415	235,873
Over 90 days, but less than 180 days	177,291	360,986
Over 180 days	6,912	-
	<u>941,252</u>	<u>837,714</u>

ISWAP EURO LIMITED

Notes to the financial statements for the year ended 31 March 2014

12. CASH AND CASH EQUIVALENTS

	<u>As at</u> <u>31/03/2014</u>	<u>As at</u> <u>31/03/2013</u>
	€	€
Cash and cash equivalents	841,713	2,179,402
Short-term bank deposits	1,200,000	-
	<u>2,041,713</u>	<u>2,179,402</u>

The effective interest rates are disclosed in note 2.

The short-term bank deposits have a maturity of less than 30 days.

13. TRADE AND OTHER PAYABLES

	<u>As at</u> <u>31/03/2014</u>	<u>As at</u> <u>31/03/2013</u>
	€	€
Current		
Amounts owed to Group companies (note 15)	247,823	1,058,855
Accruals	129,519	-
	<u>377,342</u>	<u>1,058,855</u>

14. CALLED UP SHARE CAPITAL

	<u>As at</u> <u>31/03/2014</u>	<u>As at</u> <u>31/03/2013</u>
	€	€
Allotted and fully paid:		
2 Ordinary share(s) of €1 each (2013: 2)	<u>2</u>	<u>2</u>
	<u>2</u>	<u>2</u>

ISWAP EURO LIMITED

Notes to the financial statements for the year ended 31 March 2014

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>31/03/2014</u>	<u>Year ended</u> <u>31/03/2013</u>
	€	€
Cost of management services received:		
Fellow subsidiary companies	(3,581,793)	(2,599,764)

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

	<u>As at</u> <u>31/03/2014</u>	<u>As at</u> <u>31/03/2013</u>
	€	€
Fellow subsidiary companies	(247,823)	(557,906)
	<u>(247,823)</u>	<u>(557,906)</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.