Company Number 00170463

ICAP Europe Limited

Annual Report and Financial Statements - 31 December 2018

STRATEGIC REPORT FOR THE YEAR ENDED 31 DECEMBER 2018

The Directors present their Annual Report and the audited financial statements of ICAP Europe Limited (the "Company") for the year ended 31 December 2018.

BUSINESS REVIEW AND FUTURE DEVELOPMENTS

The Directors consider that the year end financial position was satisfactory. The Directors propose the transfer of the Company's business to a fellow subsidiary of TP ICAP plc within the next 12 months.

The Company's principal activity during the year continued to be that of an Inter Dealer Broker (IDB) in wholesale money markets, foreign exchange, government bonds, Interest rate derivatives and any other off balance sheet financial instruments, providing services to banks, other financial institutions, local authorities and corporate clients. The Company operates a voice and hybrid business model with liquidity pools being managed by voice brokers supported by proprietary screens which display historical data, analytics and real time prices.

2018 represented a mixed year for market activity with continued uncertainty regarding Brexit, and the implementation of MiFID II in January 2018 which has had a significant impact on the Company and client base; in particular the introduction of standardised fee cards and the equivalency status and / implications of MiFID trading venues. Structural factors, such as bank regulation, have continued to affect the inter - dealer broker industry since the financial crisis.

The Company is operating in an environment of ultra-low interest rates, and risk appetite remains subdued amongst our clients.

However, in certain markets and times throughout the year we have seen an increased flow of business, primarily from global uncertainty, and movement in underlying asset prices in core product offerings. Generally, this volatility, and the steepness and absolute level of yield curves we have seen, are key drivers of activity.

Financial markets have also maintained reasonable levels of debt issuance, promoting secondary trading activity with our clients and hedging activity through the use of interest rate derivatives.

The foreign exchange and money markets business comprises spot, forward foreign exchange, and cash products. Market conditions were generally positive owing to major market events promoting client business and exchange rate volatility, in particular Brexit induced GBP volatility.

Emerging markets have performed well, based on revenues from domestic activity in local markets and cross border activity in globally traded emerging market foreign exchange and interest rate products.

RESULTS

The results of the Company are set out in the profit and loss account on page 9.

The profit for the financial year of £43,902,000 (2017: £28,485,000) has been transferred to reserves.

The net assets of the Company are £90,102,000 (2017: £70,226,000)

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 management, 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 cash 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 changing market dynamics, customer requirements or the way OTC markets and their participants are regulated.

There is a risk that Brexit leads to a macroeconomic downturn and a consequential reduction in trading volumes and revenue.

For some months the Company has been preparing for all eventualities, including the UK leaving the EU without a deal. In that circumstance, the Company would lose its ability to provide services in the EU27 zone using passports, either through branches or on a cross-border services basis and the ability to continue doing business in Europe would be restricted.

There are three main activity streams to consider that are dependent on the particular location of a client and the specific asset class.

The first is the business done in the UK for UK and non-EU clients. This should be largely unaffected although in future there may be a consequential impact from the changes made to protect other streams of activity.

The second stream of activity is that which is carried out in the EU for the clients in the EU. To enable EU to EU business the Company needs to operate via both a legal entity and a venue in the EU.

The Group has been given authorisation from the French prudential regulator for a subsidiary based in France, with branch offices in other EU sites, to provide services in the EU.

A multilateral trading facility (MTF) and two organised trading facilities (OTF) have been created in the EU so that EU activity can be conducted on MiFID II venues after the UK leaves the EU.

The third stream of activity is the business done for EU based clients through broking desks in the UK. In a no deal Brexit, the Company may not be able to conduct this activity in the way it has done to date. Plans have been made to adjust the business model so that the Group can continue to service these clients.

The ultimate distribution of staff between the UK and the EU will depend on clients requirements and locations but for the foreseeable future we expect the UK to remain a major centre for financial, energy and commodities markets.

Contingency plans for a no deal Brexit have been put in place and the Group is working hard to minimise the impact however it is difficult to gauge the scale of any impact at this stage.

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 TP ICAP plc group (the "Group") Annual Report, which does not form part of this report.

KEY PERFORMANCE INDICATORS

The Company's return on assets, calculated as net profit divided by net assets, is 48.5% (2017: 40.6%). This is up on the previous year and in line with management expectations.

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 in 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:

F Vogels
Director

4 April 2019

ICAP Europe Limited
Directors' report
31 December 2018

DIRECTORS' REPORT FOR THE YEAR ENDED 31 DECEMBER 2018

PRINCIPAL ACTIVITIES

The Company's principal activity is interdealer broking and it is regulated by the Financial Conduct Authority ('FCA').

The Company is incorporated in the United Kingdom and domiciled in England and Wales. The Company is a private company limited by shares. The registered office is Floor 2, 155 Bishopsgate, London, England EC2M 3TQ.

On 20 October 2017, the Company changed its accounting reference date to 31 December to align with the Group's accounting period. As a result, the Company's prior accounting period was shortened to a nine month period ended 31 December 2017. The current year is for the year ended 31 December 2018.

BUSINESS REVIEW AND FUTURE DEVELOPMENTS

Details of business review and future developments can be found in the Strategic Report on page 1.

PRINCIPAL RISKS AND UNCERTAINTIES

Details of principal risks and uncertainties can be found in the Strategic Report on page 2 and financial risk management note (Note 3).

GOING CONCERN

The Directors have a reasonable expectation that the Company has adequate resources to continue in operational existence for the foreseeable future. However, it is the intention of the Directors to transfer the Company's business to a fellow subsidiary of TP ICAP plc within the next 12 months, and on that basis the financial statements have been prepared on a basis other than going concern.

DIVIDENDS

Dividends of £26,500,000 (2017: £29,000,000) were paid during the year. No further dividends have been proposed up to the date of signing.

DIRECTORS

The following persons were Directors of the Company during the financial year and up to the date of this report, unless otherwise stated:

F Vogels
A Berry
J Scard-Morgan
R Bigwood

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.

ENVIRONMENTAL POLICY

The nature of the Company's activities is such that it has a minimal direct effect on the environment. However, management have agreed to adopt Group policies to safeguard the environment, to meet statutory requirements, or where such policies are commercially sensible.

POLITICAL CONTRIBUTIONS

There were no political donations made by the Company during the period (31 December 2017: £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.

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.

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.

POST BALANCE SHEET EVENTS

There have been no post balance sheet events from the 31 December 2018 up to the date of signing which require separate disclosure.

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 each person who was a director at the date of approving this report is aware, there is no relevant audit information, being information needed by the auditor in connection with preparing its report, of which the auditor is unaware.

Having made enquiries of fellow directors and the Company's auditor, each director has taken all the steps that they are obliged to take as a director in order to make themselves aware of any relevant audit information and to establish that the auditor is aware of that information.

This confirmation is given and should be interpreted in accordance with the provisions of section 418 of the Companies Act 2006.

APPROVAL OF REDUCED DISCLOSURES

As permitted by FRS 101, the Company has taken advantage of all of the disclosure exemptions available to it, including: statement of cash flows, new Accounting Standards not yet mandatory, presentation of comparative information for certain assets, key management compensation, related party transactions and share-based payments.

This report is authorised for issue by the Board of Directors.

On behalf of the Directors

F Vogels
Director

4 April 2019

Company No: 00170463

ICAP Europe Limited
Directors' responsibilities statement
31 December 2018

The Directors are responsible for preparing the strategic report, 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 elected to prepare the financial statements in accordance with FRS 101 'Reduced Disclosure Framework'. 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 the profit or loss of the Company for that year.

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 FRS 101 'Reduced Disclosure Framework' has been followed, subject to any material departures disclosed and explained in the financial statements; and
- prepare the financial statements on the going concern basis unless it is inappropriate to presume that the Company will continue in business.

The Directors are responsible for keeping 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.

ICAP Europe Limited
Independent auditor's report to the members of ICAP Europe Limited
31 December 2018

Report on the audit of the financial statements

Opinion
In our opinion the financial statements of ICAP (Europe) Limited (the 'Company'):
- give a true and fair view of the state of the Company's affairs as at 31 December 2018 and of its profit for the year ended;
- have been properly prepared in accordance with United Kingdom Generally Accepted Accounting Practice including Financial Reporting Standard 101 "Reduced Disclosure Framework"; and
- have been prepared in accordance with the requirements of the Companies Act 2006.

We have audited the financial statements of which comprise:
- the statement of profit or loss;
- the balance sheet;
- the statement of changes in equity;
- the related notes 1 to 19.

The financial reporting framework that has been applied in their preparation is applicable law and United Kingdom Accounting Standards, including Financial Reporting Standard 101 "Reduced Disclosure Framework" (United Kingdom Generally Accepted Accounting Practice).

Basis for opinion
We conducted our audit in accordance with International Standards on Auditing (UK) (ISAs(UK)) and applicable law. Our responsibilities under those standards are further described in the auditor's responsibilities for the audit of the financial statements section of our report.

We are independent of the Company in accordance with the ethical requirements that are relevant to our audit of the financial statements in the UK, including the Financial Reporting Council's (the 'FRC's') Ethical Standard, and we have fulfilled our other ethical responsibilities in accordance with these requirements. We believe that the audit evidence we have obtained is sufficient and appropriate to provide a basis for our opinion.

Emphasis of matter – Financial statements prepared other than on a going concern basis
We draw attention to note 1 in the financial statements, which indicates that the financial statements have been prepared on a basis other than that of a going concern. Our opinion is not modified in respect of this matter.

Other information
The Directors are responsible for the other information. The other information comprises the information included in the report, other than the financial statements and our auditor's report thereon. Our opinion on the financial statements does not cover the other information and, except to the extent otherwise explicitly stated in our report, we do not express any form of assurance conclusion thereon.

In connection with our audit of the financial statements, our responsibility is to read the other information and, in doing so, consider whether the other information is materially inconsistent with the financial statements or our knowledge obtained in the audit or otherwise appears to be materially misstated. If we identify such material inconsistencies or apparent material misstatements, we are required to determine whether there is a material misstatement in the financial statements or a material misstatement of the other information. If, based on the work we have performed, we conclude that there is a material misstatement of this other information, we are required to report that fact.

We have nothing to report in respect of these matters.

Responsibilities of Directors
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, and for such internal control as the Directors determine is necessary to enable the preparation of financial statements that are free from material misstatement, whether due to fraud or error.

In preparing the financial statements, the Directors are responsible for assessing the Company's ability to continue as a going concern, disclosing, as applicable, matters related to going concern and using the going concern basis of accounting unless the Directors either intend to liquidate the Company or to cease operations, or have no realistic alternative but to do so.

Auditor's responsibilities for the audit of the financial statements
Our objectives are to obtain reasonable assurance about whether the financial statements as a whole are free from material misstatement, whether due to fraud or error, and to issue an auditor's report that includes our opinion. Reasonable assurance is a high level of assurance, but is not a guarantee that an audit conducted in accordance with ISAs (UK) will always detect a material misstatement when it exists.

Misstatements can arise from fraud or error and are considered material if, individually or in the aggregate, they could reasonably be expected to influence the economic decisions of users taken on the basis of these financial statements.

A further description of our responsibilities for the audit of the financial statements is located on the FRC's website at: www.frc.org.uk/auditorsresponsibilities. This description forms part of our auditor's report.

Report on other legal and regulatory requirements

Opinions 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 period 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 or the directors' report.

Matters on which we are required to report by exception

Under the Companies Act 2006 we are required to report in respect of the following matters 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.

We have nothing to report in respect of these matters.

Use of our report

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.

Ben Jackson FCA (Senior Statutory Auditor)
for and on behalf of Deloitte LLP
Statutory Auditor
London, United Kingdom
4 April 2019

ICAP Europe Limited
Statement of profit or loss
For the year ended 31 December 2018

	Note	Year ended 31 Dec 2018 £'000	Restated* Period ended 31 Dec 2017 £'000
Revenue*		172,650	116,362
Expenses			
Administrative costs*	4	(119,721)	(81,447)
Other operating income / (expenses)	7	145	(123)
Operating profit		53,074	34,792
Interest receivable and similar income	8	1,397	658
Profit before income tax expense		54,471	35,450
Income tax expense	9	(10,569)	(6,965)
Total comprehensive profit for the financial year/ period		43,902	28,485

*Refer to note 17 for detailed information on restatement of comparatives. This is due to prior year comparative figures being restated to align to current year presentation.

There were no items of comprehensive income in the current year or prior period other than the profit for the year / period and, accordingly, no statement of comprehensive income is presented.

ICAP Europe Limited
Balance sheet
As at 31 December 2018

	Note	As at 31 Dec 2018 £'000	Restated* As at 31 Dec 2017 £'000
Assets			
Non-current assets			
Deferred tax asset	9	-	14
Total non-current assets		-	14
Current assets			
Debtors	10	64,572	64,556
Cash and cash equivalents	11	53,284	25,350
Deferred tax asset	9	105	-
Total current assets		117,961	89,906
Total assets		117,961	89,920
Liabilities			
Current liabilities			
Creditors: amounts falling due within one year*	12	14,224	1,881
Tax payable	9	13,335	17,513
Provisions*	13	300	300
Total current liabilities		27,859	19,694
Total liabilities		27,859	19,694
Net assets		90,102	70,226
Equity			
Issued capital	14	54,821	54,821
Share premium		3,826	646
Retained profits		31,455	14,759
Total equity		90,102	70,226

*Refer to note 17 for detailed information on restatement of comparatives.

The financial statements on page 9 to 29 were approved and authorised for issue by the board of Directors and were signed on its behalf by:

F Vogels
Director

4 April 2019

Company Number:00170463

The above balance sheet should be read in conjunction with the accompanying notes

ICAP Europe Limited
Statement of changes in equity
For the year ended 31 December 2018

	Share capital £'000	Share premium £'000	Retained profits £'000	Total equity £'000
Balance at 1 April 2017	54,821	646	15,274	70,741
Profit after income tax expense for the period	-	-	28,485	28,485
Other Comprehensive result for the period, net of tax	-	-	-	-
Total Comprehensive result for the period	-	-	28,485	28,485
Dividends paid (note 15)	-	-	(29,000)	(29,000)
Balance at 31 December 2017	54,821	646	14,759	70,226

Refer to note 17 for detailed information on restatement of comparatives.

	Share capital £'000	Share premium £'000	Retained profits £'000	Total equity £'000
Balance at 1 January 2018	54,821	646	14,759	70,226
Profit after income tax expense for the year	-	-	43,902	43,902
Other Comprehensive result for the year, net of tax	-	-	-	-
Total Comprehensive result for the year	-	-	43,902	43,902
Share capital issued	-	3,180	-	3,180
Expected credit loss adjustment (Note 1)	-	-	(803)	(803)
Deferred tax equity adjustment (Note 9)	-	-	97	97
Dividends paid (note 15)	-	-	(26,500)	(26,500)
Balance at 31 December 2018	54,821	3,826	31,455	90,102

Share Capital

The balance classified as share capital includes the nominal value of the proceeds on issue of the Company's share capital, comprising 54,821,158 ordinary shares with a par value of £1.00. During the year one share was issued to ICAP Global Broking Holdings Limited for £3,180,00,00

Share premium

The share premium includes the value of the proceeds above nominal on issue of the Company's share capital, comprising £1 ordinary shares.

Note 1. General information and principal accounting policies

General information

The principal accounting policies adopted in the preparation of the financial statements are set out below. These policies have been consistently applied to all the years / periods presented, unless otherwise stated.

The Company is a private company limited by shares.

New or amended Accounting Standards and Interpretations adopted

The Company has adopted all of the new or amended Accounting Standards and Interpretations issued by the Financial Reporting Council ('FRC') that are mandatory for the current reporting period.

The adoption of these Accounting Standards and Interpretations did not have any significant impact on the financial performance or position of the Company.

The following Accounting Standards and Interpretations are most relevant to the Company:

IFRS 9 Financial Instruments
The Company has adopted IFRS 9 from 1 January 2018. The standard introduced new classification and measurement models for financial assets. A financial asset shall be measured at amortised cost if it is held within a business model for which the objective is to hold assets in order to collect contractual cash flows which arise on specified dates and that are solely principal and interest. A debt investment shall be measured at fair value through other comprehensive income if it is held within a business model for which the objective is to both hold assets in order to collect contractual cash flows which arise on specified dates that are solely principal and interest as well as selling the asset on the basis of its fair value. All other financial assets are classified and measured at fair value through profit or loss unless the entity makes an irrevocable election on initial recognition to present gains and losses on equity instruments (that are not held-for-trading or contingent consideration recognised in a business combination) in other comprehensive income ('OCI'). Despite these requirements, a financial asset may be irrevocably designated as measured at fair value through profit or loss to reduce the effect of, or eliminate, an accounting mismatch. For financial liabilities designated at fair value through profit or loss, the standard requires the portion of the change in fair value that relates to the entity's own credit risk to be presented in OCI (unless it would create an accounting mismatch). New simpler hedge accounting requirements are intended to more closely align the accounting treatment with the risk management activities of the entity. New impairment requirements use an 'expected credit loss' ('ECL') model to recognise an allowance. Impairment is measured using a 12-month ECL method unless the credit risk on a financial instrument has increased significantly since initial recognition in which case the lifetime ECL method is adopted. For receivables, a simplified approach to measuring expected credit losses using a lifetime expected loss allowance is available.

The impact of applying the new impairment model under IFRS 9 is discussed within the impairment of financial assets accounting policy (Note 1).

IFRS 15 Revenue from Contracts with Customers
The Company has adopted IFRS 15 from 1 January 2018. The standard provides a single comprehensive model for revenue recognition. The core principle of the standard is that an entity shall recognise revenue to depict the transfer of promised goods or services to customers at an amount that reflects the consideration to which the entity expects to be entitled in exchange for those goods or services. The standard introduced a new contract-based revenue recognition model with a measurement approach that is based on an allocation of the transaction price. This is described further in the accounting policies below. Credit risk is presented separately as an expense rather than adjusted against revenue. Contracts with customers are presented in an entity's balance sheet as a contract liability, a contract asset, or a receivable, depending on the relationship between the entity's performance and the customer's payment. Customer acquisition costs and costs to fulfil a contract can, subject to certain criteria, be capitalised as an asset and amortised over the contract period. The adoption of IFRS 15 has not had a significant effect on the amounts reported in these financial statements.

Going concern

The Directors have a reasonable expectation that the Company has adequate resources to continue in operational existence for the foreseeable future. However, it is the intention of the Directors to transfer the Company's business to a fellow subsidiary of TP ICAP plc within the next 12 months, and on that basis the financial statements have been prepared on a basis other than going concern.

Note 1. General information and principal accounting policies (continued)

Basis of preparation

These financial statements were prepared in accordance with FRS 101 'Reduced Disclosure Framework' and the Companies Act 2006.

The financial statements are prepared in pound sterling which is the functional currency of the Company.

As permitted by FRS 101, the Company has taken advantage of all of the disclosure exemptions available to it, including: statement of cash flows, new accounting standards not yet mandatory, presentation of comparative information for certain assets, key management compensation, related party transactions and share-based payments.

Where relevant, equivalent disclosures have been given in the group accounts of TP ICAP plc.

The Company's ultimate parent is TP ICAP plc (incorporated in the United Kingdom) and its consolidated financial statements are available from Companies House.

Items which are of a non-recurring nature and material, when considering both size and nature, are disclosed separately to give a clearer presentation of the Company's results.

Historical cost convention
The financial statements have been prepared under the historical cost convention.

Revenue
Revenue from a contract to provide services is recognised over time as the services are rendered based on either a fixed price or an hourly rate.

Revenue comprises commission and brokerage income derived from money broking and is recognised on trade-date.

Money broking comprises voice and electronic broking and is transacted on an agency basis. For agency trades, turnover is stated net of rebates and discounts, value added tax and other sales taxes and is recognised in full on date of trade. Turnover from broking on electronic platforms is recognised on trade-date. All turnover relates to European brokerage.

Pension costs
Certain of the Company's employees participate in a Group defined contribution pension scheme operated by TP ICAP plc. The Company's contributions to the scheme are charged to the profit and loss account on an accruals basis.

Interest receivable and similar income
Interest revenue is recognised as interest accrues using the effective interest method. This is a method of calculating the amortised cost of a financial asset and allocating the interest income over the relevant period using the effective interest rate, which is the rate that exactly discounts estimated future cash receipts through the expected life of the financial asset to the net carrying amount of the financial asset.

Tax
Tax on the profit 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 profit and loss account, except when it relates to items charged or credited directly to equity, in which case the current and deferred tax is also recorded within equity.

Current tax is the expected tax payable on the taxable income for the period, 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.

Note 1. General information and principal accounting policies (continued)

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.

For the purpose of presenting the financial statements, the assets and liabilities of the Company's foreign operations are translated at exchange rates prevailing on the balance sheet date. Exchange differences arising are recorded in the statement of other comprehensive income and transferred to the Company's profit and loss account in equity.

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.

Debtors

Debtors are recognised at amortised cost less provision for impairment.

All provisions are recorded within administrative expenses in the statement of profit and loss.

Financial instruments

The Company has applied IFRS 9 from 1 January 2018 which has replaced IAS 39 'Financial Instruments: Recognition and Measurement'. Under the transition methods chosen, comparative information has not been restated. The Company had no hedging relationships as at this date or during the current reporting period. The details of new significant accounting policies are set out below.

With respect to the classification and measurement of financial assets, the number of categories of financial assets under IFRS 9 has been reduced compared to IAS 39. Under IFRS 9 the classification of financial assets is based both on the business model within which the asset is held and the contractual cash flow characteristics of the asset.

There are three principal classification categories for financial assets that are debt instruments:
(i) fair value through other comprehensive income 'FVOCI',
(ii) fair value through profit or loss 'FVTPL' and
(iii) amortised cost

On initial recognition of an equity investment that is not held for trading, the Company may irrevocably elect to present subsequent changes in the investment's fair value in other comprehensive income ('OCI'). This election is made on an investment by investment basis.

Equity investments in scope of IFRS 9 are measured at fair value with gains and losses recognised in profit or loss unless an irrevocable election is made to recognise gains or losses in other comprehensive income. Under IFRS 9, derivatives embedded in financial assets are not bifurcated but instead the whole hybrid contract is assessed for classification.

All financial assets not classified as measured at amortised cost or FVOCI are measured at FVTPL. This includes all derivative financial assets. On initial recognition, the Company may irrevocably designate a financial asset that otherwise meets the requirements to be measured at amortised cost or at FVOCI, as an asset measured at FVTPL if doing so eliminates or significantly reduces an accounting mismatch that would otherwise arise.

A financial asset is measured at amortised cost only if both of the following conditions are met: (i) it is held within a business model whose objective is to hold assets in order to collect contractual cash flows; and (ii) the contractual terms of the financial asset represent contractual cash flows that are solely payments of principal and interest.

Note 1. General information and principal accounting policies (continued)

There has been no change in the accounting for financial liabilities as IFRS 9 largely retains the existing requirements in IAS 39 for the classification and measurement of financial liabilities. Under IFRS 9, changes in the fair value of a financial liability designated as at FVTPL due to credit risk are presented in other comprehensive income unless such presentation would create or enlarge an accounting mismatch in profit or loss.

Impairment of financial assets

IFRS 9 replaces the 'incurred loss' model in IAS 39 with an 'expected credit loss' 'ECL' model. The new impairment model applies to financial assets measured at amortised cost and debt investments at FVOCI, but not to investments in equity instruments.

The financial assets at amortised cost consist of trade receivables, intercompany debtors and cash and cash equivalents.

Under IFRS 9, loss allowances are measured on either of the following bases:
- 12-month ECLs: these are ECLs that result from expected default events within the 12 months after the reporting date; and
- lifetime ECLs: these are ECLs that result from all expected default events over the expected life of a financial instrument.

The Company measures loss allowances at an amount equal to lifetime ECLs, except for the following, which are measured as 12-month ECLs:
- debt securities that are determined to have low credit risk at the reporting date; and
- other debt securities and cash and cash equivalents for which credit risk has not increased significantly since initial recognition.

The Company has elected to measure loss allowances for trade receivables, intercompany debtors at an amount equal to lifetime ECLs.

When determining whether the credit risk of a financial asset has increased significantly since initial recognition and when estimating ECLs, the Company considers reasonable and supportable information that is relevant and available without undue cost or effort. This includes both quantitative and qualitative information and analysis, based on the Company's historical experience and informed credit assessment and including forward-looking information.

The Company assumes that the credit risk on a financial asset has increased significantly if it is more than 30 days past due.

The Company considers a financial asset to be in default when:
- the borrower is unlikely to pay its credit obligations to the Group in full, without recourse by the Group to actions such as realising security (if any is held); or
- the financial asset is more than 90 days past due.

The Company considers a debt security to have low credit risk when its credit risk rating is equivalent to the globally understood definition of 'investment grade'. The Company considers this to be Baa3 or higher per Moody's or BBB- or higher per both Standard & Poor's and Fitch.

The maximum period considered when estimating ECLs is the maximum contractual period over which the Company is exposed to credit risk.

Measurement of ECLs:
ECLs are a probability-weighted estimate of credit losses. Credit losses are measured as the present value of all cash shortfalls, representing the difference between the cash flows due to the entity in accordance with the contract and the cash flows that the Company expects to receive. ECLs are discounted at the effective interest rate of the financial asset.

Credit-impaired financial assets:
At each reporting date, the Company assesses whether financial assets carried at amortised cost and debt securities at FVOCI are credit impaired. A financial asset is 'credit-impaired' when one or more events that have a detrimental impact on the estimated future cash flows of the financial asset have occurred.

Impact of the new impairment model
The application of the impairment requirements of IFRS 9 will not have a material impact on the Company's financial statements.
For assets in the scope of the IFRS 9 impairment model, impairment losses are generally expected to increase and become more volatile.

The Company has determined that the application of IFRS 9's impairment requirements at 1 January 2018 results in an additional impairment allowance as follows:

Note 1. General information and principal accounting policies (continued)

	£'000
Loss allowance at 31 December 2017 under IAS 39	10
Additional impairment recognised at 1 January 2018	803
Loss allowance at 1 January 2018 under IFRS 9	813

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.

Creditors
These amounts represent liabilities for goods and services provided to the Company prior to the end of the financial year and which are unpaid. Due to their short-term nature they are measured at amortised cost and are not discounted. The amounts are unsecured and are usually paid within 30 days of recognition.

Issued capital
Ordinary shares are classified as equity.

Dividends
Dividends are recognised when declared during the financial year.

Client money
The Company holds money on behalf of clients in accordance with the client money rules of the Financial Conduct Authority (FCA). Since the Company is not beneficially entitled to these amounts, they are excluded from the balance sheet along with the corresponding liabilities to clients.

New standards, amendments and interpretations
No new standards, amendments or interpretations, effective for the first time for the financial period beginning on or after 1 January 2018 have had a material impact on the Company.

Note 2. Key accounting judgements and sources of estimation uncertainty

The preparation of the financial statements requires management to make judgements, estimates and assumptions that affect the reported amounts in the financial statements. Management continually evaluates its judgements and estimates in relation to assets, liabilities, contingent liabilities, revenue and expenses. Management bases its judgements, estimates and assumptions on historical experience and on other various factors, including expectations of future events, management believes to be reasonable under the circumstances. There are no critical accounting judgements, estimates and assumptions that are likely to affect the current or future financial years.

Note 3. Financial risk management

Financial risk factors
The Company's activities expose it to a variety of financial risks, including market, credit and liquidity 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.

Note 3. Financial risk management (continued)

Financial assets

	As at 31 Dec 2018 £'000	As at 31 Dec 2017 £'000
Cash and cash equivalents (Note 11)	53,284	25,350
Debtors (Note 10)	64,572	64,556
Less Prepayments (Note 10)	(123)	(117)
	117,733	89,789

Market risk

Market Risk includes risks arising from movements in foreign exchange, interest rates and fair value.

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 cent increase in the exchange rates of the United States Dollar and the Euro as at 31 December 2018 would have an impact of £126,000 and an impact of £(561,000) (2017: £176,000 and £874,000) respectively on the Company's profit and loss account and reserves.

Other currencies includes Japanese Yen, Australian Dollar, and South African Rand among others. These balances are immaterial as at the year end.
Any movements in these currencies against GBP is not expected to have a significant impact on the financial statements.

The table below summarises the Company's exposure to concentrations of foreign and domestic currencies as at 31 December 2018:

	USD £'000	EUR £'000	Other £'000	GBP £'000	Total £'000
Assets					
Cash and restricted cash	138	462	11	52,673	53,284
Debtors less prepayments	1,771	6,876	416	55,386	64,449
	1,909	7,338	427	108,059	117,733
Liabilities					
Creditors	(173)	(533)	(73)	(13,445)	(14,224)
Other provisions	-	-	-	(300)	(300)
	(173)	(533)	(73)	(13,745)	(14,524)
Net assets	1,736	6,805	354	94,314	103,209

Note 3. Financial risk management (continued)

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

	USD £'000	EUR £'000	Other £'000	GBP £'000	Total £'000
Assets					
Cash and restricted cash	1,918	3,969	269	19,194	25,350
Debtors less prepayments	1,198	7,007	742	55,492	64,439
	3,116	10,976	1,011	74,686	89,789
Liabilities					
Creditors	(626)	(186)	(12)	(1,057)	(1,881)
Other provisions	-	-	-	(300)	(300)
	(626)	(186)	(12)	(1,357)	(2,181)
Net assets	2,490	10,790	999	73,029	87,308

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 December 2018 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 £631,000 (2017: £214,000) on the Company's profit and loss account and reserves.

The Company's interest rate profile as at 31 December 2018 was as follows:

	None £'000	Fixed £'000	Variable £'000	Total £'000
Assets				
Cash and restricted assets	(713)	53,997	-	53,284
Debtors less prepayments	64,449	-	-	64,449
	63,736	53,997	-	117,733
Liabilities				
Creditors	(14,224)	-	-	(14,224)
Other provisions	(300)	-	-	(300)
	(14,524)	-	-	(14,524)

Note 3. Financial risk management (continued)

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

	None £'000	Fixed £'000	Variable £'000	Total £'000
Assets				
Cash and restricted cash	-	19,185	6,165	25,350
Debtors less prepayments	64,439	-	-	64,439
	64,439	19,185	6,165	89,789
Liabilities				
Creditors	(1,881)	-	-	(1,881)
Other provisions	(300)	-	-	(300)
	(2,181)	-	-	(2,181)

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 December 2018 there are no assets or liabilities whose carrying value was not a reasonable approximation of its fair value (2017: none).

Credit risk

Credit risk arises from the potential that a counterparty is unable or unlikely to meet 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. 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 debtors (Note 10) and cash (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 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.

Note 3. Financial risk management (continued)

The following tables show the maturity of the Company's liabilities as at 31 December 2018 and 31 December 2017:

	On demand £'000	Less than 3 months £'000	3 months to 1 year £'000	More than 1 year £'000	Total £'000
31 December 2018					
Creditors	(14,224)	-	-	-	(14,224)
Provisions for liabilities	-	-	(300)	-	(300)
	(14,224)	-	(300)	-	(14,524)
31 December 2017					
Creditors	(1,837)	(44)	-	-	(1,881)
Provisions for liabilities	-	-	(300)	-	(300)
	(1,837)	(44)	(300)	-	(2,181)

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, 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.

Note 4. Administrative costs*

	Year ended 31 Dec 2018 £'000	Period ended 31 Dec 2017 £'000
Wages and Salaries (Note 5)	73,716	48,967
Other staff costs	681	538
Other pension costs (Note 5)	285	198
Social security costs (Note 5)	10,387	7,229
Travel and entertainment	1,653	1,586
Market and data telecom expenses	8,005	5,327
Other	161	415
Professional fees	58	180
Charitable donations	922	1,009
Recharges	23,853	15,998
	119,721	81,447

Note 4. Administrative costs* (continued)

Fees paid to the Company's auditor, Deloitte 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, TP ICAP plc, include these fees on a consolidated basis.

Fees payable for the audit were £65,920 (2017: £64,000).

*Prior year comparative figures have been restated, by presenting data sales royalty income as part of revenue, instead of including the balance against administrative expense, to align to current year presentation. Further information is available in Note 17 restatement of comparatives.

Note 5. Salary and Payroll costs

Staff costs borne by the Company comprise of :

	Year ended 31 Dec 2018 £'000	Period ended 31 Dec 2017 £'000
Wages and salaries	73,716	48,967
Social security costs	10,387	7,229
Other pension costs	285	198
Total employee benefits expense	84,388	56,394

The monthly average number of persons employed by the Company during the year was 190, comprising of 190 brokers and nil support staff (2017: 208, comprising of 174 brokers and 34 support staff).

All staff costs were borne by a fellow subsidiary company of TP ICAP plc and were charged to the Company by way of management charges.

Note 6. Directors Remuneration

Remuneration payable to the directors in respect of their services to the Company was as follows:

	Year ended 31 Dec 2018 Total £'000	Year ended 31 Dec 2018 Highest Paid Director £'000	Period ended 31 Dec 2017 Total £'000	Period ended 31 Dec 2017 Highest Paid Director £'000
Aggregate emoluments	2,764	1,236	2,395	1,068
Contributions to defined benefit contribution pension schemes	27	-	18	-
	2,791	1,236	2,413	1,068

As at 31 December 2018, retirement benefits are accruing to 2 Directors (2017: 2) under defined contribution schemes sponsored by TP ICAP plc.

Note 7. 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.

Note 8. Interest receivable and similar income

	Year ended 31 Dec 2018 £'000	Period ended 31 Dec 2017 £'000
Interest receivable from immediate parent Company	1,278	640
Bank deposits	119	18
	1,397	658

Note 9. Income tax

Analysis of charge for the year/period :

	Year ended 31 Dec 2018 £'000	Period ended 31 Dec 2017 £'000
Income tax expense		
Current tax	10,515	6,943
Deferred tax - origination and reversal of temporary differences	(2)	5
Adjustment recognised for prior periods	(2)	-
Overseas tax - current year / period	50	17
Deferred tax prior year	8	-
Aggregate income tax expense	10,569	6,965
Deferred tax included in income tax expense comprises:		
Decrease/(increase) in deferred tax assets	(2)	5
Numerical reconciliation of income tax expense and tax at the statutory rate		
Profit before income tax expense	54,471	35,450
Tax at the statutory tax rate of 19%	10,349	6,736
Tax effect amounts which are not deductible/(taxable) in calculating taxable income:		
Expenses not deductible for tax purposes	213	212
Overseas tax not recoverable	-	17
	10,562	6,965
Adjustment recognised for prior periods	(2)	-
Adjustment to deferred tax balances as a result of change in statutory tax rate	1	-
Prior year adjustment to deferred tax	8	-
Income tax expense	10,569	6,965
Effective tax rate	19.4%	19.6%

Note 9. Income tax (continued)

In the UK, legislation to reduce the corporation tax rate from 20% to 19% from 1 April 2017 and from 19% 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 2019 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, the Company will publish additional information at the following web address: www.tpicap.com.

	As at 31 Dec 2018 £'000	As at 31 Dec 2017 £'000
Deferred tax asset		
Deferred tax asset comprises temporary differences attributable to:		
Amounts recognised in profit or loss:		
Capital allowance	8	14
IFRS 9 adjustment	97	-
Deferred tax asset	105	14
Movements:		
Opening balance	14	19
Credited/(charged) to profit or loss	2	(5)
Credited to equity	97	-
prior year adjustment	(8)	-
Closing balance	105	14

Note 10. Current assets - Debtors

	As at 31 Dec 2018 £'000	As at 31 Dec 2017 £'000
Agency trade debtors	25,782	26,090
Less: allowance for expected credit losses / provision for trade receivables	(589)	(10)
	25,193	26,080
Other Debtors	-	1
Prepayments and accrued income	123	117
	123	118
Loan owed by immediate parent company	37,576	36,500
Amounts owed by group related companies	1,057	1,858
Amount owed by immediate parent company	823	-
Less: allowance for expected credit losses	(200)	-
	39,256	38,358
	64,572	64,556

The majority of net trade debtors which aren't impaired are held with high quality credit institutions. The Company's exposure to credit risk is discussed within the strategic report on page 2 and the financial risk management note on page 19.

Note 10. Current assets - Debtors (continued)

As at 31 December the following trade debtors were unsettled:

	As at 31 Dec 2018 £'000	As at 31 Dec 2017 £'000
Less than 30 days but not yet due	11,508	12,450
Over 30 days but less than 90 days and past due	10,703	10,366
Over 90 days and past due date	2,982	3,264
	25,193	26,080

Note 11. Current assets - Cash and cash equivalents

	As at 31 Dec 2018 £'000	As at 31 Dec 2017 £'000
Cash at bank and in hand	-	6,165
Short term bank deposits	53,353	19,185
Less expected credit loss provision	(69)	-
	53,284	25,350

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

Note 12. Current liabilities - Creditors: amounts falling due within one year*

	As at 31 Dec 2018 £'000	As at 31 Dec 2017 £'000
Amounts owed to related group companies	14,136	1,837
Accruals	88	44
	14,224	1,881

Note 13. Current liabilities - Provisions*

	As at 31 Dec 2018 £'000	As at 31 Dec 2017 £'000
Other	300	300

This relates to a possible repayment of invoice commission.

*Refer to note 17 for detailed information on restatement of comparatives.

Note 14. Equity - Issued capital

	As at 31 Dec 2018 Shares	As at 31 Dec 2017 Shares	As at 31 Dec 2018 £'000	As at 31 Dec 2017 £'000
Ordinary shares of £1 each	54,821,158	54,821,157	54,821	54,821

During 2018 ICAP Europe Limited issued one share to ICAP Global Broking Holdings Limited for consideration of £3,180,000.

Note 15. Equity - Dividends

Dividends paid during the financial year were as follows:

	Year ended 31 Dec 2018 £'000	Period ended 31 Dec 2017 £'000
Dividend paid on 8 May 2018: 1.8p per share (11 December 2017: 18.2p per share)	1,000	10,000
Dividend paid on 7 June 2018: 12.77p per share (20 December 2017: 34.75p per share)	7,000	19,000
Dividend paid on 29 August 2018: 33.75p per share (31 December 2017: nil)	18,500	-
	26,500	29,000

Note 16. Guarantees and contingent liabilities

On 13 August 2015, the Company, along with ICAP plc, was named as a defendant in a Fourth Amended Class Action Complaint filed in the United States District Court by lead plaintiff Stephen Sullivan asserting claims of Euribor manipulation. Defendants briefed motions to dismiss for failure to state a claim and lack of jurisdiction, which were fully submitted as of 23 December 2015. On 21 February 2017, the Court issued a decision dismissing a number of foreign defendants, including the Company and ICAP plc, out of the lawsuit on the grounds of lack of personal jurisdiction. Because the action continued as to other defendants, the dismissal decision for lack of personal jurisdiction has not yet been appealed. However, the plaintiffs announced on 21 November 2017 that they had reached a settlement with the two remaining defendants in the case. As a part of their settlement, the two bank defendants have agreed to turn over materials to the plaintiffs that may be probative of personal jurisdiction over the previously dismissed foreign defendants. The Court will conduct a final approval hearing over the settlement on 19 May 2019, following which Plaintiffs will be in a position to file a notice of appeal of the prior 21 February 2017 decision dismissing the Company for lack of personal jurisdiction, or the Plaintiffs may decide to make an application to the district court to re-open the case based on newly found evidence from the settling defendants. It is not practicable to predict the ultimate outcome of the litigation. As a result it is not possible to provide an estimate of any potential financial impact on the Company.

On 31 March 2015, ICAP plc was removed as a defendant from the civil actions commenced in the US relating to alleged manipulation of Yen Libor and EuroYen Tibor. However, the plaintiff was given permission to add the Company as a defendant. Other plaintiffs filed a separate, related complaint also alleging manipulation of Yen Libor and EuroYen Tibor against the Company.
On 10 March 2017, the Company was dismissed as a defendant for lack of personal jurisdiction from the first action. The first action is still pending as to other defendants so the dismissal decision for lack of personal jurisdiction has not yet been appealed.
On 29 May 2018, we received a call from Plaintiffs' counsel in the first action asking if we would accept service of a non-party subpoena for copies of all documents the Company had previously produced to regulators in connection with Yen Libor inquiries. We informed the Plaintiffs that as a non-party we would not accept service, and that the Plaintiffs would have to proceed with an application to the Court pursuant to the Hague Evidence Convention. Discovery in the case is currently stayed as the parties brief class certification issues. It is possible Plaintiffs will return to us on this issue after class certification is decided. It is not practicable to predict the ultimate outcome of the litigation. Also on 10 March 2017, the Company and all of the other defendants were dismissed from the second action without any discussion of personal jurisdiction, but rather on the grounds that plaintiffs lacked antitrust standing to bring the case because their activity in the market was too attenuated from the alleged bad conduct to bring a case. Plaintiffs have appealed the dismissal of the second action. The appeal was stayed for a period of time pending resolution of issues in the district court relating to settlements with some of the bank defendants, but is now in the process of being briefed. Plaintiffs filed their appeal brief on 15 October 2018. Defendants-Appellee's joint opposition brief is due on 14 January 2019. Plaintiffs-Appellants filed a reply brief on 28 January 2019 and now we are waiting for the Second Circuit court to set a date for oral argument. It is not practicable to predict the ultimate outcome of the litigation. As a result it is not possible to provide an estimate of any potential financial impact on the Company.

In November 2017, the Company was named as a defendant in a Second Amended Class Action Complaint filed in the United States District Court for the Southern District of New York by lead defendant Sonterra Capital Master Fund Ltd. No director or officer of the Company has been named as a defendant. The civil complaint names numerous banks and inter-dealer brokers as defendants, and alleges manipulation and collusion of rates concerning Swiss Franc Libor based derivatives during the period 2001 - 2011, to the alleged detriment of certain institutional investors and individuals. The broker defendants filed a joint motion to dismiss the Second Amended Complaint on 6 April 2018 (the bank defendants filed their own motion to dismiss earlier). The plaintiffs filed their opposition on 4 June 2018, and we filed our reply on 3 July 2018. Numerous letters have been submitted to the Court identifying relevant, subsequently-issued decisions. On 6 December 2018, the Judge requested that the parties provide the Court with unredacted, electronic versions of all documents previously filed under seal. This order suggests that the Judge will either schedule oral argument or issue a decision on the motions to dismiss in the near future. It is not practicable to predict the ultimate outcome of the litigation. As a result it is not possible to provide an estimate of any potential financial impact on the Company.

Note 16. Guarantees and contingent liabilities (continued)

On 15 December 2017, the Stichting Elco Foundation, a Netherlands-based claim foundation, filed a writ initiating new litigation in Dutch court in Amsterdam on behalf of institutional investors against the Company, ICAP PLC, Cooperative Rabobank U.A., UBS AG, UBS Securities Japan Co. Ltd, Lloyds Banking Group PLC, and Lloyds Bank PLC. The litigation alleges manipulation by the defendants of the JPY Libor, GBP Libor, CHF Libor, USD Libor, Euribor, Tibor, SOR, BBSW and Hibor benchmark rates, and seeks a declaratory judgment that the defendants acted unlawfully and conspired to engage in improper manipulation of benchmarks. If the plaintiffs succeed in the action, the defendants would be responsible for paying costs of the litigation, but each allegedly impacted investor would need to prove its own actual damages. It is not possible at this time to determine the final outcome of the litigation, but each allegedly impacted investor would need to prove its own actual damages. On 18 July 2018, the Company filed a motion to dismiss the action on jurisdictional grounds, and in the alternative a motion to stay the action in light of the overlapping actions that are already pending in the United States. Co-defendants filed similar motions. Plaintiff filed its opposition on 10 October 2018. Defendants subsequently informed the Court that they are request a hearing (which is equivalent to oral argument on the motion), and the hearing has now been set for 18 June 2019. It is not possible at this time to determine the final outcome of this litigation, but the Company has factual and legal defenses to the claims and intends to defend the lawsuit vigorously.

Note 17. Restatement of comparatives

Statement of profit or loss and other comprehensive income

	Period ended 31 Dec 2017 £'000 Reported	£'000 Adjustment	Period ended 31 Dec 2017 £'000 Restated
Revenue*	115,916	446	116,362
Expenses			
Administrative costs*	(81,001)	(446)	(81,447)
Other operating income / (expenses)	(123)	-	(123)
Operating profit	34,792	-	34,792
Interest receivable and similar income	658	-	658
Profit before income tax expense	35,450	-	35,450
Income tax expense	(6,965)	-	(6,965)
Profit after income tax expense for the year	28,485	-	28,485
Other Comprehensive result for the year, net of tax	-	-	-
Total Comprehensive result for the period	28,485	-	28,485

Restatement
Prior year comparative figures have been restated, by presenting data sales royalty income as part of revenue, instead of including the balance against administrative expense, to align to current year presentation.

Balance sheet at the beginning of the earliest comparative period
When there is a restatement of comparatives, it is mandatory to provide a third balance sheet at the beginning of the earliest comparative period, being 1 April 2017. However, as there were no adjustments made as at 1 April 2017, the Company has elected not to show the 1 April 2017 balance sheet.

Note 17. Restatement of comparatives (continued)

Balance sheet at the end of the earliest comparative period

	As at 31 Dec 2017 £'000 Reported	£'000 Adjustment	As at 31 Dec 2017 £'000 Restated
Assets			
Non-current assets			
Deferred tax asset	14	-	14
Total non-current assets	14	-	14
Current assets			
Debtors	64,556	-	64,556
Cash and cash equivalents	25,350	-	25,350
Total current assets	89,906	-	89,906
Total assets	89,920	-	89,920
Liabilities			
Current liabilities			
Creditors: amounts falling due within one year*	2,181	(300)	1,881
Tax payable	17,513	-	17,513
Provisions*	-	300	300
Total current liabilities	19,694	-	19,694
Total liabilities	19,694	-	19,694
Net assets	70,226	-	70,226
Equity			
Issued capital	54,821	-	54,821
Share premium	646	-	646
Retained profits	14,759	-	14,759
Total equity	70,226	-	70,226

Restatement
Prior year comparative figures have been restated, by reclassifying the £300,000 overpaid by a client from current liabilities to presenting the amount as a provision as it meets the criteria of IAS37.

Note 18. Events after the reporting period

There have been no post balance sheet events from the 31 December 2018 up to the date of signing which require separate disclosure.

ICAP Europe Limited
Notes to the financial statements
31 December 2018

Note 19. Immediate and ultimate parent company

The Company's immediate parent is ICAP Global Broking Holdings Limited, which does not prepare consolidated financial statements.

The Company's ultimate parent is TP ICAP plc, which is incorporated in England and Wales, and heads the largest and smallest 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: Floor 2, 155 Bishopsgate, London, EC2M 3TQ.