

Company Number: 500777

ICAP SECURITIES LIMITED
FINANCIAL STATEMENTS
FOR THE YEAR ENDED
31 MARCH 2014



ICAP SECURITIES LIMITED

Business Review for the year ended 31 March 2014

In the year ended 31 March 2014, ICAP Securities Limited (the 'Company') generated turnover from continuing operations of £106.9m (2013 - £122.8m), a reduction of 12.9% from the prior year.

The turnover for the Company includes revenue transacted on behalf of fellow subsidiary companies under various trading agreements. The profit on these trades is passed back to the fellow subsidiary companies after deducting a fee for the services provided by the Company. These trades negatively impact the operating profit margin from the Company's perspective.

The Company continues to be highly cash generative to support its continuing programme of investments and benefits from a strong balance sheet. The Company maintains sufficient cash balances and funding facilities to ensure it can finance its ongoing operations at all times, and excess cash is passed up to its parent company, ICAP Group Holdings plc. In the year to 31 March 2014, net assets decreased slightly from £388.3m to £379.8m.

Risk

As a world leading markets operator and provider of risk mitigation and information services, the Company is predominantly exposed to operational, strategic and liquidity risk. It has a very different risk profile from that of a bank, investment bank, asset manager, insurance company or hedge fund and does not engage in bank style risk taking in the course of its business. The Company only enters into transactions when executing on behalf of customers or providing customer access to clearing services. The Company's day-to-day business is not capital intensive and it holds capital primarily to ensure continuity of business by covering future costs and short-term liquidity needs. The profit and cash flows of the business are driven by the level of activity of its customers and do not depend on the valuation of its assets and liabilities. The majority of the Company's businesses have a fast conversion of turnover to cash.

As a predominantly fee earning organisation, the third-party relationships and reputation the Company holds and continues to build, are central to its continued success. The Company remains focused on maintaining and constantly strengthening relationships with shareholders, customers, regulators, lenders, clearing and settlement providers, market infrastructure providers and employees.

The Company's approach for managing risk is underpinned by understanding the risk exposure for the Company and its businesses that arise from internal events, the business models adopted and potential or realised external forces of change. Risk appetite is set by the board and regular updates are presented on how the risk profile of the Company is changing over time. The responses to these changes and remedial actions taken to ensure risk levels are consistent with the appetite are also discussed.

Outlook

Market conditions remain very challenging. Regulatory change continues to create uncertainty within the marketplace. In the first two weeks of May 2014, a number of the Company's major bank customers have again reported significantly reduced activity levels across their FICC franchises and do not foresee any material near term recovery. Cyclical factors such as low interest rate and exchange rate volatility represent further drags on trading activity. This challenging environment is expected to endure.

As a consequence of the above market factors, the trend seen in the second half of 2013/14 in the relative performances of the Company's businesses has been largely replicated in the new financial year. Trading activity continues to be subdued. The Company remains committed to its strategy of reshaping Global Broking in response to the new market structure.

The Company today is a very different organisation from that of just a few years ago as it has re-engineered and restructured its business to ensure a global alignment of management resources and infrastructures so that it can more effectively meet the existing and future customers' needs, and is more collaborative across the business than it has ever been. What has not changed is the Company's desire to be and to behave as a market leader, and to continue to provide outstanding service to its customers across all the businesses

ICAP SECURITIES LIMITED

Directors' Report for the year ended 31 March 2014

Company Number: 500777

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

ACTIVITIES, BUSINESS REVIEW AND DEVELOPMENT

A review of business activities, future developments and a description of the principal risks and uncertainties facing the Company is given in the business review on page 1.

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

The Company has regulated branches in Germany and Dubai.

DIVIDENDS

Dividends of £12,000,000 (2013: £52,940,000) were paid during the year.

DIRECTORS

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

D Casterton	
V E Cruwys	(resigned 13 September 2013)
G Smith	
S Wren	(resigned 1 June 2013)
N Dargan	(appointed 1 June 2013)
J Scard-Morgan	(appointed 23 September 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 applicable law and United Kingdom Accounting Standards (United Kingdom Generally Accepted Accounting Practice), including Financial Reporting Standard 101 Reduced Disclosure Framework (FRS 101).

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 United Kingdom Accounting Standards, including FRS 101 have been followed, subject to any material departures disclosed and explained in the financial statements;
- notify its shareholders in writing about the use of disclosure exemptions, if any, of FRS 101 used in the preparation of 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 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 SECURITIES LIMITED

Directors' Report for the year ended 31 March 2014

Company Number: 500777

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:



N Dargan
Director

24 June 2014

ICAP SECURITIES LIMITED

Strategic Report for the year ended 31 March 2014

The directors present their strategic report and the audited financial statements of ICAP Securities 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.

The Company is active in wholesale markets across a wide range of asset classes which comprise Credit, Equities, Rates, Future, Emerging markets and Commodities. This makes the business relatively resilient throughout the economic cycle.

The Credit business comprises corporate government bonds and credit derivatives. Credit markets remained challenging due to a particularly quiet summer, low interest rates and the ongoing shift in secondary market trading to the buy side all negatively impacting activity. The shifting dynamics of credit markets with increased use of electronic platforms and the changing client base from bank to buy side has resulted in a focus on the more profitable elements of the business where customer demand is expected to stabilise and then grow over time.

The Futures business mainly comprises Interest Rate Futures in the UK. Volumes were contained by largely range-bound markets. Over the summer, yields came under some upward pressure as economic data in the US picked up and talk of the Fed tapering its asset purchase programme gathered momentum, signs of improvement in the economic signals coming out of Europe and particularly the UK have compounded this process. Later in the year there was also a growing concern among many investors about the pace of recovery in Europe, which has further impacted the trading volume of Futures.

Equities had an overall good performance. Trading in emerging markets saw resurgence with increased market volatility prompted by geopolitical developments. Despite lower industry volumes, the metal business has improved its market share and continues to increase activity in options.

RESULTS

The results of the Company are set out in the profit and loss account on page 7.

The profit for the financial year of £3,504,000 (2013: £55,081,000) has been transferred to reserves.

The net assets of the Company are £379,829,000 (2013: £388,345,000).

EXCEPTIONAL ITEMS

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. These are shown as 'exceptional items' on the face of the profit and loss account.

No exceptional costs were incurred by the Company in the current year. As a result of the cost reduction programme announced in May 2012, the Company recognised staff termination costs of £3,926,000 during the prior year.

PRINCIPAL RISKS AND UNCERTAINTIES

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

ICAP SECURITIES LIMITED

Strategic Report for the year ended 31 March 2014

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 profit divided by net assets, is 1%.

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



N Dargan
Director

24 June 2014

ICAP SECURITIES LIMITED

Independent Auditors' Report to the members of ICAP Securities 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 United Kingdom Generally Accepted Accounting Practice; 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 ICAP Securities Limited, comprise:

- the profit and loss account for the year ended 31 March 2014;
- the statement of total recognised gains and losses for the year ended 31 March 2014;
- the balance sheet as at 31 March 2014;
- the statement of changes in equity as at 31 March 2014; 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 United Kingdom Accounting Standards (United Kingdom Generally Accepted Accounting Practice), including FRS 101 "Reduced Disclosure Framework".

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:

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

ICAP SECURITIES LIMITED

Independent Auditors' Report to the members of ICAP Securities Limited

- 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.

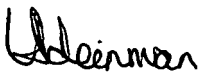
Responsibilities for the financial statements and the audit

Our responsibilities and those of the directors

As explained more fully in the Statement of Directors' Responsibilities set out on page 2, the directors are responsible for the preparation of the financial statements and for being satisfied that they give a true and fair view.

Our responsibility is to audit and express an opinion on the financial statements in accordance with applicable law and 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
24 June 2014

ICAP SECURITIES LIMITED

Profit and Loss Account for the year ended 31 March 2014

	<u>Note</u>	<u>Year ended</u> <u>31/03/2014</u> £'000	<u>Year ended</u> <u>31/03/2013</u> £'000
Turnover		106,949	122,786
Administrative expenses		(104,592)	(113,144)
Other operating expenses	8	(2,366)	(1,268)
Exceptional items	5	-	(3,926)
Operating (loss)/profit	4	<u>(9)</u>	<u>4,448</u>
Income from fixed asset investments	9	3,800	52,190
Interest receivable and similar income	10	165	270
Interest payable and similar charges	11	(55)	(301)
Profit on ordinary activities before taxation		<u>3,901</u>	<u>56,607</u>
Tax on profit on ordinary activities	12	(397)	(1,526)
Profit for the financial year		<u><u>3,504</u></u>	<u><u>55,081</u></u>

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

The notes on pages 12 to 31 are an integral part of these financial statements.

ICAP SECURITIES LIMITED

Statement of Total Recognised Gains and Losses for the year ended 31 March 2014

	<u>Year ended</u> <u>31/03/2014</u> £'000	<u>Year ended</u> <u>31/03/2013</u> £'000
Profit for the financial year	3,504	55,081
Retranslation of overseas branches	(20)	20
Total recognised gains and losses relating to the year	<u>3,484</u>	<u>55,101</u>

The notes on pages 12 to 31 are an integral part of these financial statements.

ICAP SECURITIES LIMITED
Balance Sheet as at 31 March 2014

Company Number: 500777

	<u>Note</u>	<u>As at</u> <u>31/03/2014</u> £'000	<u>As at</u> <u>31/03/2013</u> £'000
Fixed assets			
Investments	13	298,331	298,331
Available-for-sale investments	14	1,809	1,809
Deferred tax asset	15	31	36
		<u>300,171</u>	<u>300,176</u>
Current assets			
Debtors	16	6,238,230	5,663,193
Restricted funds	17	986	816
Cash at bank and in hand	17	53,193	72,592
		<u>6,292,409</u>	<u>5,736,601</u>
Creditors: amounts falling due within one year	18	(6,211,447)	(5,646,141)
Bank loans and overdrafts	19	(575)	(420)
Tax payable		(453)	(1,537)
Provisions for liabilities	20	(276)	(334)
		<u>(6,212,751)</u>	<u>(5,648,432)</u>
Net current assets		<u>79,658</u>	<u>88,169</u>
Net assets		<u>379,829</u>	<u>388,345</u>
Capital and reserves			
Called up share capital	21	351,331	351,331
Profit and loss account		18,798	27,314
Other reserves		9,700	9,700
Total shareholders' funds		<u>379,829</u>	<u>388,345</u>

The notes on pages 12 to 31 are an integral part of these financial statements.

The financial statements on pages 8 to 31 were approved by the board of directors on 24 June 2014 and were signed on its behalf by:


N Dargan
Director

ICAP SECURITIES LIMITED

Statement of Changes in Equity as at 31 March 2014

	<u>Called up</u> <u>share</u> <u>capital</u> <u>(note 21)</u> <u>£'000</u>	<u>Other</u> <u>reserves</u> <u>£'000</u>	<u>Profit</u> <u>and loss</u> <u>account</u> <u>£'000</u>	<u>Total</u> <u>£'000</u>
As at 1 April 2012	351,331	9,700	25,153	386,184
Profit for the year	-	-	55,081	55,081
Dividends paid in the year (note 22)	-	-	(52,940)	(52,940)
Retranslation of overseas branches	-	-	20	20
As at 31 March 2013	<u>351,331</u>	<u>9,700</u>	<u>27,314</u>	<u>388,345</u>
Profit for the year	-	-	3,504	3,504
Dividends paid in the year (note 22)	-	-	(12,000)	(12,000)
Retranslation of overseas branches	-	-	(20)	(20)
As at 31 March 2014	<u>351,331</u>	<u>9,700</u>	<u>18,798</u>	<u>379,829</u>

The notes on pages 12 to 31 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.

ICAP SECURITIES 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 Financial Reporting Standard 101, 'Reduced Disclosure Framework' (FRS 101) and the Companies Act 2006 (the Act) as applicable to companies using FRS 101. FRS 101 sets out a reduced disclosure framework for a 'qualifying entity' as defined in the standard which addresses the financial reporting requirements and disclosure exemptions in the individual financial statements of qualifying entities that otherwise apply the recognition, measurement and disclosure requirements of EU-adopted IFRS.

The Company is a qualifying entity for the purposes of FRS 101. Note 24 gives details of the Company's parent and from where its consolidated financial statements prepared in accordance with IFRS may be obtained.

The following disclosure exemptions have been adopted:

- comparatives for tangible and intangible fixed asset reconciliations;
- cash flow statements;
- key management compensation; and
- related party transactions between wholly owned group companies.

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

The Company has exercised its entitlement not to produce consolidated financial statements since consolidated financial statements have been prepared by its ultimate parent company, ICAP plc.

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. These are shown as 'exceptional items' on the face of the profit and loss account.

b) Turnover

Turnover primarily comprises commission from the Company's agency business and brokerage from matched principal transactions.

Matched principal business

The Company is involved as principal in the purchase and simultaneous commitment to sell securities and other financial instruments between third parties. Turnover is generated from the difference between the purchase and sale proceeds and is recognised in full at the time of the simultaneous commitment by the counterparties to sell and purchase the financial instrument.

Agency business (name give-up transactions)

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. Turnover 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 debtors (note 16).

Execution on exchange business

The Company also acts as a broker of exchange listed products, where the Company executes client orders as principal and then novates the trade to the underlying clients' respective clearing broker for settlement. Turnover is generated from either the difference between the purchase and sale proceeds or by invoice, depending on the product, market and agreements in place with the customer, and is recognised on trade date.

ICAP SECURITIES LIMITED

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

1. PRINCIPAL ACCOUNTING POLICIES (CONTINUED)

c) Pension costs

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

d) Borrowing costs

All borrowing costs are expensed as interest payable and similar charges in the profit and loss account using the applicable effective interest rate.

e) 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 dealt with in equity.

Current tax is the expected tax payable on the taxable income for the year, using tax rates enacted, or substantially enacted by the balance sheet date.

Deferred tax is recognised using the liability method, in respect of all temporary differences between the carrying value of assets and liabilities for reporting purposes and the tax bases of the assets and liabilities. Deferred tax is calculated at the rate of tax expected to apply when the liability is settled or the asset is realised. A deferred tax asset is recognised only to the extent that it is probable that future taxable profits will be available against which the asset can be utilised.

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

f) Foreign currencies

Transactions denominated in foreign currencies are translated into the functional currency at the rates of exchange prevailing on the dates of the transactions. At each balance sheet date, monetary assets and liabilities that are denominated in foreign currencies are retranslated at the rates prevailing on the balance sheet date. Exchange differences are taken to the profit and loss account, 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.

ICAP SECURITIES LIMITED

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

1. PRINCIPAL ACCOUNTING POLICIES (CONTINUED)

g) Financial assets

Financial assets are classified as “available-for-sale” or “loans and receivables” on initial recognition.

Available-for-sale: available-for-sale financial assets are debt and equity non-derivative financial assets and are initially recognised at fair value. Any subsequent changes in fair value are recognised directly in equity. When an investment is disposed of or is determined to be impaired, any cumulative gain or loss previously recognised in equity is transferred to the profit and loss account. For equity financial assets, where the fair value cannot be reliably measured, the assets are held at cost less any provision for impairment. These assets are generally expected to be held for the long term and are included in non-current assets. Assets such as shares or seats in exchanges, cash-related instruments, and long-term equity investments that do not qualify as associates or joint ventures are classified as available-for-sale.

Loans and receivables: loans and receivables are non-derivative financial instruments which have a fixed or easily determined value. They are recognised at cost, less any provisions for impairment in their value. These assets are included in debtors (note 16).

Financial assets not held at fair value are impaired where there is objective evidence that the value may be impaired. The amount of the impairment is calculated as the difference between carrying value and the present value of any expected future cash flows, with any impairment being recognised in the profit and loss account. Subsequent recovery of amounts previously impaired are credited to the profit and loss account.

h) Derivative financial instruments

The Company occasionally enters into derivative financial assets and liabilities on behalf of clients. All derivative financial instruments are initially recognised on the balance sheet at their fair value adjusted for transaction costs.

The fair values of financial instrument derivatives are determined by reference to quoted prices in an active market. Where no such active market exists, the fair value is determined using appropriate valuation techniques from observable data, including discounted cash flow analysis and the Black-Scholes option pricing model.

Gains and losses on financial instrument derivatives which qualify for hedge accounting are recognised according to the nature of the hedge relationship and the item being hedged. Hedges are either classified as fair value hedges, cash flow hedges or net investment hedges.

i) Investment in subsidiaries

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

A subsidiary is an entity over which the Company has control. Control exists where the Company has the power to govern the financial and operating policies of an entity so as to obtain benefits from its activities.

j) Matched principal business

The Company is involved as principal in the purchase and simultaneous commitment to sell securities and other financial instruments between third parties. Such trades are complete only when both sides of the transaction are settled and therefore the Company is exposed to risk in the event that one side of the transaction remains unsettled. Substantially all the transactions settle within a short period of time on a delivery versus payment basis and, as such, the settlement risk is considered to be low. All amounts due to and payable by counterparties in respect of matched principal business are shown gross as matched principal trade debtors and matched principal trade creditors except where a netting agreement, which is legally enforceable at all times, exists and the asset and liability are either settled net or simultaneously.

ICAP SECURITIES LIMITED

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

1. PRINCIPAL ACCOUNTING POLICIES (CONTINUED)

k) Debtors

Debtors are recognised at cost less provision for impairment.

l) Intercompany netting

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

m) Debt provisioning

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

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

n) Cash at bank and in hand

Cash at bank and in hand 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.

o) Client Money

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

p) 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.

q) Share capital

Ordinary shares are classified as equity. Dividends are recognised as deductions from the profit and loss account in the period in which they are declared.

ICAP SECURITIES 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

Classification of financial assets as at 31 March 2014

	<u>Available- for-sale</u> £'000	<u>Loans and receivables</u> £'000	<u>Total</u> £'000
Financial assets			
Cash at bank and in hand	-	54,179	54,179
Debtors less prepayments	-	6,237,712	6,237,712
Available-for-sale investments	1,809	-	1,809
	<u>1,809</u>	<u>6,291,891</u>	<u>6,293,700</u>

Classification of financial assets as at 31 March 2013

	<u>Available- for-sale</u> £'000	<u>Loans and receivables</u> £'000	<u>Total</u> £'000
Financial assets			
Cash at bank and in hand	-	73,408	73,408
Debtors less prepayments	-	5,662,997	5,662,997
Available-for-sale investments	1,809	-	1,809
	<u>1,809</u>	<u>5,736,405</u>	<u>5,738,214</u>

The financial assets can be reconciled as follows:

	<u>As at 31/03/2014</u> £'000	<u>As at 31/03/2013</u> £'000
Financial assets		
Cash at bank and in hand	54,179	73,408
Available-for-sale investments	1,809	1,809
Debtors	6,238,230	5,663,193
<i>Less</i>		
Prepayments	(518)	(196)
	<u>6,293,700</u>	<u>5,738,214</u>

None of the Company's financial liabilities are held for trading.

ICAP SECURITIES LIMITED

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

2. FINANCIAL RISK MANAGEMENT (CONTINUED)

Market risk

Foreign exchange risk

The Company is exposed to both transactional and translational fluctuations in the value of financial instruments due to exchange rate movements.

Transactional exposure arises from administrative and other expenses and remittance of funds in currencies other than the Company's functional currency (sterling), principally United States dollars and euros. 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 sterling. The Group hedges up to 100% of its translational exposure at a Group level, but the Company is exposed to the impact of exchange rate movements.

It is estimated that a 10 cent increase in the exchange rates of the United States dollar and the euro would have an unfavourable impact of £264,000 and £141,000 (2013: £290,000 and £336,000) respectively on the Company's profit and loss account and reserves.

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>
	£'000	£'000	£'000	£'000	£'000
Assets					
Cash at bank and in hand	(221)	(2,216)	214	56,402	54,179
Debtors less prepayments	962,800	3,774,065	1,080,449	420,398	6,237,712
Available-for-sale investments	-	-	-	1,809	1,809
	<u>962,579</u>	<u>3,771,849</u>	<u>1,080,663</u>	<u>478,609</u>	<u>6,293,700</u>
Liabilities					
Creditors	(958,118)	(3,769,976)	(1,079,153)	(404,200)	(6,211,447)
Provisions for liabilities	-	-	-	(276)	(276)
Clearing overdraft	-	(60)	(325)	(190)	(575)
	<u>(958,118)</u>	<u>(3,770,036)</u>	<u>(1,079,478)</u>	<u>(404,666)</u>	<u>(6,212,298)</u>
Net assets	<u>4,461</u>	<u>1,813</u>	<u>1,185</u>	<u>73,943</u>	<u>81,402</u>

ICAP SECURITIES 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 2013:

	USD £'000	EUR £'000	Other £'000	GBP £'000	Total £'000
Assets					
Cash at bank and in hand	(814)	1,764	4,302	68,156	73,408
Debtors less prepayments	861,963	3,037,574	671,520	1,091,940	5,662,997
Available-for-sale investments	-	-	-	1,809	1,809
	<u>861,149</u>	<u>3,039,338</u>	<u>675,822</u>	<u>1,161,905</u>	<u>5,738,214</u>
Liabilities					
Creditors	(858,183)	(3,034,623)	(671,076)	(1,082,259)	(5,646,141)
Provisions for liabilities	-	-	-	(334)	(334)
Clearing overdraft	-	-	-	(420)	(420)
	<u>(858,183)</u>	<u>(3,034,623)</u>	<u>(671,076)</u>	<u>(1,083,013)</u>	<u>(5,646,895)</u>
Net assets	<u>2,966</u>	<u>4,715</u>	<u>4,746</u>	<u>78,892</u>	<u>91,319</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 £586,000 (2013: £664,000) on the Company's profit and loss account and reserves.

ICAP SECURITIES 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> £'000	<u>Fixed</u> £'000	<u>Variable</u> £'000	<u>Total</u> £'000
Assets				
Cash at bank and in hand	-	18,396	35,783	54,179
Debtors less prepayments	6,237,712	-	-	6,237,712
Available-for-sale investments	1,809	-	-	1,809
	<u>6,239,521</u>	<u>18,396</u>	<u>35,783</u>	<u>6,293,700</u>
Liabilities				
Creditors	(6,211,447)	-	-	(6,211,447)
Provisions for liabilities	(276)	-	-	(276)
Clearing overdraft	-	-	(575)	(575)
	<u>(6,211,723)</u>	<u>-</u>	<u>(575)</u>	<u>(6,212,298)</u>

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

	<u>None</u> £'000	<u>Fixed</u> £'000	<u>Variable</u> £'000	<u>Total</u> £'000
Assets				
Cash at bank and in hand	-	21,002	52,406	73,408
Debtors less prepayments	5,662,997	-	-	5,662,997
Available-for-sale investments	1,809	-	-	1,809
	<u>5,664,806</u>	<u>21,002</u>	<u>52,406</u>	<u>5,738,214</u>
Liabilities				
Creditors	(5,646,141)	-	-	(5,646,141)
Provisions for liabilities	(334)	-	-	(334)
Clearing overdraft	-	-	(420)	(420)
	<u>(5,646,475)</u>	<u>-</u>	<u>(420)</u>	<u>(5,646,895)</u>

ICAP SECURITIES LIMITED

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

2. FINANCIAL RISK MANAGEMENT (CONTINUED)

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

	Year ended 31/03/2014		Year ended 31/03/2013	
	Fixed	Variable	Fixed	Variable
	%	%	%	%
Cash at bank and in hand	0.58	-	0.74	-
Restricted funds	-	-	0.69	-

Price risk

The Company is exposed to price risk when one or both counterparties in a matched principal or stock lending transaction fail to fulfil their obligations, through trade mismatches or other errors. Risk is restricted to short term price movements in the underlying stock held.

Unmatched transactions are identified and monitored on a daily basis. The Group has policies and procedures in place to reduce the likelihood of such situations but should they arise, the policy is to close out positions immediately or, with Senior Management approval, to carry them with an appropriate hedge in place.

The Company expects that movement in the price of assets and liabilities in matched principal transactions will not have a material effect on the profit and loss account of the Company.

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. Typically the Company's counterparties are highly credit rated large financial institutions.

The Company has no significant concentrations of credit risk and the maximum exposure is limited to debtors, other than matched principal trade debtors (note 16). In a matched principal transaction there is a simultaneous commitment by the counterparties to sell and purchase a financial instrument and so credit exposure is limited to the net of matched principal trade debtors and creditors.

Liquidity risk

The Company seeks to ensure that it has constant access, even in periods of market turmoil, to an appropriate level of cash, other forms of marketable securities and committed funding lines to enable it to finance its ongoing operations, proposed acquisitions and other reasonable unanticipated events on cost effective and attractive terms.

The Company retains sufficient cash balances to meet regulatory and working capital requirements. Excess cash is passed up to ICAP Group Holdings plc by way of dividend or loan. At 31 March 2014 the Company had cash and cash equivalents of £54,179,000 (2013: £73,408,000). In addition the Company has access to a number of clearing facilities in its own name. In order to formalise the financing facilities available, the Company has entered into a £100.0m intercompany revolving credit facility with ICAP Group Holdings plc providing it with access to same day funding.

Matched principal trades have no contractual settlement date and are complete only when both sides of the transaction are settled. Therefore, the Company's exposure to liquidity risk is not significant.

ICAP SECURITIES LIMITED

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

2. FINANCIAL RISK MANAGEMENT (CONTINUED)

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	£'000	£'000	£'000	£'000	£'000
Liabilities					
Creditors	(982)	(6,210,465)	-	-	(6,211,447)
Provisions for liabilities	-	-	(276)	-	(276)
Clearing overdraft	-	(575)	-	-	(575)
	<u>(982)</u>	<u>(6,211,040)</u>	<u>(276)</u>	<u>-</u>	<u>(6,212,298)</u>

	On demand	Less than 3 months	3 months to 1 year	More than 1 year	Total
31 March 2013	£'000	£'000	£'000	£'000	£'000
Liabilities					
Creditors	(449)	(5,645,692)	-	-	(5,646,141)
Provisions for liabilities	-	(161)	(173)	-	(334)
Clearing overdraft	-	(420)	-	-	(420)
	<u>(449)</u>	<u>(5,646,273)</u>	<u>(173)</u>	<u>-</u>	<u>(5,646,895)</u>

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.

ICAP SECURITIES LIMITED

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

3. KEY ACCOUNTING JUDGEMENTS AND SOURCES OF ESTIMATION UNCERTAINTY

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

As at 31 March 2014 there were no such judgements or assumptions that had a significant effect on the amounts recognised in the financial statements. None of these items give rise to a significant risk of causing material adjustment to the carrying amounts of assets and liabilities in the next financial year.

4. OPERATING (LOSS) / PROFIT

	<u>Year ended</u> <u>31/03/2014</u> £'000	<u>Year ended</u> <u>31/03/2013</u> £'000
Operating (loss) / profit is stated after charging:		
Wages & salaries and social security costs (note 6)	48,869	55,543
Other staff costs	762	671
Staff costs	<u>49,631</u>	<u>56,214</u>
Operating lease charges:		
- Plant and machinery	83	2
Services provided by the company's auditor:		
- Fees payable for the audit	134	129

The remainder of the administrative expenses primarily relate to intercompany recharges in relation to a service agreement.

The Company's administrative expenses includes auditors' remuneration in respect of statutory audit in the UK of £ 134,000 (2013: £ 129,000) and costs paid in relation to a Save-As-You-Earn (SAYE) share option scheme of £ 73,000 (2013: £ 180,000) for options over ordinary shares in ICAP plc, the Company's ultimate parent company.

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.

5. EXCEPTIONAL ITEMS

No exceptional costs were incurred by the Company in the current year. As a result of the cost reduction programme announced in May 2012, the Company recognised staff termination costs of £3,926,000 during the prior year.

ICAP SECURITIES LIMITED

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

6. SALARY AND PAYROLL COSTS

Staff costs borne by the Company and included within the management recharge comprise:

	<u>Year ended</u> <u>31/03/2014</u>	<u>Year ended</u> <u>31/03/2013</u>
	£'000	£'000
Employee costs:		
Wages and salaries	43,577	49,586
Social security costs	5,122	5,823
Other pension costs	170	134
	<u>48,869</u>	<u>55,543</u>

The monthly average number of persons employed by the Company during the year was 182 (2013: 204).

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

7. DIRECTORS' REMUNERATION

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

	<u>Year ended</u> <u>31/03/2014</u>		<u>Year ended</u> <u>31/03/2013</u>	
	Total	Highest paid director	Total	Highest paid director
	£'000	£'000	£'000	£'000
Aggregate emoluments	1,264	542	1,727	520
Contributions to defined contribution pension schemes	48	30	36	-
	<u>1,312</u>	<u>572</u>	<u>1,763</u>	<u>520</u>

As at 31 March 2014, retirement benefits are accruing to 1 director (2013: 2 directors) under defined contribution schemes sponsored by ICAP plc.

8. OTHER OPERATING EXPENSES

	<u>Year ended</u> <u>31/03/2014</u>	<u>Year ended</u> <u>31/03/2013</u>
	£'000	£'000
Exchange differences	(695)	157
Other operating expenses	(1,671)	(1,425)
	<u>(2,366)</u>	<u>(1,268)</u>

In the prior year, a profit share agreement has been reclassified from administrative expenses to other operating expenses of £352,000 and from turnover to other operating expenses of £1,073,000. The purpose of this is to reflect the nature of profit share transactions.

ICAP SECURITIES LIMITED

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

9. INCOME FROM FIXED ASSET INVESTMENTS

	<u>Year ended</u> <u>31/03/2014</u> £'000	<u>Year ended</u> <u>31/03/2013</u> £'000
Dividends received	3,800	52,190
	<u>3,800</u>	<u>52,190</u>

10. INTEREST RECEIVABLE AND SIMILAR INCOME

	<u>Year ended</u> <u>31/03/2014</u> £'000	<u>Year ended</u> <u>31/03/2013</u> £'000
Bank deposits	165	270
	<u>165</u>	<u>270</u>

In the prior year, other interest receivable has been reclassified and shown as bank deposits, to be consistent with the current year.

11. INTEREST PAYABLE AND SIMILAR CHARGES

	<u>Year ended</u> <u>31/03/2014</u> £'000	<u>Year ended</u> <u>31/03/2013</u> £'000
Bank loans and overdrafts	55	301
	<u>55</u>	<u>301</u>

ICAP SECURITIES LIMITED

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

12. TAX ON PROFIT ON ORDINARY ACTIVITIES

	<u>Year ended</u> <u>31/03/2014</u> £'000	<u>Year ended</u> <u>31/03/2013</u> £'000
a) Analysis of charge for the year		
Current tax:		
Corporation tax	407	1,549
Adjustments in respect of prior years	(15)	(35)
	<u>392</u>	<u>1,514</u>
Deferred tax:		
Deferred tax (note 15) - current year	13	10
Adjustments in respect of prior years (note 15)	(8)	2
	<u>5</u>	<u>12</u>
	<u>397</u>	<u>1,526</u>
b) Factors affecting the tax charge for the year		
Profit on ordinary activities before tax	<u>3,901</u>	<u>56,607</u>
Profit before tax multiplied by standard rate of corporation tax in the UK of 23% (2013: 24%)	897	13,586
Effects of:		
Expenses not deductible for tax purposes	345	499
Dividend received	(874)	(12,526)
Adjustments in respect of prior years – current tax	(15)	(35)
Adjustments in respect of prior years – deferred tax	(8)	-
Overseas tax	60	-
Impact of change in rate for deferred tax	(8)	2
	<u>(500)</u>	<u>(12,060)</u>
Tax charge for the year	<u>397</u>	<u>1,526</u>
Effective tax rate	10%	3%

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.

Capital Requirements Regulation (Regulation 575/2013) and the Capital Requirements Directive (2013/36/EU) (together "CRD IV") country by country reporting:

<u>Name</u>	<u>Nature of</u> <u>activities</u>	<u>Geographical</u> <u>location</u>	<u>Turnover</u> <u>£'000</u>	<u>Average number of</u> <u>employees on a</u> <u>full time</u> <u>equivalent basis</u>
ICAP Securities Limited	Global broking	England & Wales	95,815	178
ICAP Securities Limited - Frankfurt Branch	Global broking	Germany	8,710	-
ICAP Securities Limited - Dubai Branch	Global broking	Dubai	2,424	4

ICAP SECURITIES LIMITED

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

13. INVESTMENTS

	<u>As at</u> <u>31/03/2014</u> £'000	<u>As at</u> <u>31/03/2013</u> £'000
Cost and Net book value		
As at beginning of the year	298,331	298,331
As at 31 March	<u>298,331</u>	<u>298,331</u>

The directors believe that the carrying value of the investments is supported by their underlying net assets.

The Company owns 100% of ICAP Holdings (UK) Limited. The subsidiaries of ICAP Holdings (UK) Limited, which are incorporated in England and Wales, are as follows:

Name	Principal activity	% held
ICAP WCLK Limited	Matched principal inter-dealer broker	100%
ICAP Energy Limited	Agency broker in commodity derivatives	100%
ICAP Global Derivatives Limited	Money broker	100%
The Link Asset and Securities Company Limited	Equity derivatives broker	100%
My Treasury Limited	Provider of electronic cash management solutions	88.75%

During the year, ICAP Holdings (UK) Limited sold its investment in ICAP Europe Limited to a fellow subsidiary company of ICAP plc.

14. AVAILABLE-FOR-SALE INVESTMENTS

	<u>As at</u> <u>31/03/2014</u> £'000	<u>As at</u> <u>31/03/2013</u> £'000
Cost		
As at 1 April	1,809	1,809
As at 31 March	<u>1,809</u>	<u>1,809</u>
Net book value		
As at 31 March	<u>1,809</u>	<u>1,809</u>

All available-for-sale investments are unlisted for which there is no readily available market price. As such, the fair value of unlisted securities is based on cost less any provision for impairment.

ICAP SECURITIES LIMITED

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

15. DEFERRED TAX ASSET

The deferred tax asset was as follows:

	<u>As at</u> <u>31/03/2014</u> £'000	<u>As at</u> <u>31/03/2013</u> £'000
Capital allowances	31	36
	<u>31</u>	<u>36</u>
	<u>2014</u> £'000	<u>2013</u> £'000
At beginning of the year	36	48
Transferred to the profit and loss account (note 12)	(5)	(12)
As at 31 March	<u>31</u>	<u>36</u>

ICAP SECURITIES LIMITED

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

16. DEBTORS

	<u>As at</u> <u>31/03/2014</u> £'000	<u>As at</u> <u>31/03/2013</u> £'000
Current		
Matched principal trade debtors	6,212,878	5,642,724
Agency trade debtors	8,826	11,065
Provision for impairment	(4)	(5)
Net trade debtors	<u>6,221,700</u>	<u>5,653,784</u>
Amounts owed by Group companies	13,515	7,574
Amounts owed by related companies	162	218
Amounts owed by clearing houses and cleared clients	2,335	1,411
Other debtors	-	10
Prepayments and accrued income	518	196
	<u><u>6,238,230</u></u>	<u><u>5,663,193</u></u>

Matched principal transactions are those where the Company acts as principal in the simultaneous commitment to sell securities between third parties. Such trades have no contractual settlement date and are complete only when both sides of the transaction are settled. Substantially all matched principal debtors settle within a short period of time, usually within three days of trade date.

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> £'000	<u>As at</u> <u>31/03/2013</u> £'000
Less than 30 days	3,798	3,128
Over 30 days, but less than 90 days	3,537	2,173
Over 90 days, but less than 180 days	612	1,706
Over 180 days	875	-
	<u><u>8,822</u></u>	<u><u>7,007</u></u>

ICAP SECURITIES LIMITED

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

17. CASH AT BANK AND IN HAND

	<u>As at</u> <u>31/03/2014</u> £'000	<u>As at</u> <u>31/03/2013</u> £'000
Cash at bank and in hand	34,797	51,590
Short-term bank deposits	18,396	21,002
Restricted funds	986	816
	<u>54,179</u>	<u>73,408</u>

The effective interest rates are disclosed in note 2.

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

Restricted funds are comprised of cash held with clearing houses, or financial institutions providing the Company with access to a clearing house, and funds set aside for regulatory purposes, but excluding client money. The funds represent cash for which the Company does not have immediate and direct access or for which regulatory requirements restrict the use of the cash.

	<u>As at</u> <u>31/03/2014</u> £'000	<u>As at</u> <u>31/03/2013</u> £'000
Cash at bank and in hand	54,179	73,408
Clearing overdraft (note 19)	(575)	(420)
	<u>53,604</u>	<u>72,988</u>

18. CREDITORS

	<u>As at</u> <u>31/03/2014</u> £'000	<u>As at</u> <u>31/03/2013</u> £'000
Amounts falling due within one year		
Matched principal trade creditors	6,207,790	5,639,689
Trade creditors	1	35
Amounts owed to Group companies	982	449
Other taxation and social security	102	28
Other creditors	101	320
Accruals	2,355	3,949
Amounts owed to clearing houses and cleared clients	116	1,671
	<u>6,211,447</u>	<u>5,646,141</u>

ICAP SECURITIES LIMITED

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

19. BANK LOANS AND OVERDRAFTS

	<u>As at</u> <u>31/03/2014</u> £'000	<u>As at</u> <u>31/03/2013</u> £'000
Bank loans and overdrafts		
Clearing overdraft (note 17)	575	420

The clearing overdraft is for operational use and not for working capital so any costs relating to this are included within clearing costs.

20. PROVISIONS FOR LIABILITIES

	<u>As at</u> <u>31/03/2014</u> £'000	<u>As at</u> <u>31/03/2013</u> £'000
As at 1 April	334	-
(Utilised) / provided in the year	(58)	334
As at 31 March	276	334
	<u>276</u>	<u>334</u>
	<u>276</u>	<u>334</u>

21. CALLED UP SHARE CAPITAL

	<u>As at</u> <u>31/03/2014</u> £'000	<u>As at</u> <u>31/03/2013</u> £'000
Allotted and fully paid:		
351,331,105 Ordinary share(s) of £1 each (2013: 351,331,105)	351,331	351,331
	351,331	351,331

22. DIVIDENDS

	<u>Year ended</u> <u>31/03/2014</u> £'000	<u>Year ended</u> <u>31/03/2013</u> £'000
First interim dividend of 1.99p per share (2013: 0.21p per share)	7,000	750
Second interim dividend of 1.42p per share (2013: 7.27p per share)	5,000	25,540
Third interim dividend of nil p per share (2013: 7.59p per share)	-	26,650
	12,000	52,940

ICAP SECURITIES LIMITED

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

23. GUARANTEES AND CONTINGENT LIABILITIES

- a) The Company has granted a counter indemnity to Lloyds TSB Bank plc for US\$7,000,000 (2013: US\$7,000,000) in respect of the Company's trading line with BNP Paribas.
- b) On 18 September 1998, the Company granted a fixed and floating charge in favour of the Bank of New York over all the Company's assets under their control in respect of a Securities Clearing Agreement.
- c) On 20 December 1999, the Company granted a fixed and floating charge in favour of NatWest Bank over shares, stocks and other securities held in the Company's name within the Crest Settlement Systems.
- d) On 16 March 2009, the Company granted a fixed and floating charge in favour of LCH Clearnet Limited over all the Company's obligations as a member of the clearing house.
- e) On 15 May 2009, the Company granted a fixed and floating charge in favour of ABN Amro over all monies due or to become due from the Company to the chargee under the terms of the Master Clearing Agreement.

24. ULTIMATE PARENT COMPANY

Parent company

The Company's immediate parent is ICAP Group Holdings plc, 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 clears trades and collects revenue on behalf of Exotix Partners LLP and Guy Butler Limited. A fellow subsidiary of the Company holds an investment in Exotix Partners LLP. The Company does not receive a fee for this service, but does recharge the companies for their share of related costs. As at 31 March 2014 the Company had a balance of £162,000 due from Exotix Partners LLP (2013: £218,000 due from Exotix Partners LLP).