

Company Registration No. 2937460

Exane Limited

Report and Financial Statements

31 December 2013

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Exane Limited

Report and financial statements 2013

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Exane Limited

Report and financial statements 2013

Officers and professional advisers

Directors

N Chanut
V Laurencin
B Catherine
V Rouviere
C Formery
L. Adams

Registered office

One Hanover Street
London
W1S 1YZ

Bankers

JPMorgan Chase Bank
1 Chaseside
Bournemouth
BH7 7DA

Solicitors

Clifford Chance
10 Upper Bank Street
London
E14 5JJ

Auditor

Deloitte LLP
London

Exane Limited

Strategic Report

Principal activities

The principal activities of the company are the operation of a broking service in equities, which encompasses equity research, sales and execution activities

The company is regulated by the Financial Conduct Authority

Branch activities

The company has a branch in Singapore (Exane Limited Singapore Branch) which provides advice and recommendations to local clients on European equities, with the aim of referring orders to Exane Limited

Principal risks

The company's overall approach to assessing the adequacy of capital is documented in the Internal Capital Adequacy Assessment Process ("ICAAP") documentation. The ICAAP process includes an assessment of all material risks faced by the company and of the controls that are in place to identify, manage and mitigate those risks. The risks identified are stress-tested against various scenarios in order to determine the level of capital that needs to be held. The regulatory capital resources of the firm at 31 December 2013, calculated in accordance with FCA definitions, were €61.6m (2012: €53.8m)

The company has an adequate Risk Management framework in place to manage and limit the risks to its business. The main risks facing the company are as follows:

- **Market risk** – This risk arises from unfavourable movements in market prices and fluctuations in currencies. However, it should be noted that the company does not carry out any proprietary trading activities, market risk therefore only arises in relation to the facilitation activity, which only rarely carries overnight positions.
- **Operational risk** – Operational risk is the risk that the company suffers a loss directly or indirectly from inadequate or failed internal processes, people and systems, or from external events. Compliance and senior management closely ensure that any significant operational risks and the corresponding controls are continually reviewed and assessed, and where applicable corrective action plans are put in place.
- **Credit risk** – The company's principal financial assets are bank balances and cash, and its trade and other receivables. The company's credit risk is primarily attributable to its trade receivables. The amounts presented in the balance sheet are net of allowances for doubtful receivables. An allowance for impairment is made where there is an identified loss event which, based on previous experience, is evidence of a reduction in the recoverability of the cash flows. The credit risk on liquid funds is limited because the counterparties are banks with high credit-ratings assigned by international credit-rating agencies.
- **Liquidity risk** – The company has in place an appropriate liquidity risk management framework for the management of the company's short and medium-term funding and liquidity management requirements. The company manages liquidity risk by maintaining adequate reserves and by continuously monitoring actual cash flows and forecast.

Strategic Report (continued)


Going concern

The company's business activities, together with the factors that are likely to affect its future development and performance are set out above

The directors have considered forecasts, which take into account the improving market conditions while acknowledging that some uncertainty remains. They demonstrate that the company shall continue to operate within its own resources without recourse to any banking facilities. The forecasts used for this exercise are based on various assumptions regarding expected levels of income and cost. They have stress tested these basic assumptions and this testing reveals that the company can maintain acceptable cash levels. A major factor allowing this to be the case is the nature of its revenue and cost streams and the existing level of cash resources available within the company.

After making enquiries, the directors believe that the company is well placed to manage its business risks successfully and that the company has adequate resources to continue in operational existence for the foreseeable future. Accordingly, they consider it to be appropriate to adopt the going concern basis in preparing the financial statements.

Approved by the Board and signed on its behalf by



B Catherine
Director

Report of the Directors

The Directors submit their annual report on the affairs of the company, together with the financial statements and auditor's report for the year ended 31 December 2013

Results

The profit after taxation for the year amounts to €7,868,515 (2012 €5,634,148) The Directors recommend a final dividend of €1.26 per ordinary share to be paid on 30 April 2014 (2012 nil)

Post-balance Sheet Events

There have been no reportable events subsequent to the balance sheet date

Directors

The directors who served during the year are shown on page 1 The directors of the company who served throughout the year were

N Chanut
V Laurencin
B Catherine
V Rouviere
C Formery
L Adams

The directors have no disclosable interests under Section 234 of the Companies Act 2006

Auditor

Each of the persons who is a director at the date of approval of this report confirms that

- so far as the director is aware, there is no relevant audit information of which the company's auditor is unaware, and
- the director has taken all the steps that he ought to have taken as a director in order to make himself aware of any relevant audit information and to establish that the company's auditor is aware of that information

This confirmation is given and should be interpreted in accordance with the provisions of s418 of the Companies Act 2006

Deloitte have expressed their willingness to continue in office as auditor and a resolution to reappoint them will be proposed at the forthcoming Annual General Meeting

Approved by the Board of Directors and signed on behalf of the Board on 20 March 2014



B. Catherine
Director

Directors' responsibilities statement

The directors are responsible for preparing the Annual Report and the financial statements in accordance with applicable law and regulations

Company law requires the directors to prepare financial statements for each financial year. Under that law the directors have elected to prepare the financial statements in accordance with United Kingdom Generally Accepted Accounting Practice (United Kingdom Accounting Standards and applicable law). 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 UK Accounting Standards have 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.

Independent auditor's report to the members of Exane Limited

We have audited the financial statements of Exane Limited for the year ended 31 December 2013 which comprise the Profit and Loss Account, the Balance Sheet and the related notes 1 to 16. 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).

This report is made solely to the company's members, as a body, in accordance with Chapter 3 of Part 16 of the Companies Act 2006. Our audit work has been undertaken so that we might state to the company's members those matters we are required to state to them in an auditor's report and for no other purpose. To the fullest extent permitted by law, we do not accept or assume responsibility to anyone other than the company and the company's members as a body, for our audit work, for this report, or for the opinions we have formed.

Respective responsibilities of directors and auditor

As explained more fully in the Directors' Responsibilities Statement, the directors are responsible for the preparation of the financial statements and for being satisfied that they give a true and fair view. Our responsibility is to audit and express an opinion on the financial statements in accordance with applicable law and International Standards on Auditing (UK and Ireland). Those standards require us to comply with the Auditing Practices Board's Ethical Standards for Auditors.

Scope of the audit of the financial statements

An audit involves obtaining evidence about the amounts and disclosures in the financial statements sufficient to give reasonable assurance that the financial statements are free from material misstatement, whether caused by fraud or error. This includes an assessment of whether the accounting policies are appropriate to the company's circumstances and have been consistently applied and adequately disclosed, the reasonableness of significant accounting estimates made by the directors, and the overall presentation of the financial statements. In addition, we read all the financial and non-financial information in the annual report to identify material inconsistencies with the audited financial statements and to identify any information that is apparently materially incorrect based on, or materially inconsistent with, the knowledge acquired by us in the course of performing the audit. If we become aware of any apparent material misstatements or inconsistencies we consider the implications for our report.

Opinion on financial statements

In our opinion the financial statements

- give a true and fair view of the state of the company's affairs as at 31 December 2013 and of its profit 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.

Opinion on other matter prescribed by the Companies Act 2006

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

Matters on which we are required to report by exception

We have nothing to report in respect of the following matters where the Companies Act 2006 requires us to report to you if, in our opinion:

- adequate accounting records have not been kept, or returns adequate for our audit have not been received from branches not visited by us, or
- the financial statements are not in agreement with the accounting records and returns, or
- certain disclosures of directors' remuneration specified by law are not made, or
- we have not received all the information and explanations we require for our audit.

Alan Chaudhuri

Alan Chaudhuri (Senior Statutory Auditor)
for and on behalf of Deloitte LLP
Chartered Accountants and Statutory Auditor
London, United Kingdom
20 March 2014

Exane Limited

Profit and Loss Account Year ended 31 December 2013

	Notes	2013 €	2012 €
Turnover	1, 2	110,416,816	88,380,572
Operating expenses		(99,955,684)	(79,694,662)
Operating profit before finance charges		<u>10,461,132</u>	<u>8,685,910</u>
Interest receivable and similar income		61,946	156,824
Interest payable and similar charges		(43,857)	(51,118)
Profit on ordinary activities before taxation	5	<u>10,479,221</u>	<u>8,791,616</u>
Tax on profit on ordinary activities	6	(2,610,706)	(3,157,468)
Profit for the year		<u><u>7,868,515</u></u>	<u><u>5,634,148</u></u>

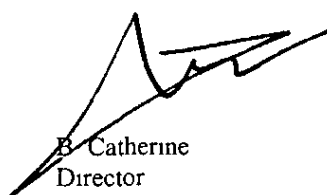
There were no recognised gains or losses other than the profits for the current year and the preceding year
Accordingly, no statement of total recognised gains and losses has been prepared

All activities relate to continuing operations

Balance Sheet
31 December 2013

	Notes	2013 €	2012 €
Fixed assets			
Intangible assets	8	1	1
Tangible assets	9	7,971,742	4,014,738
		<u>7,971,743</u>	<u>4,014,739</u>
Current assets			
Debtors	10	133,119,409	147,154,527
Deferred tax asset	12	4,109,013	4,282,057
Cash at bank and in hand		14,244,782	7,086,846
		<u>151,473,204</u>	<u>158,523,430</u>
Creditors amounts falling due within one year	11	(97,800,808)	(108,762,545)
Net current assets		<u>53,672,396</u>	<u>49,760,885</u>
Total assets less current liabilities		<u>61,644,139</u>	<u>53,775,624</u>
Net assets		<u>61,644,139</u>	<u>53,775,624</u>
Capital and reserves			
Called up share capital	13	3,974,000	3,974,000
Profit and loss account		57,670,139	49,801,624
Shareholders' funds	14	<u>61,644,139</u>	<u>53,775,624</u>

These financial statements (registration number is 2937460) were approved by the Board of Directors and authorised for issue on 20 March 2014. They were signed on its behalf by



B. Catherine
Director

Notes to the financial statements

31 December 2013

1. Statement of accounting policies

The principal accounting policies are summarised below. They have all been applied consistently throughout the year and the preceding year.

Basis of accounting

The financial statements have been prepared under the historical cost convention, in accordance with applicable United Kingdom accounting standards.

The financial statements have also been prepared on a going concern basis as discussed in the Going Concern section of the Strategic Report.

Intangible fixed assets

Intangible fixed assets arising on the acquisition of businesses, representing any excess of the fair value of the consideration given over the fair value of the identifiable assets and liabilities acquired, is capitalised and written off on a straight-line basis over its useful economic life, which is ten years. Provision is made for any impairment.

Tangible fixed assets

Fixed assets are stated at cost less accumulated depreciation and any provision for impairment. Depreciation is provided on all tangible fixed assets at rates calculated to write off the cost, less estimated residual value, of each asset on a straight-line basis over its estimated useful life from the date it is brought into use, as follows:

Fixtures and fittings	Five years
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Computer and communication equipment	Three years
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Residual value is calculated on prices prevailing at the date of acquisition or revaluation which is reviewed every year.

Taxation

Current tax, including UK corporation tax and foreign tax, is provided at amounts expected to be paid (or recovered) using the tax rates and laws that have been enacted or substantively enacted by the balance sheet date.

Deferred tax is recognised in respect of all timing differences that have originated but not reversed at the balance sheet date where transactions or events that result in an obligation to pay more tax in the future or a right to pay less tax in the future have occurred at the balance sheet date. Timing differences are differences between the company's taxable profits and its results as stated in the financial statements that arise from the inclusion of gains and losses in tax assessments in periods different from those in which they are recognised in the financial statements.

A net deferred tax asset is regarded as recoverable and therefore recognised only to the extent that, on the basis of all available evidence, it can be regarded as more likely than not that there will be suitable taxable profits from which the future reversal of the underlying timing differences can be deducted.

Deferred tax is measured at the average tax rates that are expected to apply in the periods in which the timing differences are expected to reverse, based on tax rates and laws that have been enacted or substantively enacted by the balance sheet date. Deferred tax is measured on a non-discounted basis.

Notes to the financial statements

31 December 2013

1. Statement of accounting policies (continued)

Cash flow statement

The company is exempt from the requirement to prepare a cash flow statement under Financial Reporting Standard No 1 (Revised) – Cash Flow Statements, as it is a wholly-owned subsidiary of Exane SA. The consolidated financial statements for Exane SA are publicly available. See note 16 for more details.

Turnover

Turnover represents fees and commissions receivable in respect of services provided in the normal course of business, net of trade discounts, VAT and other sales related taxes. Turnover also consists of income from research services provided to Exane group and non group companies which are charged in accordance with existing agreements with them. These amounts are taken to the profit and loss account when the related services are performed and when there is high probability that consideration for the transaction will flow to the company.

Pension costs

The company sponsors a defined contribution pension scheme for employees and directors. In accordance with Financial Reporting Standard No 17 – Retirement Benefits, the amount charged to the profit and loss account in respect of pension costs and other post-retirement benefits is the contributions payable to the scheme in the year. Differences between contributions payable in the year and contributions actually paid are shown as either accruals or prepayments in the balance sheet.

Functional currency

Items included in the financial statements are measured using their functional currency, being the currency of the primary economic environment in which the entity operates.

Foreign currency

Transactions in foreign currencies are recorded at the rate of exchange ruling at the date of the transaction. Monetary assets and liabilities denominated in foreign currencies at the balance sheet date are reported at the rates of exchange prevailing at that date. Gains and losses arising during the year on transactions denominated in foreign currencies and on translations are dealt with in the profit and loss account.

Leases

Rentals under operating leases are charged on a straight-line basis over the lease term, even if the payments are not made on such a basis.

Finance costs

Finance costs of financial liabilities are recognised in the profit and loss account over the term of such instruments at a constant rate on the carrying amount. Interest income is recognised on an accrual basis in the profit and loss account.

Equity instruments

Equity instruments issued by the company are recorded at the proceeds received, net of direct issue costs.

Related party transactions

As a wholly owned entity of Exane SA the Company is exempt from the requirement to disclose transactions with other fellow wholly-owned undertakings of the Exane group under Financial Reporting Standard 8 paragraph 3 (c). There were no other related party transactions requiring disclosure.

**Notes to the financial statements
31 December 2013**

2. Turnover

	2013 €	2012 €
Broking service in equities and warrants	73,517,285	55,810,575
Research service	36,899,531	32,569,997
	<u>110,416,816</u>	<u>88,380,572</u>

The amount of broking income that is attributable to US resident clients, as part of the company's revenue sharing arrangement with Exane Inc, a fellow subsidiary undertaking, was €5,813,060 (2012 – €4,264,422) Other turnover was attributable to the European market and to the Asian market The turnover attributable to the Asian market is generated by the Singapore Branch The revenue of the Singapore Branch amounted to €1,696,244 (2012 – €1,720,132)

3. Staff costs

The average monthly number of employees (including executive directors) was

	2013 Number	2012 Number
Dealing and/or advising	54	42
Administration	14	18
Research	101	82
	<u>169</u>	<u>142</u>
	2013 €	2012 €
Their aggregate remuneration comprised		
Wages and salaries	48,261,296	42,142,264
Social security costs	7,147,731	6,265,861
Other pension costs	3,408,677	2,983,803
	<u>58,817,704</u>	<u>51,391,928</u>

The company made contributions to its defined contribution pension scheme for the year of € 2,604,379 (2012 – €2,212,265)

The company made severance payments for the year of €24,109 (2012 – €496,929)

Notes to the financial statements
31 December 2013

4. Directors' remuneration and transactions

	2013 €	2012 €
The emoluments of directors of the company were		
Remuneration (excluding pension contributions)	1,518,156	1,011,413
	<u>2013</u>	<u>2012</u>
	Number	Number
The number of directors who		
Are members of a defined contribution pension scheme	3	2

Three directors were members of a defined contribution pension scheme. The company made contributions of €65,099 (2012 – €44,336) to its pension scheme for the directors. The total payments and emoluments made to the highest paid director during the year amounted to €882,779 (2012 – €682,846).

5. Profit on ordinary activities before taxation

Profit on ordinary activities before taxation is stated after charging/(crediting)

	2013 €	2012 €
Depreciation of tangible fixed assets	1,334,860	1,356,378
Operating lease rentals (Non plant & machinery)	3,196,751	3,263,808
Fees payable to the company's auditor		
- for the audit of the company's annual accounts	87,104	102,690
- for the audit of the Exane Limited Singapore Branch	25,860	28,527
Inter-company interest receivable	(48,499)	(124,196)
Inter-company interest payable	24,596	14,678
Foreign exchange loss/(gain)	40,763	(42,917)

Notes to the financial statements
31 December 2013

6. Tax on profit on ordinary activities

The tax charge comprises

	2013 €	2012 €
Current tax		
United Kingdom corporation tax at 23.25% (2012 – 24.5%) based on the profit for the year	3,377,307	3,474,111
Adjustment to prior years' tax provisions	(793,489)	270,027
	<u>2,583,818</u>	<u>3,744,138</u>
Foreign tax	7,609	3,187
	<u>2,591,427</u>	<u>3,747,325</u>
Total current tax		
Deferred tax		
Other timing differences	77,592	(52,017)
Current year deferred tax adjustments relating to deferred bonus	(1,102,191)	(1,125,604)
Reduction in deferred tax asset balances due to reduction in Corporation tax rate	250,389	587,764
Adjustment to prior years' tax provisions	793,489	-
	<u>19,279</u>	<u>(589,857)</u>
Total deferred tax (note 12)		
Total tax on profit on ordinary activities	<u>2,610,706</u>	<u>3,157,468</u>

The differences between the total current tax shown above and the amount calculated by applying the standard rate of UK corporation tax to the profit before tax are as follows

	2013 €	2012 €
Profit on ordinary activities before tax	10,479,221	8,791,616
Tax on profit on ordinary activities at standard UK corporation tax rate of 23.25% (2012 – 24.5%)	2,436,419	2,153,947
Effects of tax		
Expenses not deductible	(76,102)	29,939
Capital allowances in excess of depreciation	(77,592)	167,808
Other timing differences relating to deferred bonus	1,102,191	1,125,604
Prior year adjustments relating to deferred bonus/under-provided tax	(793,489)	270,027
	<u>2,591,427</u>	<u>3,747,325</u>
Total current tax charge for the period		

The government will reduce the main rate of Corporation tax from 23% to 21% and 20% from 1 April 2014 and 1 April 2015 respectively. This tax law change was substantively enacted in the House of Commons in July 2013 and its effect is therefore reflected in these financial statements in accordance with FRS 21.

Notes to the financial statements
31 December 2013

7. Dividends on equity shares

	2013 €	2012 €
Amounts recognised as distributions to equity holders in the period		
Proposed final dividend for the year ended 31 December 2013 of €1 26 (2012 – €nil) per share	5,000,000	-
The proposed final dividend is subject to approval at the Annual General Meeting and has not been included as a liability in these financial statements		

8. Intangible fixed assets

	2013 €	2012 €
Cost/net book value		
At 31 December	1	1

Intangible fixed assets comprise the customer lists, business connections and sundry other intangible fixed assets of the London-based European equities brokerage business of BNP Paribas SA, acquired on 8 April 2004

9. Tangible fixed assets

	Leasehold property €	Fixtures and fittings €	Computer & commu- nication equipment €	Electronic trading platform €	Total €
Cost					
At 1 January 2013	521,437	4,991,812	2,178,273	-	7,691,522
Additions	-	148,740	165,285	4,981,061	5,295,086
At 31 December 2013	521,437	5,140,552	2,343,558	4,981,061	12,986,608
Accumulated depreciation					
At 1 January 2013	(217,432)	(1,564,757)	(1,894,595)	-	(3,676,784)
Charge for the year	(104,288)	(1,034,736)	(199,058)	-	(1,338,082)
At 31 December 2013	(321,720)	(2,599,493)	(2,093,653)	-	(5,014,866)
Net book value					
At 31 December 2013	199,717	2,541,059	249,905	4,981,061	7,971,742
At 31 December 2012	304,005	3,427,055	283,678	-	4,014,738

The costs of the electronic trading platform are the costs of building that platform, which are capitalised. Once the platform becomes operational, these costs will be depreciated over the useful life of the asset.

**Notes to the financial statements
31 December 2013**

10. Debtors

	2013 €	2012 €
Trade debtors	51,336,934	66,384,485
Amounts owed by group undertakings	66,925,282	58,434,753
Other debtors	13,362,215	20,305,579
Prepayments and accrued income	1,494,978	2,029,710
	<u>133,119,409</u>	<u>147,154,527</u>

11. Creditors: amounts falling due within one year

	2013 €	2012 €
Trade creditors	50,096,050	65,835,217
Corporation tax	774,636	1,985,266
Accruals and other creditors	46,930,122	40,942,062
	<u>97,800,808</u>	<u>108,762,545</u>

12. Deferred tax asset

	2013 €	2012 €
Deferred tax asset as at 1 January	4,282,057	3,471,943
Recognised in the profit and loss account	774,210	589,857
Prior year deferred tax adjustments relating to deferred bonus	(793,489)	-
Exchange differences on revaluation	(153,765)	220,257
Deferred tax asset as at 31 December	<u>4,109,013</u>	<u>4,282,057</u>

The analysis of the deferred tax balance is as follows

	2013 €	2012 €
Depreciation in excess in capital allowances	199,394	290,699
Contributions to employee trust	136,879	143,655
Deferred bonus contributions	3,772,740	3,847,703
	<u>4,109,013</u>	<u>4,282,057</u>

The deferred tax asset balance as at 31 December 2013 is expected to be recovered in full in future years

Exane Limited

Notes to the financial statements 31 December 2013

13. Share capital

	2013 €	2012 €
<i>Authorised:</i>		
50,000,000 ordinary shares of €1 each	50,000,000	50,000,000
<i>Allotted, called up and fully paid:</i>		
3,974,000 ordinary shares of €1 each	3,974,000	3,974,000

Each ordinary share entitles the holder to one vote. The ordinary shares do not have redemption rights and no right to dividends other than those proposed by the directors.

14. Reconciliation of movement in shareholders' funds

	2013 €	2012 €
Opening shareholders' funds	53,775,624	61,141,476
Profit for the financial year	7,868,515	5,634,148
Dividends paid on equity shares	-	(13,000,000)
Closing shareholders' funds	61,644,139	53,775,624

The dividend paid during 2012 was declared against the profit for the year ended 31 December 2011.

15. Financial commitments

At 31 December 2013 the company was committed to making the following payments in respect of operating leases:

	Land and buildings 2013 €	Land and buildings 2012 €
- within one year	3,502,489	3,578,024
- between two and five years	14,019,961	14,318,908
- after five years	7,050,709	10,784,196

Leases of land and buildings are typically subject to rent reviews at specified intervals and provide for the lessee to pay all insurance, maintenance and repair costs.

16. Ultimate parent company and controlling party

The company's ultimate parent company and controlling party is Verner Investissements SAS, a company incorporated in France. Group accounts for the ultimate parent company are available from Verner Investissements SAS, 95, Rue de la Boétie, 75008 Paris. The company's immediate parent company is Exane SA, a company incorporated in France. Group accounts for this company are available from 16 Avenue Matignon, 75008 Paris. These are, respectively, the largest and smallest entities for which group accounts are prepared.