

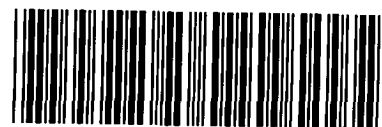
Company Registration No. 02937460

Exane Limited

Annual Report and Financial Statements

31 December 2017

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Exane Limited

Annual Report and Financial Statements 2017

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Exane Limited

Annual Report and Financial Statements 2017

Officers and professional advisers

Directors

N. Chanut
B. Catherine
V. Rouviere
B. Spruntulis
L. Adams

Registered office

One Hanover Street
London
W1S 1YZ

Country of incorporation

England

Bankers

JP Morgan Chase Bank
1 Chaseside
Bournemouth
BH7 7DA

Solicitors

Clifford Chance
10 Upper Bank Street
London
E14 5JJ

Auditor

Deloitte LLP
Hill House
1 Little New Street
London
EC4A 3TR

Exane Limited

Strategic report

Principal activities

Exane Limited (“the Company”) is a wholly-owned subsidiary of Exane SA and operates under the “Exane BNP Paribas” brand name. 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) and in Sweden (Exane Limited Filial Stockholm) which act as introducing entities to Exane Limited in London. Exane Limited in London receives orders for execution directly from clients. Exane Limited Singapore Branch and Exane Limited Filial Stockholm are responsible for soliciting new business, marketing and servicing existing clients.

Result for the year

The Company’s key performance indicators are turnover and profit on ordinary activities after taxation. Turnover amounted to €145,949,097 for the year (2016: €142,262,060). Profit on ordinary activities after taxation amounted to €6,034,433 for the year (2016: €6,172,707).

Review of business and future prospects

The Company’s strategy remains unchanged from previous years. This is to continue to develop the business and increase market share by maintaining its strong position and leadership in research while leveraging the investments made in its execution platform.

Exane Limited’s leadership in investment research under its brand name Exane BNP Paribas reached a new level in 2017 with a number one placing in the EXTEL professional rankings. Meanwhile, a steady increase in secondary market share and rebound in primary activities led to a 2.5% increase in turnover while tight cost control and further strengthening of the Euro have limited the increase in operating expenses driven by the substantial investments in IT systems and controls required by MiFID II.

The Company’s business is closely linked to the financial markets environment in terms of volumes and indexes evolution. Despite strong worldwide economic growth and European rebound, the current environment remains complex and uncertain for the financial services industry. In particular, the global move towards more restrictive monetary policies and a difficult geopolitical and global trade background could potentially have a significant impact on financial markets in 2018.

On a more specific note, the future prospects of the Company and the brokerage industry as a whole will be significantly impacted by MiFID II and BREXIT; regarding MiFID II, Exane Limited can rely on its market franchise and a robust preparation process; regarding BREXIT, the robust footprint of its parent company Exane SA in the EU27 is an obvious advantage. However, MiFID II will have a strong deflationary impact for the industry as a whole and its effects, combined with those of BREXIT, will progressively settle over time with the final impact remaining uncertain.

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 2017, calculated in accordance with FCA definitions, were €64.9m (2016: €58.7m).

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. 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.

Exane Limited

Strategic report

- **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.
- **Strategic and regulatory risk** – Operating in a tightly regulated business, Exane Limited is by nature exposed to regulatory risk. In addition, as indicated above, the future prospects of the Company and the brokerage industry as a whole will be significantly impacted by MiFID II and BREXIT; regarding MiFID II, a thorough preparation process has ensured the Company's readiness on 3rd January 2018. However the long term consequences on the overall brokerage market structure will only be felt over time. Those risks and the Company's related projects are closely monitored by the Board.
- **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.

Approved by the Board and signed on its behalf by:



B. Catherine
Director

Exane Limited

Report of the Directors

The directors present their annual report on the affairs of the Company, together with the financial statements and auditor's report for the year ended 31 December 2017.

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
B. Catherine
V. Rouviere
B. Spruntulis
L. Adams

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

Dividends

The directors recommend a final dividend of €6 million, or €1.51 per ordinary share, to be paid for 2017 (2016: nil).

Post-balance sheet events

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

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.

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 LLP 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 5 April 2018.



B. Catherine
Director

Exane Limited

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), including FRS 102 "The Financial Reporting Standard applicable in the UK and Republic of Ireland". 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

Report on the audit of the financial statements

Opinion

In our opinion the financial statements:

- give a true and fair view of the state of the company's affairs as at 31 December 2017 and of its profit for the year then ended;
- have been properly prepared in accordance with United Kingdom Generally Accepted Accounting Practice including Financial Reporting Standard 102 "The Financial Reporting Standard applicable in the UK and Republic of Ireland"; and
- have been prepared in accordance with the requirements of the Companies Act 2006.

We have audited the financial statements of Exane Limited (the 'company') which comprise:

- the statement of income and retained earnings;
- the balance sheet; and
- the related notes 1 to 17.

The financial reporting framework that has been applied in their preparation is applicable law and United Kingdom Accounting Standards, including Financial Reporting Standard 102 "The Financial Reporting Standard applicable in the UK and Republic of Ireland" (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 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.

Conclusions relating to going concern

We are required by ISAs (UK) to report in respect of the following matters where:

- the directors' use of the going concern basis of accounting in preparation of the financial statements is not appropriate; or
- the directors have not disclosed in the financial statements any identified material uncertainties that may cast significant doubt about the company's ability to continue to adopt the going concern basis of accounting for a period of at least twelve months from the date when the financial statements are authorised for issue.

We have nothing to report in respect of these matters.

Other information

The directors are responsible for the other information. The other information comprises the information included in the annual 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.

Independent auditor's report to the members of Exane Limited

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 Financial Reporting Council's website at: www.frc.org.uk/auditorsresponsibilities. This description forms part of our auditor's report.

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.

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 report of the directors for the financial year for which the financial statements are prepared is consistent with the financial statements; and
- the strategic report and the report of the directors 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 report of the directors.

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.



Atif Yusuf (Senior Statutory Auditor)
for and on behalf of Deloitte LLP
Statutory Auditor
London, United Kingdom
6 April 2018

Exane Limited

Statement of income and retained earnings For the year ended 31 December 2017

	Notes	2017 €	2016 €
Turnover	2	145,949,097	142,262,060
Operating expenses		(138,703,151)	(134,366,899)
Operating profit before finance charges		7,245,946	7,895,161
Interest receivable and similar income		136,971	146,439
Profit on ordinary activities before taxation	5	7,382,917	8,041,600
Tax on profit on ordinary activities	6	(1,348,484)	(1,868,893)
Profit for the financial year		6,034,433	6,172,707
Retained profits at 1 January		60,893,130	64,720,423
Dividends paid		-	(10,000,000)
Retained profits at 31 December		66,927,563	60,893,130

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

All activities relate to continuing operations. The notes on page 10 to 19 form an integral part of these financial statements.

Exane Limited

Balance sheet As at 31 December 2017

	Notes	2017 €	2016 €
Fixed assets			
Intangible assets	8	1,830,792	3,055,498
Tangible assets	9	1,263,479	1,691,863
Investments	10	1,667,638	-
		<u>4,761,909</u>	<u>4,747,361</u>
Current assets			
Debtors	11	231,084,415	206,910,928
Deferred tax asset	13	3,834,131	3,751,760
Cash at bank and in hand		20,994,850	20,001,351
		<u>255,913,396</u>	<u>230,664,039</u>
Creditors: amounts falling due within one year	12	<u>(189,773,742)</u>	<u>(170,544,270)</u>
Net current assets		<u>66,139,654</u>	<u>60,119,769</u>
Total assets less current liabilities		<u>70,901,563</u>	<u>64,867,130</u>
Net assets		<u>70,901,563</u>	<u>64,867,130</u>
Capital and reserves			
Called up share capital	14	3,974,000	3,974,000
Profit and loss account		66,927,563	60,893,130
Shareholders' funds	15	<u>70,901,563</u>	<u>64,867,130</u>

The notes on page 10 to 19 form an integral part of these financial statements.

These financial statements (registration number is 02937460) were approved by the Board of Directors and authorised for issue on 5 April 2018. They were signed on its behalf by:


B. Catherine
Director

Notes to the financial statements 31 December 2017

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, including Financial Reporting Standard 102 – ‘The Financial Reporting Standard applicable in the United Kingdom and Republic of Ireland’ (“FRS 102”), and with the Companies Act 2006.

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

The financial statements are presented in Euro (“€”).

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, are capitalised. Intangible fixed assets acquired separately from a business are capitalised at cost. Subsequent to initial recognition, intangible assets are amortised on a straight-line basis over their useful economic life, which are:

Customer list and business connections: Ten years

Electronic trading platform: Five years

The carrying value of intangible assets is reviewed for impairment if events or changes in circumstances indicate that the carrying value may not be recoverable.

Software development costs are recognised as an intangible asset when the Management can demonstrated the technical feasibility of completing the software so that it will be available for use, its intention to complete and its ability to use the software, how the software will generate future economic benefits, the availability of resources to complete the software and the ability to measure reliably the expenditure attributable to the software during its development.

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:

Leasehold property: Shorter of the lease term and five years

Fixtures and fittings: Five years

Computer and communication equipment: Three years

Residual value is calculated on prices prevailing at the date of acquisition or revaluation which is reviewed every year.

Investments

Investments in non-convertible preference shares and non-puttable ordinary or preference shares (where shares are publicly traded or their fair value is reliably measurable) are measured at fair value through profit or loss. Where fair value cannot be measured reliably, investments are measured at cost less impairment.

Exane Limited

Notes to the financial statements 31 December 2017

1. Statement of accounting policies (continued)

Impairment of fixed assets

At each reporting date fixed assets are reviewed to determine whether there is any indication of impairment. If any such indication exists the recoverable amount of the asset is estimated. The recoverable amount of an asset is the higher of its fair value less costs to sell and its value in use. If the recoverable amount is less than its carrying value, the carrying amount of the asset is reduced to its recoverable amount and an impairment loss is recognised in the profit and loss account.

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.

Cash flow statement

The Company is exempt from the requirement to prepare a cash flow statement under FRS 102, as it is a wholly-owned subsidiary of Exane SA and included in the consolidated financial statements of Exane SA which are publicly available. See note 17 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. Contributions to the pension scheme are charged to the profit and loss account in the period in which they become payable. 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.

Exane Limited

Notes to the financial statements 31 December 2017

1. Statement of accounting policies (continued)

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 FRS 102.

The directors have the authority and responsibility for planning, directing and controlling the activities of the Company and are therefore considered to be the 'key management personnel'. Details of compensation paid to key management personnel are provided in note 4 to the financial statements.

Significant judgements and estimates

The preparation of the financial statements requires management to make judgements, estimates and assumptions that affect the amounts reported for assets and liabilities at the balance sheet date and the amounts reported for revenues and expenses during the year. The following judgements and estimates have had the most significant effect on amounts recognised in the financial statements.

Development expenditure

Development expenditure is capitalised in accordance with the accounting policy given above. Initial capitalisation of costs is based on management's judgement that technical and economic feasibility is confirmed. The carrying amount of capitalised development expenditure at 31 December 2017 was €1,975,726 (2016: €3,297,388).

Taxation

Management estimation is required to determine the amount of deferred tax assets that can be recognised, based upon the likely timing and level of future taxable profits. The carrying amount of deferred tax assets at 31 December 2017 was €3,834,131 (2016: €3,751,760).

Exane Limited

Notes to the financial statements 31 December 2017

2. Turnover

	2017 €	2016 €
Broking service in equities	89,905,793	92,842,030
Research service	56,043,304	49,420,030
	<u>145,949,097</u>	<u>142,262,060</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 €8,651,224 (2016: €9,082,420). 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 €1,874,029 (2016: €1,784,238).

3. Staff costs

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

	2017 Number	2016 Number
Dealing and/or advising	73	64
Administration	33	31
Research	115	113
	<u>221</u>	<u>208</u>

The average number of employees located at the Singapore and Stockholm branches were 6 (2016: 4) and 2 (2016: 0) respectively.

	2017 €	2016 €
Their aggregate remuneration comprised:		
Wages and salaries	70,245,062	65,260,628
Social security costs	10,010,969	10,093,521
Pension, life assurance and medical insurance costs	4,480,666	4,569,808
	<u>84,736,697</u>	<u>79,923,957</u>

The Company made contributions to its defined contribution pension scheme for the year of €3,471,820 (2016: €3,418,529).

The Company made severance payments for the year of €1,699,971 (2016: €2,418,100).

Exane Limited

Notes to the financial statements 31 December 2017

4. Directors' remuneration and transactions

	2017 €	2016 €
The emoluments of directors of the Company were:		
Remuneration (excluding pension contributions)	3,102,293	2,650,897
	<u>2017</u>	<u>2016</u>
	Number	Number
The number of directors who:		
Are members of a defined contribution pension scheme	3	3

Three directors were members of a defined contribution pension scheme. The Company made contributions of €34,968 (2016: €45,587) to its pension scheme for the directors. The total payments and emoluments made to the highest paid director during the year amounted to €1,923,809 (2016: €1,998,268).

5. Profit on ordinary activities before taxation

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

	2017 €	2016 €
Amortisation of intangible fixed assets	1,224,706	1,225,943
Depreciation of tangible fixed assets	781,050	1,103,483
Operating lease rentals (Non-plant and machinery)	4,046,117	3,991,076
Fees payable to the Company's auditor:		
- for the audit of the Company's annual accounts	100,206	122,302
- for the audit of the Exane Limited Singapore Branch	17,070	47,241
- for the audit of the Exane Limited Stockholm Branch	7,743	-
Inter-company interest receivable	(83,279)	(80,249)
Foreign exchange gain	(6,274)	(10,494)

Exane Limited

Notes to the financial statements 31 December 2017

6. Tax on profit on ordinary activities

The tax charge comprises:

	2017 €	2016 €
Current tax		
United Kingdom corporation tax at 19.25% (2016: 20%) based on the profit for the year	1,775,518	267,189
Foreign tax	34,587	25,911
	<u>1,810,105</u>	<u>293,100</u>
Adjustment to prior years' tax provisions	(379,250)	295,552
	<u>1,430,855</u>	<u>588,652</u>
Deferred tax		
Other timing differences	(232,593)	(244,763)
Current year deferred tax adjustments relating to deferred bonus	(85,384)	1,959,277
	<u>(317,977)</u>	<u>1,714,514</u>
Adjustment to prior years' tax provisions	235,606	(434,273)
	<u>(82,371)</u>	<u>1,280,241</u>
Total deferred tax (note 13)		
	<u>1,348,484</u>	<u>1,868,893</u>
Total tax on profit on ordinary activities		

The standard rate of UK corporation tax was reduced from 20% to 19% from 1 April 2017. Taxation outside the UK is calculated at rates prevailing in the respective jurisdictions. The differences between the total tax shown above and the amount calculated by applying the standard rate of UK corporation tax to the profit before tax are as follows:

	2017 €	2016 €
Profit on ordinary activities before tax	<u>7,382,917</u>	<u>8,041,600</u>
Tax on profit on ordinary activities at standard UK corporation tax rate of 19.25% (2016: 20%)	1,421,212	1,608,320
Effects of tax:		
Expenses not deductible	84,334	424,235
Lower taxes on overseas earnings	(13,418)	(24,941)
Adjustments to prior years' tax provisions	(143,644)	(138,721)
	<u>1,348,484</u>	<u>1,868,893</u>
Total tax on profit on ordinary activities		

Exane Limited

Notes to the financial statements 31 December 2017

6. Tax on profit on ordinary activities (continued)

Factors that may affect future tax charges:

Factors that may affect the Group's future tax charge include the geographic location of the Company's earnings, the tax rates in those locations and changes in tax legislation. The Finance Act 2015 passed into legislation in July 2015 and reduced the main rate of UK corporation tax from 20% to 19% effective from 1 April 2017 and to 18% with effect from 1 April 2020. A further reduction in the UK corporation tax rate to 17%, rather than 18%, from 1 April 2020 was subsequently enacted when the Finance Act 2016 passed into legislation in September 2016. The impact of these changes has been assessed and the deferred tax asset has been calculated using the tax rates that are expected to apply when the asset is realised.

7. Dividends on equity shares

	2017 €	2016 €
Amounts recognised as distributions to equity holders in the period:		
Proposed final dividend for the year ended 31 December 2017 of €1.51 (2016: nil) per share	6,000,000	-

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

	Electronic trading platform €	Other €	Total €
Cost			
At 1 January and 31 December 2017	6,123,533	1	6,123,534
Accumulated depreciation			
At 1 January 2017	(3,068,036)	-	(3,068,036)
Charge for the year	(1,224,706)	-	(1,224,706)
At 31 December 2017	(4,292,742)	-	(4,292,742)
Net book value			
At 31 December 2017	1,830,791	1	1,830,792
At 31 December 2016	3,055,497	1	3,055,498

The costs of developing the software for the Company's electronic trading platform were capitalised. The platform became operational in July 2015, from which time amortisation commenced.

Other 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.

Exane Limited

Notes to the financial statements 31 December 2017

9. Tangible fixed assets

	Leasehold property €	Fixtures and fittings €	Computer & commu- nication equipment €	Total €
Cost				
At 1 January 2017	521,437	6,691,757	2,042,159	9,255,353
Additions	-	27,908	324,758	352,666
At 31 December 2017	521,437	6,719,665	2,366,917	9,608,019
Accumulated depreciation				
At 1 January 2017	(521,437)	(5,672,157)	(1,369,896)	(7,563,490)
Charge for the year	-	(365,516)	(415,534)	(781,050)
At 31 December 2017	(521,437)	(6,037,673)	(1,785,430)	(8,344,540)
Net book value				
At 31 December 2017	-	681,992	581,487	1,263,479
At 31 December 2016	-	1,019,600	672,263	1,691,863

10. Investments

	2017 €	2016 €
Unquoted equity shares		
At 1 January	-	-
Additions	1,667,638	-
At 31 December	1,667,638	-

11. Debtors

	2017 €	2016 €
Trade debtors	129,683,378	119,368,196
Amounts owed by group undertakings	74,035,075	58,618,002
Other debtors	24,407,943	26,003,005
Corporation tax	573,261	604,544
Prepayments and accrued income	2,384,758	2,317,181
	231,084,415	206,910,928

Exane Limited

Notes to the financial statements 31 December 2017

12. Creditors: amounts falling due within one year

	2017 €	2016 €
Trade creditors	125,937,828	111,982,022
Corporation tax	50,578	50,531
Accruals and other creditors	63,785,336	58,511,717
	<u>189,773,742</u>	<u>170,544,270</u>

Included within the trade creditors (2016: trade debtors) balance is an amount payable of €14,563,894 (2016: receivable €32,085,939) from Exane SA in respect of the settlement of trading transactions.

13. Deferred tax asset

	2017 €	2016 €
Deferred tax asset as at 1 January	3,751,760	5,032,001
Recognised in the profit and loss account	317,977	(1,714,514)
Prior year deferred tax adjustments relating to timing differences	(235,606)	434,273
Deferred tax asset as at 31 December	<u>3,834,131</u>	<u>3,751,760</u>

The analysis of the deferred tax balance is as follows:

	2017 €	2016 €
Capital allowances in excess of depreciation	356,810	136,304
Deferred bonus contributions	3,441,356	3,590,328
Other provisions	35,965	25,128
	<u>3,834,131</u>	<u>3,751,760</u>

The deferred tax asset balance as at 31 December 2017 is expected to be recovered in full in future years.

14. Share capital

	2017 €	2016 €
Authorised:		
50,000,000 ordinary shares of €1 each	<u>50,000,000</u>	<u>50,000,000</u>
Allotted, called up and fully paid:		
3,974,000 ordinary shares of €1 each	<u>3,974,000</u>	<u>3,974,000</u>

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.

Exane Limited

Notes to the financial statements 31 December 2017

15. Reconciliation of movement in shareholders' funds

	2017 €	2016 €
Opening shareholders' funds	64,867,130	68,694,423
Profit for the financial year	6,034,433	6,172,707
Dividends paid on equity shares	-	(10,000,000)
Closing shareholders' funds	70,901,563	64,867,130

16. Financial commitments

At 31 December 2017 the Company was committed to making the following payments in respect of operating leases:

	Land and buildings 2017 €	Land and buildings 2016 €
- within one year	4,201,370	4,356,021
- between two and five years	7,650,651	12,104,574
- after five years	36,705	38,036

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.

17. 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 Boetie, 75008 Paris. The Company's immediate parent company is Exane SA, a company incorporated in France. Group accounts for this company are available from 6 Rue Ménars, 75002 Paris. These are, respectively, the largest and smallest entities for which group accounts are prepared.