

Company Number: 3454743

THE LINK ASSET AND SECURITIES COMPANY LIMITED

FINANCIAL STATEMENTS

FOR THE YEAR ENDED

31 MARCH 2016



THE LINK ASSET AND SECURITIES COMPANY LIMITED

Directors' Report for the year ended 31 March 2016

Company Number: 3454743

The directors present their Directors' Report and the audited financial statements of The Link Asset and Securities Company Limited (the 'Company') for the year ended 31 March 2016.

PRINCIPAL ACTIVITIES

The Company's principal activity continues to be that of arranging and executing trades in cash equities and equity derivatives between market counterparties. The Company is regulated by the Financial Conduct Authority ('FCA'). It is anticipated that the Company will continue its present business activities next year.

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

DIVIDENDS

Dividends of £3,500,000 (2015: £nil) 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:

G Stewart
N Dargan
J Scard-Morgan
F Vogels

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.

THE LINK ASSET AND SECURITIES COMPANY LIMITED

Directors' Report for the year ended 31 March 2016

Company Number: 3454743

POST BALANCE SHEET EVENTS

There have been no material post balance sheet events which require separate disclosure.

PRINCIPAL RISKS AND UNCERTAINTIES

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

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

14 July 2016

THE LINK ASSET AND SECURITIES COMPANY LIMITED

Strategic Report for the year ended 31 March 2016

The directors present their Strategic Report and the audited financial statements of The Link Asset and Securities Company Limited (the 'Company') for the year ended 31 March 2016.

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's business is principally equity derivatives. In response to challenging trading conditions at the end of 2013/14 and in the first half of 2014/15, ICAP group embarked on a comprehensive review and restructuring of the Global Broking division. Successful completion of this programme helped deliver significant cost savings continuing into 2015/16.

Fluctuation in the oil price and instability in China drove volumes but year on year performance was mixed with index contracting by £1.8m year on year netted off by gains in Index Delta 1 of a similar size. Overall though, revenues increased by 5% year on year with desks pushing technology advances, the ones with year on year growth.

The company has worked in conjunction with BATS Chi-X Europe to expand its ETR service allowing the Company to become the first Equity Derivatives inter dealer broker to facilitate the trading of fully cleared European Index EFPs via their electronic platform. The Company has retained its leading position in equity derivatives markets and continues to innovate and develop new products and services for its customers.

On 11 November 2015, the Company's ultimate parent ICAP plc signed a Sale and Purchase Agreement with Tullett Prebon for the disposal of its Global Broking business together with related information services and i-Swap. The disposal is subject to approvals from regulatory authorities across jurisdictions as well as finalisation of certain commercial terms. The directors do not expect the transaction to have a material impact on the financial position and performance of the Company.

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 £236,000 (2015: £1,825,000) has been transferred to reserves.

The net assets of the Company are £41,281,000 (2015: £44,545,000).

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. During the prior year, the Company recognised staff termination costs of £531,000 following a restructuring programme aimed at focusing and realigning systems, processes and legal entity structures and increasing workforce productivity.

THE LINK ASSET AND SECURITIES COMPANY LIMITED

Strategic Report for the year ended 31 March 2016

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 22 and 23 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 6% (2015: 4%).

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


N Dargan
Director

14 July 2016

THE LINK ASSET AND SECURITIES COMPANY LIMITED
Independent Auditors' Report to the members of The Link Asset and Securities Company Limited
Report on the financial statements

Our opinion

In our opinion, The Link Asset and Securities Company Limited's financial statements (the "financial statements"):

- give a true and fair view of the state of the Company's affairs as at 31 March 2016 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.

What we have audited

The Link Asset and Securities Company Limited's financial statements comprise:

- the Balance Sheet as at 31 March 2016;
- the Profit and Loss Account and Statement of Total Recognised Gains and Losses for the year then ended;
- the Statement of Changes in Equity for the year then ended; and
- the notes to the financial statements, which include a summary of significant accounting policies and other explanatory information.

The financial reporting framework that has been applied in the preparation of the financial statements 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.

Opinion on other matters prescribed by the Companies Act 2006

In our opinion, the information given in the Strategic Report and the Directors' 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
- 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.

THE LINK ASSET AND SECURITIES COMPANY LIMITED

Independent Auditors' Report to the members of The Link Asset and Securities Company Limited

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, 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) ("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.

What an audit of financial statements involves

We conducted our audit in accordance with 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.

We primarily focus our work in these areas by assessing the directors' judgements against available evidence, forming our own judgements, and evaluating the disclosures in the financial statements.

We test and examine information, using sampling and other auditing techniques, to the extent we consider necessary to provide a reasonable basis for us to draw conclusions. We obtain audit evidence through testing the effectiveness of controls, substantive procedures or a combination of both.

In addition, we read all the financial and non-financial information in the financial statements 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.

Claire Tucker

Claire Tucker (Senior Statutory Auditor)
for and on behalf of PricewaterhouseCoopers LLP
Chartered Accountants and Statutory Auditors
London
14 July 2016

THE LINK ASSET AND SECURITIES COMPANY LIMITED

Profit and Loss Account for the year ended 31 March 2016

	<u>Note</u>	<u>Year ended</u> <u>31/03/2016</u> £'000	<u>Year ended</u> <u>31/03/2015</u> £'000
Turnover		16,112	21,437
Administrative expenses		(15,816)	(18,835)
Other operating expenses	8	(26)	(194)
Exceptional items	5	-	(531)
Operating profit	4	<u>270</u>	<u>1,877</u>
Interest receivable and similar income	9	81	163
Profit on ordinary activities before taxation		<u>351</u>	<u>2,040</u>
Tax on profit on ordinary activities	10	(115)	(215)
Profit for the financial year		<u><u>236</u></u>	<u><u>1,825</u></u>

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

The notes on pages 11 to 26 are an integral part of these financial statements.

THE LINK ASSET AND SECURITIES COMPANY LIMITED
Statement of Total Recognised Gains and Losses for the year ended 31 March 2016

	<u>Year ended</u> <u>31/03/2016</u> £'000	<u>Year ended</u> <u>31/03/2015</u> £'000
Profit for the financial year	236	1,825
Total recognised gains and losses relating to the year	<u>236</u>	<u>1,825</u>

The notes on pages 11 to 26 are an integral part of these financial statements.

THE LINK ASSET AND SECURITIES COMPANY LIMITED

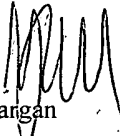
Balance Sheet as at 31 March 2016

Company Number: 3454743

	<u>Note</u>	<u>As at</u> <u>31/03/2016</u> £'000	<u>As at</u> <u>31/03/2015</u> £'000
Fixed assets			
Deferred tax asset	11	17	22
		<u>17</u>	<u>22</u>
Current assets			
Debtors	12	53,345	25,303
Cash and cash equivalents	13	28,398	30,810
		<u>81,743</u>	<u>56,113</u>
Current liabilities			
Creditors: amounts falling due within one year	14	(40,366)	(11,101)
Tax payable		(113)	(489)
		<u>(40,479)</u>	<u>(11,590)</u>
Net current assets		<u>41,264</u>	<u>44,523</u>
Net assets		<u>41,281</u>	<u>44,545</u>
Capital and reserves			
Called up share capital	15	7,629	7,629
Profit and loss account		10,452	13,716
Other reserves		23,200	23,200
Total shareholders' funds		<u>41,281</u>	<u>44,545</u>

The notes on pages 11 to 26 are an integral part of these financial statements.

The financial statements on pages 7 to 26 were approved by the board of directors on 14 July 2016 and were signed on its behalf by:


N Dargan
Director

THE LINK ASSET AND SECURITIES COMPANY LIMITED

Statement of Changes in Equity for the year ended 31 March 2016

	<u>Called up</u> <u>share</u> <u>capital</u> <u>(note 15)</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 2014	7,629	19,700	11,891	39,220
Profit for the year	-	-	1,825	1,825
Capital Contribution	-	3,500	-	7,500
As at 31 March 2015	<u>7,629</u>	<u>23,200</u>	<u>13,716</u>	<u>44,545</u>
Profit for the year	-	-	236	236
Dividends paid in the year (note 16)	-	-	(3,500)	(3,500)
As at 31 March 2016	<u>7,629</u>	<u>23,200</u>	<u>10,452</u>	<u>41,281</u>

The notes on pages 11 to 26 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 £0.01 ordinary shares with a par value of £0.01.

Other reserves

The other reserves relate to a capital contribution reserve.

THE LINK ASSET AND SECURITIES COMPANY LIMITED

Notes to the financial statements for the year ended 31 March 2016

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 International Financial Reporting Standards ('IFRS').

The Company is a qualifying entity for the purposes of FRS 101. Note 17 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.

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 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 12).

c) Pension costs

Certain employees of the Company 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.

THE LINK ASSET AND SECURITIES COMPANY LIMITED

Notes to the financial statements for the year ended 31 March 2016

1. PRINCIPAL ACCOUNTING POLICIES (CONTINUED)

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.

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 12).

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.

THE LINK ASSET AND SECURITIES COMPANY LIMITED

Notes to the financial statements for the year ended 31 March 2016

1. PRINCIPAL ACCOUNTING POLICIES (CONTINUED)

h) 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.

i) Debtors

Debtors are recognised at cost less provision for impairment.

j) Intercompany balances

Intercompany balances are shown in accordance with the netting agreement, which allows netting of bilateral intercompany balances within entities that are party to the netting agreement.

k) 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.

l) Cash at bank and in hand

Cash and cash equivalents comprise cash in hand, overdrafts and demand deposits and other short-term highly liquid investments which are subject to insignificant risk of change in value and are readily convertible into a known amount of cash with less than three months maturity.

m) Client money

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

n) 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.

THE LINK ASSET AND SECURITIES COMPANY LIMITED

Notes to the financial statements for the year ended 31 March 2016

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 Finance Committee, and also by regional and market risk committees. The Company does not manage its own financial risk framework.

Financial assets and liabilities

The Company's financial assets are classified as loans and receivables. None of the Company's financial liabilities are held for trading.

The financial assets can be reconciled as follows:

	<u>As at</u> <u>31/03/2016</u> £'000	<u>As at</u> <u>31/03/2015</u> £'000
Financial assets		
Cash at bank and in hand	28,398	30,810
Debtors	53,345	25,303
Less		
Prepayments	<u>(82)</u>	<u>(55)</u>
	<u>81,661</u>	<u>56,058</u>

Market risk

Foreign exchange risk

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

Transactional exposure arises from administrative and other expenses and remittance of funds in currencies other than the Company's functional currency (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 change in the exchange rates of the United States dollar and the euro would have an impact of £3,000 and £212,000 (2015: £3,000 and £184,000) respectively on the Company's profit and loss account and reserves.

For other currencies, the net foreign currency positions are considered to be insignificant. Any movements in these currencies against GBP is not expected to have a significant impact on the financial statements.

THE LINK ASSET AND SECURITIES COMPANY LIMITED

Notes to the financial statements for the year ended 31 March 2016

2. FINANCIAL RISK MANAGEMENT (CONTINUED)

The table below summarises the Company's exposure to concentrations of foreign and domestic currencies as at 31 March 2016:

	<u>USD</u> £'000	<u>EUR</u> £'000	<u>Other</u> £'000	<u>GBP</u> £'000	<u>Total</u> £'000
Assets					
Cash at bank and in hand	-	-	-	28,398	28,398
Debtors less prepayments	29,367	2,885	1,164	19,847	53,263
	<u>29,367</u>	<u>2,885</u>	<u>1,164</u>	<u>48,245</u>	<u>81,661</u>
Liabilities					
Creditors	(29,327)	-	(887)	(10,152)	(40,366)
	<u>(29,327)</u>	<u>-</u>	<u>(887)</u>	<u>(10,152)</u>	<u>(40,366)</u>
Net assets	<u>40</u>	<u>2,885</u>	<u>277</u>	<u>38,093</u>	<u>41,295</u>

The table below summarises the Company's exposure to concentrations of foreign and domestic currencies as at 31 March 2015:

	<u>USD</u> £'000	<u>EUR</u> £'000	<u>Other</u> £'000	<u>GBP</u> £'000	<u>Total</u> £'000
Assets					
Cash at bank and in hand	-	-	-	30,810	30,810
Debtors less prepayments	-	11,722	412	13,114	25,248
	<u>-</u>	<u>11,722</u>	<u>412</u>	<u>43,924</u>	<u>56,058</u>
Liabilities					
Creditors	(51)	(8,998)	-	(2,052)	(11,101)
	<u>(51)</u>	<u>(8,998)</u>	<u>-</u>	<u>(2,052)</u>	<u>(11,101)</u>
Net assets	<u>(51)</u>	<u>2,724</u>	<u>412</u>	<u>41,872</u>	<u>44,957</u>

THE LINK ASSET AND SECURITIES COMPANY LIMITED

Notes to the financial statements for the year ended 31 March 2016

2. FINANCIAL RISK MANAGEMENT (CONTINUED)

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 Finance 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 Finance Committee.

As at 31 March 2016 there were no instruments with a contracted maturity or re-pricing date in excess of 18 months.

The Company estimates that a change of 1% in interest rates would have an impact of £349,000 (2015: £308,000) on the Company's profit and loss account and reserves.

The Company's interest rate profile as at 31 March 2016 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	-	25,514	2,884	28,398
Debtors less prepayments	53,263	-	-	53,263
	<u>53,263</u>	<u>25,514</u>	<u>2,884</u>	<u>81,661</u>
Liabilities				
Creditors	(40,336)	-	-	(40,336)
	<u>(40,336)</u>	<u>-</u>	<u>-</u>	<u>(40,336)</u>

The Company's interest rate profile as at 31 March 2015 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	-	25,725	5,085	30,810
Debtors less prepayments	25,248	-	-	25,248
	<u>25,248</u>	<u>25,725</u>	<u>5,085</u>	<u>56,058</u>
Liabilities				
Creditors	11,101	-	-	11,101
	<u>11,101</u>	<u>-</u>	<u>-</u>	<u>11,101</u>

THE LINK ASSET AND SECURITIES COMPANY LIMITED

Notes to the financial statements for the year ended 31 March 2016

2. FINANCIAL RISK MANAGEMENT (CONTINUED)

Price risk

The Company is exposed to price risk when one or both counterparties in a matched principal or stock lending transaction fail to fulfill 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 Finance 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 12). 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

Prudent liquidity risk management implies maintaining sufficient cash and marketable securities and ensuring the availability of funding through an adequate amount of committed credit. This is important to ensure that the Company can meet all present and future financial obligations as they fall due and comply with regulatory requirements. The Group Finance Committee monitors free cash resources ensuring that all companies within the Group maintain sufficient resources to finance their operations and that all investments comply with the Group Investment Policy. This dictates borrowing and investing limits based on an institution's credit rating and the nature of financial instruments that can be held.

The Company's exposure to liquidity risk is not significant.

THE LINK ASSET AND SECURITIES COMPANY LIMITED

Notes to the financial statements for the year ended 31 March 2016

2. FINANCIAL RISK MANAGEMENT (CONTINUED)

The following tables show the maturity of the Company's liabilities as at 31 March 2016 and 2015:

	On demand	Less than 3 months	3 months to 1 year	More than 1 year	Total
31 March 2016	£'000	£'000	£'000	£'000	£'000
Liabilities					
Creditors	(1,213)	(39,153)	-	-	(40,366)
	<u>(1,213)</u>	<u>(39,153)</u>	<u>-</u>	<u>-</u>	<u>(40,366)</u>

	On demand	Less than 3 months	3 months to 1 year	More than 1 year	Total
31 March 2015	£'000	£'000	£'000	£'000	£'000
Liabilities					
Creditors	(290)	(10,743)	(68)	-	(11,101)
	<u>(290)</u>	<u>(10,743)</u>	<u>(68)</u>	<u>-</u>	<u>(11,101)</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 2016 there are no assets or liabilities whose carrying value was not a reasonable approximation of its fair value (2015: none).

THE LINK ASSET AND SECURITIES COMPANY LIMITED

Notes to the financial statements for the year ended 31 March 2016

Capital management

The Company's capital strategy is to maintain an effective and strong capital base which maximises the return to its shareholders, while also maintaining flexibility and ensuring compliance with supervisory regulatory requirements. The capital structure of the Company consists of debt and equity, including share capital, share premium, other reserves and retained earnings.

The Company seeks to ensure that it has sufficient regulatory capital to meet regulatory requirements.

The regulatory capital level is set in accordance with the FCA's capital requirements. The approach is to hold an appropriate surplus over the minimum.

ICAP evaluates at the Company level the risks facing the business, to determine whether its capital is sufficient to cover any expected losses.

The Company's capital structure as at 31 March 2016 comprise:

	<u>As at</u> <u>31/03/2016</u> £'000	<u>As at</u> <u>31/03/2015</u> £'000
Total debt	(40,479)	(11,590)
Total equity	41,281	44,545
	<hr/> 802	<hr/> 32,955
Total capital	41,281	44,545

The Company complied with its regulatory capital requirements throughout the year.

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 2016 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.

THE LINK ASSET AND SECURITIES COMPANY LIMITED

Notes to the financial statements for the year ended 31 March 2016

4. OPERATING PROFIT

	<u>Year ended</u> <u>31/03/2016</u>	<u>Year ended</u> <u>31/03/2015</u>
	£'000	£'000
Operating profit is stated after charging:		
Wages & salaries and social security costs (note 6)	9,388	11,455
Other staff costs	36	36
Staff costs	<u>9,424</u>	<u>11,491</u>
Intercompany recharges and allocation	4,323	5,016
Telecoms costs	1,029	1,009
Clearing costs	427	979
Client entertainment	256	324
Charity	115	172
Services provided by the Company's auditor:		
- Fees payable for the audit	35	35

The Company's administrative expenses includes costs paid in relation to a Save-As-You-Earn (SAYE) share option scheme of £ 28,000 (2015: £ 18,000) 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.

The remainder of the administrative expenses primarily relate to other operating expenses.

5. EXCEPTIONAL ITEMS

No exceptional costs were incurred by the Company in the current year. During the prior year, the Company recognised staff termination costs of £531,000 following a restructuring programme aimed at focusing and realigning systems, processes and legal entity structures and increasing workforce productivity.

6. SALARY AND PAYROLL COSTS

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

	<u>Year ended</u> <u>31/03/2016</u>	<u>Year ended</u> <u>31/03/2015</u>
	£'000	£'000
Employee costs:		
Wages and salaries	9,050	10,138
Social security costs	331	1,308
Other pension costs	7	9
	<u>9,388</u>	<u>11,455</u>

The monthly average number of persons employed by the Company during the year was 26 (2015: 34).

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.

THE LINK ASSET AND SECURITIES COMPANY LIMITED

Notes to the financial statements for the year ended 31 March 2016

7. DIRECTORS' REMUNERATION

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

	<u>Year ended</u> <u>31/03/2016</u>		<u>Year ended</u> <u>31/03/2015</u>	
	Total	Highest paid director	Total	Highest paid director
	£'000	£'000	£'000	£'000
Aggregate emoluments	205	110	271	122
Contributions to defined contribution pension schemes	3	-	4	-
	<u>208</u>	<u>110</u>	<u>275</u>	<u>122</u>

As at 31 March 2016, retirement benefits are accruing to 1 director (2015: 1 director) under defined contribution schemes sponsored by ICAP plc.

8. OTHER OPERATING EXPENSES

This represents exchange differences arising on transactions in foreign currencies during the year and on the translation at the balance sheet date of assets and liabilities denominated in foreign currencies.

9. INTEREST RECEIVABLE AND SIMILAR INCOME

	<u>Year ended</u> <u>31/03/2016</u>	<u>Year ended</u> <u>31/03/2015</u>
	£'000	£'000
Bank deposits	81	163
	<u>81</u>	<u>163</u>

THE LINK ASSET AND SECURITIES COMPANY LIMITED

Notes to the financial statements for the year ended 31 March 2016

10. TAX ON PROFIT ON ORDINARY ACTIVITIES

	<u>Year ended</u> <u>31/03/2016</u> £'000	<u>Year ended</u> <u>31/03/2015</u> £'000
a) Analysis of charge for the year		
Current tax:		
UK Corporation tax	113	489
Adjustments in respect of prior years	(3)	(277)
	<u>110</u>	<u>212</u>
Deferred tax:		
Deferred tax (note 12) - current year	5	5
Adjustments in respect of prior years (note 12)	-	(2)
	<u>5</u>	<u>3</u>
	<u>115</u>	<u>215</u>
b) Factors affecting the tax charge for the year		
Profit on ordinary activities before tax	<u>351</u>	<u>2,040</u>
Profit before tax multiplied by standard rate of corporation tax in the UK of 20% (2015: 21%)	70	428
Effects of:		
Expenses not deductible for tax purposes	47	66
Adjustments in respect of prior years – current tax	(3)	(277)
Adjustments in respect of prior years – deferred tax	-	(2)
Impact of change in rate for deferred tax	1	-
	<u>45</u>	<u>(213)</u>
Tax charge for the year	<u>115</u>	<u>215</u>
Effective tax rate	33%	11%

The standard rate of Corporation Tax in the UK changed from 21% to 20% with effect from 1 April 2015. Further reductions to the main rate have been enacted reducing it to 19% from 1 April 2017 and 18% from 1 April 2020. Whilst not yet enacted it has been announced that legislation in Finance Bill 2016 will set the rate at 17% from 1 April 2020. UK deferred tax will therefore unwind at a rate of 19% for periods from 1 April 2017 to 31 March 2019.

In accordance with the Capital Requirements Directive IV (CRD IV) and the associated Capital Requirements (Country-by-Country Reporting) Regulations 2013, effective January 2014, the Company will publish additional information at the following web address: www.icap.com

THE LINK ASSET AND SECURITIES COMPANY LIMITED

Notes to the financial statements for the year ended 31 March 2016

11. DEFERRED TAX ASSET

The deferred tax asset was as follows:

	<u>As at</u> <u>31/03/2016</u> £'000	<u>As at</u> <u>31/03/2015</u> £'000
Capital allowances	17	22
	<u>17</u>	<u>22</u>
	<u>2016</u> £'000	<u>2015</u> £'000
At beginning of the year	22	25
Transferred to the profit and loss account (note 10)	(5)	(3)
As at 31 March	<u>17</u>	<u>22</u>

THE LINK ASSET AND SECURITIES COMPANY LIMITED

Notes to the financial statements for the year ended 31 March 2016

12. DEBTORS

	<u>As at</u> <u>31/03/2016</u> £'000	<u>As at</u> <u>31/03/2015</u> £'000
Current		
Matched principal trade debtors	36,915	9,000
Agency trade debtors	5,930	6,317
Net trade debtors	<u>42,845</u>	<u>15,317</u>
Amounts owed by Group companies	10,418	9,931
Prepayments and accrued income	82	55
	<u>53,345</u>	<u>25,303</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 2016 the following trade debtors were past their normal settlement date, but had not been impaired:

	<u>As at</u> <u>31/03/2016</u> £'000	<u>As at</u> <u>31/03/2015</u> £'000
Less than 30 days, and not yet due	2,080	1,727
Less than 90 days, and past due date	1,527	1,904
Over 90 days, but less than 180 days, and past due date	804	845
Over 180 days, and past due date	1,519	1,841
	<u>5,930</u>	<u>6,317</u>

THE LINK ASSET AND SECURITIES COMPANY LIMITED

Notes to the financial statements for the year ended 31 March 2016

13. CASH AND CASH EQUIVALENTS

	<u>As at</u> <u>31/03/2016</u> £'000	<u>As at</u> <u>31/03/2015</u> £'000
Cash at bank and in hand	697	212
Short-term bank deposits	25,514	25,725
	<u>26,211</u>	<u>25,937</u>
Restricted funds	2,187	4,873
	<u>28,398</u>	<u>30,810</u>

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

Restricted funds are comprised of cash held with clearing houses, or a financial institution 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.

14. CREDITORS

	<u>As at</u> <u>31/03/2016</u> £'000	<u>As at</u> <u>31/03/2015</u> £'000
Amounts falling due within one year		
Matched principal trade creditors	36,915	8,998
Amounts owed to Group companies	1,213	290
Other taxation and social security	-	2
Accruals	2,238	1,811
	<u>40,366</u>	<u>11,101</u>

15. CALLED UP SHARE CAPITAL

	<u>As at</u> <u>31/03/2016</u> £'000	<u>As at</u> <u>31/03/2015</u> £'000
Allotted and fully paid:		
762,919,372 Ordinary share(s) of £0.01 each (2015: 762,919,372)	7,629	7,629
	<u>7,629</u>	<u>7,629</u>

On 12 July 2013 the Company issued 750,000,000 ordinary £0.01 shares at par to its immediate parent.

THE LINK ASSET AND SECURITIES COMPANY LIMITED

Notes to the financial statements for the year ended 31 March 2016

16. DIVIDENDS

	<u>Year ended</u> <u>31/03/2016</u>	<u>Year ended</u> <u>31/03/2015</u>
	£'000	£'000
Dividend paid of 0.46p per share (2015: Nil)	3,500	-
	<u>3,500</u>	<u>-</u>

17. ULTIMATE PARENT COMPANY

Parent company

The Company's immediate parent is ICAP Holdings (UK) Limited, which does not prepare 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.