Company Number 03879508

Harlow (London) Limited

Annual Report and Financial Statements - 31 December 2018

Harlow (London) Limited
Strategic report
31 December 2018

STRATEGIC REPORT FOR THE YEAR ENDED 31 DECEMBER 2018

The Directors present their Annual Report and the audited financial statements of Harlow (London) Limited (the 'Company') for the year ended 31 December 2018.

BUSINESS REVIEW AND FUTURE DEVELOPMENTS

The Directors consider that the year end financial position was satisfactory.

The Directors reviewed the role of the company within the TP ICAP plc Group (the 'Group') and as a result its operational activities were transferred to a fellow subsidiary, ICAP Securities Limited, on 30 September 2019. On that basis, the financial statements have been prepared on a basis other than going concern.

The Company principally operated in the spot foreign exchange market, offering products in a wide variety of currencies including Euro, Sterling and Yen. General market conditions have been favourable due to the heightened foreign exchange volatility caused by Brexit and Federal Reserve Rate Hikes.

The integration programme continued through 2018 at the Group, generating savings in support functions and our core IT and infrastructure. The desk continued to pursue electronic offerings that were complimentary to their existing voice business to increase revenues.

RESULTS

The results of the Company are set out in the Statement of profit or loss on page 9.

The profit for the financial year of £489,000 (2017: £188,000) has been transferred to reserves.

The net assets of the Company are £3,532,000 (2017: £4,063,000).

PRINCIPAL RISKS AND UNCERTAINTIES

The key risks which the Company faces in its day to day operations can broadly be categorised as credit, market, operational, liquidity, strategic and business risk.

Credit risk is the risk of financial loss to the Company in the event of non-performance by a client or counterparty with respect to its contractual obligations to the Company. As the Company's business is contracted on an agency or intermediary basis, the main credit risk is more akin to a market risk, as the exposure in such cases is to movements in securities prices and foreign currency. All transactions brokered by the Company are on a 'Name passing' basis, where the Company acts as agent in arranging the trade. Whilst the Company does not suffer any exposure in relation to the underlying instrument brokered (given that the Company is not a principal to the trade), it is exposed to the risk that the client fails to pay the brokerage it is charged. The Company has no significant concentrations of credit risk and the maximum exposure is limited to Cash (Note 11) and Debtors (Note 10).

Market risk is the potential risk of loss from fluctuating exchange rates. The Company has in place a risk management policy that seeks to limit the adverse effects on the financial performance of the Company by closely monitoring the exchange rate or adjusting the relative cash positions held in different exchanges.

Operational risk is the risk of loss resulting from inadequate or failed internal processes, people activities, systems or external events. Operational risk covers a wide and diverse range of risk types and the overall objective of the Company's approach to operational risk management is not to attempt to avoid all potential risks but to proactively identify and assess risk and risk situations in order to manage them in an efficient and informed manner.

Liquidity risk is the risk that the Company, in periods of corporate or market volatility, will not have access to an appropriate level of cash or funding to enable it to finance its ongoing operations and any other reasonable unanticipated events on cost effective terms. Cash and cash equivalent balances are held with the primary objective of capital security and availability, with a secondary objective of generating returns. Funding requirements and cash and equivalent exposures are monitored by the Finance and Operations department.

Strategic and business risk is the risk that the Company's ability to do business might be damaged as a result of its failure to adapt to changing market dynamics, customer requirements or the way OTC markets and their participants are regulated.

As the operational activities of the Company were transferred to a fellow subsidiary, ICAP Securities Limited, on 30 September 2019, the Company is not expected to be impacted by Brexit.

Management have the day-to-day responsibility for ensuring that the Company operates in accordance with the Enterprise Risk Management Framework. The Group has approved policies and procedures to manage credit, operational, liquidity, reputational and legal risk. Further details of the Enterprise Risk Management Framework are outlined in the TP ICAP plc (the 'Group') Annual Report, which does not form part of this report.

KEY PERFORMANCE INDICATORS

The Company's return on assets, calculated as net profit divided by net assets, is 13.8% (2017: 4.6%).

The Directors of TP ICAP plc manage the Group's operations on a regional basis. For this reason, the Company's Directors believe that further analysis using key performance indicators for the Company is not necessary or appropriate for an understanding of the development, performance or position of the business of the Company. The key performance indicators of TP ICAP plc, which includes the Company, are discussed in the Group's Annual Report, which does not form part of this report.

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

Alan Kelly

A Kelly
Director

12 December 2019

DIRECTORS REPORT FOR THE YEAR ENDED 31 DECEMBER 2018

PRINCIPAL ACTIVITIES

The Company's principal activity is voice broking on an agency basis in the spot foreign exchange markets. The Company is a wholly owned subsidiary within the TP ICAP plc group (the 'Group').

The Directors consider that the year end financial position was satisfactory and have been actively reviewing the role of the company within the TP ICAP Group. As a result, its operational activities were transferred to a fellow subsidiary, ICAP Securities Limited, on 30 September 2019. On that basis, the financial statements have been prepared on a basis other than going concern.

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

On 20 October 2017, the Company changed its accounting reference date to 31 December to align with the Group's accounting period. As a result, the Company's previous accounting period was shortened to a nine month period ended 31 December 2017.

BUSINESS REVIEW AND FUTURE DEVELOPMENTS

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

PRINCIPAL RISKS AND UNCERTAINTIES

Details of principal risks and uncertainties can be found in the Strategic Report on pages 1 and 2.

GOING CONCERN

The Directors reviewed the role of the company within the Group. As a result, its operational activities were transferred to a fellow subsidiary, ICAP Securities Limited, on 30 September 2019. On that basis, the financial statements have been prepared on a basis other than going concern.

DIVIDENDS

During 2018 the Directors declared and paid dividends on the ordinary shares of £1,000,000 (2017: £nil).

The following dividends were paid post year end:

On 18 October 2019, Harlow (London) Limited distributed £1,716,000 as a cash dividend to ICAP Holdings Ltd.

On 18 October 2019, Harlow (London) Limited distributed £1,781,570 as a dividend in specie to ICAP Holdings Ltd, via assignment of the receivable due under the Intra-group debt agreement dated 31 December 2018.

DIRECTORS

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

A Berry
J Scard-Morgan (resigned 3 September 2019)
A Kelly (appointed 4 October 2019)
M Planquart (appointed 3 September 2019)

DIRECTOR'S INDEMNITIES

The Company's ultimate parent, TP ICAP plc, has made qualifying third party indemnity provisions for the benefit of its Directors which remain in force at the date of this report.

ENVIRONMENTAL POLICY

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

POLITICAL CONTRIBUTIONS
There were no political donations made by the Company during the year (2017: £nil).

DISABLED EMPLOYEES
Applications for employment by disabled persons are always fully considered, bearing in mind the abilities of the applicant concerned. In the event of members of staff becoming disabled every effort is made to ensure that their employment with the Company continues and that appropriate training is arranged. It is the policy of the Company that the training, career development and promotion of disabled persons should, as far as possible, be identical to that of other employees.

EMPLOYEE CONSULTATION
The Company is committed to attracting, retaining, developing and advancing the most qualified persons without regard to their race, ethnicity, religion or belief, gender, age, sexual orientation or disability. This commitment is underpinned by policies on equal opportunities, harassment and discrimination, to which all employees are required to adhere.

The Company participates in the Group's policies and practices relating to current and prospective employees. These policies and practices are outlined in the Group's Annual Report which does not form part of this report.

POST BALANCE SHEET EVENTS
On 5 September 2019, Harlow (London) Ltd reduced its Share capital and Share premium, resulting in a capital reduction of £1,499,999.

On 30 September 2019, Harlow (London) Ltd transferred its operational activities to a fellow subsidiary, ICAP Securities Limited. The transfer was made without consideration.

On 18 October 2019, Harlow (London) Ltd distributed £1,716,000 as a cash dividend to ICAP Holdings Ltd.

On 18 October 2019, Harlow (London) Ltd distributed £1,781,570 as a dividend in specie to ICAP Holdings Ltd, via assignment of the receivable due under the Intra-group debt agreement dated 31 December 2018.

INDEPENDENT AUDITOR
The Company's incumbent auditor, Deloitte LLP, have indicated their willingness to continue in office and are deemed reappointed in the next financial year.

PROVISION OF INFORMATION TO THE AUDITOR
So far as each person who was a Director at the date of approving this report is aware, there is no relevant audit information, being information needed by the auditor in connection with preparing its report, of which the auditor is unaware. Having made enquiries of fellow Directors and the Company's auditor, each Director has taken all the steps that they are obliged to take as a Director in order to make themselves aware of any relevant audit information and to establish that the auditor is aware of that information. This confirmation is given and should be interpreted in accordance with the provisions of section 418 of the Companies Act 2006.

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

Harlow (London) Limited
Directors' report
31 December 2018

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

On behalf of the Directors

A Kelly
Director

12 December 2019

Company number: 03879508

Harlow (London) Limited
Directors' responsibilities statement
31 December 2018

The Directors are responsible for preparing the strategic report, Directors' report and the financial statements in accordance with applicable law and regulations.

Company law requires the Directors to prepare financial statements for each financial year. Under that law the Directors have elected to prepare the financial statements in accordance with FRS 101 'Reduced Disclosure Framework'. Under company law the Directors must not approve the financial statements unless they are satisfied that they give a true and fair view of the state of affairs of the company and the profit or loss of the Company for that 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 FRS 101 'Reduced Disclosure Framework' has been followed, subject to any material departures disclosed and explained in the financial statements; and
- prepare the financial statements on the going concern basis unless it is inappropriate to presume that the Company will continue in business.

The Directors are responsible for keeping adequate accounting records that are sufficient to show and explain the Company's transactions and disclose with reasonable accuracy at any time the financial position of the Company and enable them to ensure that the financial statements comply with the Companies Act 2006. They are also responsible for safeguarding the assets of the Company and hence for taking reasonable steps for the prevention and detection of fraud and other irregularities.

The Directors are responsible for the maintenance and integrity of the corporate and financial information included on the Company's website. Legislation in the United Kingdom governing the preparation and dissemination of financial statements may differ from legislation in other jurisdictions.

Harlow (London) Limited
Independent auditor's report to the members of Harlow (London) Limited
31 December 2018

Report on the audit of the financial statements

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

We have audited the financial statements of which comprise:
- the statement of profit or loss;
- the balance sheet;
- the statement of changes in equity;
- the related notes 1 to 17.

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

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

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

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

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

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

We have nothing to report in respect of these matters.

Responsibilities of Directors
As explained more fully in the Directors' responsibilities statement, the Directors are responsible for the preparation of the financial statements and for being satisfied that they give a true and fair view, and for such internal control as the Directors determine is necessary to enable the preparation of financial statements that are free from material misstatement, whether due to fraud or error.

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

Auditor's responsibilities for the audit of the financial statements
Our objectives are to obtain reasonable assurance about whether the financial statements as a whole are free from material misstatement, whether due to fraud or error, and to issue an auditor's report that includes our opinion. Reasonable assurance is a high level of assurance, but is not a guarantee that an audit conducted in accordance with ISAs (UK) will always detect a material misstatement when it exists. Misstatements can arise from fraud or error and are considered material if, individually or in the aggregate, they could reasonably be expected to influence the economic decisions of users taken on the basis of these financial statements.

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

Report on other legal and regulatory requirements

Opinions on other matters prescribed by the Companies Act 2006
In our opinion, based on the work undertaken in the course of the audit:

- the information given in the Strategic Report and the Directors' report for the financial period for which the financial statements are prepared is consistent with the financial statements; and
- the Strategic Report and the Directors' report have been prepared in accordance with applicable legal requirements.

In the light of the knowledge and understanding of the Company and its environment obtained in the course of the audit, we have not identified any material misstatements in the Strategic Report or the directors' report.

Matters on which we are required to report by exception
Under the Companies Act 2006 we are required to report in respect of the following matters if, in our opinion:

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

We have nothing to report in respect of these matters.

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

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

Harlow (London) Limited
Statement of profit or loss
For the year ended 31 December 2018

	Note	Year ended 31 Dec 2018 £'000	Period ended 31 Dec 2017 £'000
Revenue		4,440	3,155
Expenses			
Administrative costs	4	(3,825)	(2,891)
Other operating expense	7	(28)	(21)
Operating profit		587	243
Interest receivable and similar income	8	37	-
Profit before income tax expense		624	243
Income tax expense	9	(135)	(55)
Profit after income tax expense for the year		489	188

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

The above statement of profit or loss should be read in conjunction with the accompanying notes

Harlow (London) Limited
Balance sheet
As at 31 December 2018

	Note	As at 31 Dec 2018 £'000	As at 31 Dec 2017 £'000
Assets			
Non-current assets			
Deferred tax asset	9	-	1
Total non-current assets		-	1
Current assets			
Debtors	10	2,926	3,423
Cash and cash equivalents	11	1,226	829
Deferred tax asset	9	5	-
Total current assets		4,157	4,252
Total assets		4,157	4,253
Liabilities			
Current liabilities			
Creditors: amounts falling due within one year	12	307	-
Tax payable	9	318	190
Total current liabilities		625	190
Total liabilities		625	190
Net assets		3,532	4,063
Equity			
Issued capital	13	1,200	1,200
Share premium	14	300	300
Retained profits		2,032	2,563
Total equity		3,532	4,063

The financial statements on page 9 to 24 were approved and authorised for issue by the board of Directors on 12 December 2019 and were signed on its behalf by:

Alan Kelly

A Kelly
Director

12 December 2019

Company number: 03879508

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

Harlow (London) Limited
Statement of changes in equity
For the year ended 31 December 2018

	Issued capital £'000	Share premium £'000	Retained profits £'000	Total equity £'000
Balance at 1 April 2017	1,200	300	2,375	3,875
Profit after income tax expense for the period	-	-	188	188
Total Comprehensive income for the period	-	-	188	188
Balance at 31 December 2017	1,200	300	2,563	4,063

	Issued capital £'000	Share premium £'000	Retained profits £'000	Total equity £'000
Balance at 1 January 2018	1,200	300	2,563	4,063
Expected credit loss adjustment (Note 1)	-	-	(24)	(24)
Balance at 1 January 2018 - restated	1,200	300	2,539	4,039
Profit after income tax expense for the year	-	-	489	489
Total Comprehensive income for the year	-	-	489	489
Deferred tax equity adjustment	-	-	4	4
Dividends paid (note 15)	-	-	(1,000)	(1,000)
Balance at 31 December 2018	1,200	300	2,032	3,532

The above statement of changes in equity should be read in conjunction with the accompanying notes

Note 1. General information and principal accounting policies

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

The principal accounting policies adopted in the preparation of the financial statements are set out below. These policies have been consistently applied to the year and period presented, unless otherwise stated.

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

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

Any new or amended Accounting Standards or Interpretations that are not yet mandatory have not been early adopted.

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

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

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

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

Going concern
The Directors reviewed the role of the company within the Group. As a result, its operational activities were transferred to a fellow subsidiary, ICAP Securities Limited, on 30 September 2019. On that basis, the financial statements have been prepared on a basis other than going concern.

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

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

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

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

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

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

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

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

Revenue
Revenue primarily comprised of commission and brokerage. This is derived from broking services supplied to third parties which is recognised at trade date. All turnover related to Europe.

Broking services comprises voice and electronic broking and is transacted on an agency basis. For agency trades, turnover is stated net of rebates and discounts, value added tax and other sales taxes. Turnover from broking on electronic platforms is recognised in accordance with the treatment for the equivalent voice-broked products.

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

Tax
Tax on the profit for the year comprises both current and deferred tax as well as adjustments in respect of prior periods. Tax is charged or credited to the profit or loss account, except when it relates to items charged or credited directly to equity, in which case the current and deferred tax is also recorded within equity.

Current tax is the expected tax payable on the taxable income for the 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 year or period in which a reassessment of the liability is made.

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 or loss account.

Non-monetary assets and liabilities carried at fair value that are denominated in foreign currencies are translated at the rates prevailing at the date when the fair value was determined.

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

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

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

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.

Debtors
Debtors are recognised at amortised cost less provision for impairment.

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

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

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

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

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

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

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

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

There has been no material impact on the classification and measurement of the Company's financial assets.

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

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

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

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

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

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

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

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

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

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

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

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

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

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

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

	£ 000's
Loss allowance at 31 December 2017 under IAS 39	1
Additional impairment recognised at 1 January 2018	24
Loss allowance at 1 January 2018 under IFRS 9	25

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

Issued capital
Ordinary shares are classified as equity.

Dividends
Dividends are recognised when declared during the financial year.

Note 2. Key accounting judgements and sources of estimation uncertainty

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

Note 3. Financial risk management

Financial risk factors
The Company's activities expose it to a variety of financial risks, including market, credit and liquidity risk. The overall financial risk management framework, strategy and policies of the Company are determined by the board of its ultimate parent company, TP ICAP plc. It does this through the Board Risk Committee, Group Executive Risk Committee and regional risk committees. The Company does not manage its own financial risk framework.

	As at 31 Dec 2018 £'000	As at 31 Dec 2017 £'000
Cash and cash equivalents (Note 11)	1,226	829
Debtors (Note 10)	2,926	3,423
Less prepayments and accrued income (Note 10)	(15)	(142)
	4,137	4,110

Market risk

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

Foreign exchange risk

The Company is exposed to both transactional and translational fluctuations in the value of financial instruments due to exchange rate movements. Transactional exposure arises from administrative and other expenses and remittance of funds in currencies other than the Company's functional currency (sterling). Translational exposure arises on the conversion of the foreign currency denominated assets and liabilities into sterling.

It is estimated that a 10 cent increase in the exchange rates of the Euro and United States dollars would have an impact of £13,000 (2017: £12,000) and £3,000 (2017: £2,000) respectively, on the Company's profit or loss account and reserves. Exchange rates used in the sensitivity are December 2018 exchange rates.

Other currencies include Polish złoty and South African rand, and these balances are immaterial as at the year end.

Note 3. Financial risk management (continued)

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

	USD £'000	EUR £'000	Other £'000	GBP £'000	Total £'000
Assets					
Cash and cash equivalents	-	-	-	1,226	1,226
Debtors less prepayments and accrued income	43	155	3	2,710	2,911
	43	155	3	3,936	4,137
Liabilities					
Creditors	-	-	-	(307)	(307)
Net financial assets	43	155	3	3,629	3,830

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

	USD £'000	EUR £'000	Other £'000	GBP £'000	Total £'000
Assets					
Cash and cash equivalents	-	-	-	829	829
Debtors less prepayments and accrued income	35	150	4	3,092	3,281
	35	150	4	3,921	4,110
Net financial assets	35	150	4	3,921	4,110

Interest rate risk

The Company's interest rate risk arises from Cash and cash equivalents where changes in market rates can have an adverse impact on cash flows and income streams. Interest rate risk is monitored at a Group level by the Board Risk Committee. In terms of cash and other interest bearing investments, the Company must comply with the Enterprise Risk Management Framework which includes policies and procedures for these key risks. Limits are in place to restrict the amount that can be invested at one institution and all investments must be credit rated AA or above and be for less than 18 months, unless approved by the Board Risk Committee.

As at 31 December 2018 there were no instruments with a contracted maturity or re-pricing date in excess of 18 months.

The Company estimates that an increase of 1% in interest rates would have an impact of £29,000 (2017: £5,000) on the Company's profit or loss account and reserves.

Note 3. Financial risk management (continued)

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

	None £'000	Fixed £'000	Variable £'000	Total £'000
Assets				
Cash and cash equivalents	-	-	1,226	1,226
Debtors less prepayments and accrued income	847	-	2,064	2,911
Total financial assets	847	-	3,290	4,137
Liabilities				
Creditors	(307)	-	-	(307)

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

	None £'000	Fixed £'000	Variable £'000	Total £'000
Assets				
Cash and cash equivalents	-	-	829	829
Debtors less prepayments and accrued income	3,281	-	-	3,281
Total financial assets	3,281	-	829	4,110

Fair value

Fair value is the amount for which an asset could be exchanged, or a liability settled, between knowledgeable, willing parties in an arm's length transaction. The fair values of financial instruments are determined as per the Company's accounting policies.

As at 31 December 2018 there are no assets or liabilities whose carrying value was not a reasonable approximation of its fair value (2017: none).

Credit risk

Credit risk arises from the potential that a counterparty is unable or unlikely to perform on an obligation resulting in a loss for the Company. When the Company enters into transactions only when executing on behalf of customers, providing customer access to clearing, or provides additional fee-based services to customers, there does exist short-term credit exposure, prior to clearing and settlement, and outstanding receivables that the Company manages. All counterparties are subject to regular review and assessment by regional credit officers and credit limits are set and approved by the appropriate credit committee. Limits are set based on Group parameters determining the maximum loss any one company (within the Group) can suffer as a result of counterparty default. 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 and cash.

Note 3. Financial risk management (continued)

Liquidity risk

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

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

	On demand £'000	Less than 3 months £'000	3 months to 1 year £'000	More than 1 year £'000	Total £'000
31 December 2018					
Creditors	(307)	-	-	-	(307)
31 December 2017					
Creditors	-	-	-	-	-

Note 4. Administrative costs

	Year ended 31 Dec 2018 £'000	Period ended 31 Dec 2017 £'000
Salary and Payroll costs (Note 5)	2,167	1,558
Other staff costs	23	21
Travel and entertainment costs	87	90
Telecoms costs	225	188
Other	160	31
Recharges	1,163	1,003
	3,825	2,891

Fees paid to the Company's auditor, Deloitte LLP, and its associates for services other than the statutory audit of the Company are not disclosed in the Company's financial statements since the consolidated financial statements of its parent, TP ICAP plc, include these fees on a consolidated basis.

Fees payable for the audit of the financial statements were £37,377 (2017: £22,000).

Note 5. Salary and Payroll costs

Staff costs borne by the Company comprise:

	Year ended 31 Dec 2018 £'000	Period ended 31 Dec 2017 £'000
Wages and salaries	1,901	1,353
Social security costs	259	201
Other pension costs	7	4
Total employee benefits expense	2,167	1,558

The monthly average number of persons employed by the Company during the year was 8, comprising of 8 brokers and nil support staff (2017: 9, comprising of 9 brokers and nil support staff).

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

Note 6. Directors Remuneration

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

	Year ended 31 Dec 2018 Total £'000	Year ended 31 Dec 2018 Highest Paid Director £'000	Period ended 31 Dec 2017 Total £'000	Period ended 31 Dec 2017 Highest Paid Director £'000
Aggregate emoluments	22	18	21	17

As at 31 December 2018, no retirement benefits are accruing to Directors (2017: nil) under defined contribution schemes sponsored by TP ICAP plc.

Note 7. Other operating expense

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

Note 8. Interest receivable and similar income

	Year ended 31 Dec 2018 £'000	Period ended 31 Dec 2017 £'000
Interest receivable from Group companies	37	-

Note 9. Income tax

Analysis of charge for the year / period:

	Year ended 31 Dec 2018 £'000	Period ended 31 Dec 2017 £'000
Income tax expense		
Current tax current year	131	64
Current tax prior year	(3)	-
Overseas tax - current period / year	7	(4)
Overseas tax - double taxation relief	-	4
Adjustment recognised for prior periods - current tax	-	(9)
Aggregate income tax expense	135	55
Numerical reconciliation of income tax expense and tax at the statutory rate		
Profit before income tax expense	624	243
Tax at the statutory tax rate of 19%	119	46
Tax effect amounts which are not deductible/(taxable) in calculating taxable income:		
Expenses not deductible for tax purposes	12	18
	131	64
Current tax prior year	(3)	-
Adjustment recognised for prior periods - current tax	-	(9)
Overseas tax	7	4
Overseas tax - double tax relief	-	(4)
Income tax expense	135	55
Effective tax rate	21.6%	23.0%

In the UK, legislation to reduce the corporation tax rate from 20% to 19% from 1 April 2017 and from 19% to 17% from 1 April 2020 has been enacted. UK deferred tax will therefore unwind at a rate of 19% for periods from 1 April 2017 to 31 March 2020 and at a rate of 17% thereafter.

	As at 31 Dec 2018 £'000	As at 31 Dec 2017 £'000
Deferred tax asset		
Deferred tax asset comprises temporary differences attributable to:		
Amounts recognised in profit or loss:		
Capital allowances	1	1
IFRS 9 adjustment	4	-
Deferred tax asset	5	1
Movements:		
Opening balance	1	1
Credited to equity	4	-
Closing balance	5	1

Note 9. Income tax (continued)

	As at 31 Dec 2018 £'000	As at 31 Dec 2017 £'000
Tax Payable		
Provision for income tax	318	190

Note 10. Current assets - Debtors

	As at 31 Dec 2018 £'000	As at 31 Dec 2017 £'000
Agency trade debtors	693	538
Less expected credit loss provision / provision for trade receivables	(13)	-
	680	538
Prepayments and accrued income	15	142
Loan owed by immediate parent company	2,074	-
Amounts owed by group related companies	168	2,743
Less expected credit loss provision	(11)	-
	2,231	2,743
	2,926	3,423

The majority of net trade debtors which aren't impaired are held with high quality credit institutions. The Company's exposure to credit risk is discussed within the strategic report on page 1.

As at 31 December the following trade debtors were unsettled:

	As at 31 Dec 2018 £'000	As at 31 Dec 2017 £'000
Less than 30 days but not yet due	325	311
Over 30 days but less than 90 days and past due	261	137
Over 90 days and past due date	94	90
	680	538

Note 11. Current assets - Cash and cash equivalents

	As at 31 Dec 2018 £'000	As at 31 Dec 2017 £'000
Cash at bank and in hand	1,228	829
Less expected credit loss provision	(2)	-
	1,226	829

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

	As at 31 Dec 2018 £'000	As at 31 Dec 2017 £'000
Amounts owed to related group companies	307	-

Note 13. Equity - Issued capital

	As at 31 Dec 2018 Shares	As at 31 Dec 2017 Shares	As at 31 Dec 2018 £	As at 31 Dec 2017 £
Allotted and fully paid:				
Ordinary Share Capital	1,200,000	1,200,000	1,200,000	1,200,000

The balance classified as share capital includes the nominal value of the proceeds on issue of the Company's share capital comprising £1 shares.

Note 14. Equity - Share premium

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

Note 15. Equity - Dividends

Dividends paid during the financial year were as follows:

	Year ended 31 Dec 2018 £'000	Period ended 31 Dec 2017 £'000
Dividend paid on 8 May 2018 of £0.83 pence per ordinary share	1,000	-

Note 16. Events after the reporting period

On 5 September 2019, Harlow (London) Ltd reduced its Share capital and Share premium, resulting in a capital reduction of £1,499,999.

On 30 September 2019, Harlow (London) Ltd transferred its operational activities to a fellow subsidiary, ICAP Securities Limited. The transfer was made without consideration.

On 18 October 2019, Harlow (London) Ltd distributed £1,716,000 as a cash dividend to ICAP Holdings Ltd.

On 18 October 2019, Harlow (London) Ltd distributed £1,781,570 as a dividend in specie to ICAP Holdings Ltd, via assignment of the receivable due under the Intra-group debt agreement dated 31 December 2018.

Note 17. Immediate and ultimate parent company

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

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

The Company's ultimate parent is TP ICAP plc, which is incorporated in England and Wales, and heads the largest and smallest group of companies of which the Company is a member. TP ICAP plc prepares consolidated financial statements in accordance with IFRS. Copies of TP ICAP plc financial statements are available from the registered office: Floor 2, 155 Bishopsgate, London, England, EC2M 3TQ.