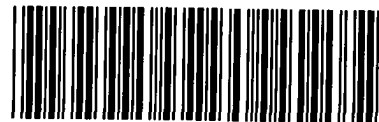


**Company Number 04668969**

# **ICAP America Investments Limited**

## **Annual Report and Financial Statements - 31 December 2018**

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**STRATEGIC REPORT FOR THE YEAR ENDED 31 DECEMBER 2018**

The Directors present their Annual Report and the audited financial statements of ICAP America Investments 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 and do not anticipate any changes to the principal activities.

During the year/period, the Company impaired its investments by £13,298,000 (2017: £8,711,000). Please see Note 2 for further details.

**RESULTS**

The results of the Company are set out in the statement of profit or loss on page 8.

The loss for the financial year/period of £13,315,000 (2017: £8,721,000) has been transferred to reserves.

The net assets of the Company are £170,052,000 (2017: £183,367,000).

**PRINCIPAL RISKS AND UNCERTAINTIES**

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

Credit risk is the risk of financial loss to the Company in the event of non-performance by counterparty with respect to its contractual obligations to the Company. This includes the risk of default of the banking counterparties at which the Company has placed its cash balance.

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 are monitored by the Group Finance and Operations departments.

For some months the Company has been preparing for a hard Brexit. In that circumstance, UK entities would lose their ability to provide services in the EU27 zone using passports, either through branches or on a cross-border services basis and the ability to continue doing business in Europe would be restricted. Given the nature of the Company's activities being a holding company, it is not expected to be materially impacted by Brexit.

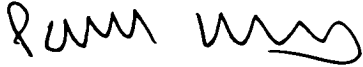
Management in front office and support functions have the day to day responsibility for ensuring that the Company operates in accordance with the Enterprise Risk Management Framework which includes policies and procedures for these key risks. Further details of the Enterprise Risk Management Framework are outlined in the Group's 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 -7.8% (2017: -4.8%).

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:



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P Ashley  
Director

11 September 2019

**DIRECTORS REPORT FOR THE YEAR ENDED 31 DECEMBER 2018**

**PRINCIPAL ACTIVITIES**

The Company is an investment holding company. It is anticipated that the Company will continue its present business activities next year.

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 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 prior accounting period was shortened to a nine month period ended 31 December 2017. The current year is for the year ended 31 December 2018.

**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 page 1.

**GOING CONCERN**

Despite the Company being in a net current liability position, the Company's financial statements have been prepared on a going concern basis because its group related companies, ICAP Global Broking Holdings Limited and Tullett Prebon Investment Holdings Limited, have indicated that it will provide financial support to the Company until at least twelve months from the date of signing the financial statements.

Further details regarding the adoption of the going concern basis can be found in Note 1, accounting policies, in the financial statements.

**DIVIDENDS**

No dividends (2017: £nil) were paid or proposed during the current or prior period.

The following dividends were paid post year end:

On 7 August 2019, ICAP America Investments Limited, distributed, as a dividend in specie the following to ICAP Global Broking Holdings Limited:

- 6,196 shares, equating to 100% interest in ICAP Energy AS
- loan receivables due from group related companies
- 180 shares, equating to 100% interest in ICAP Securities (No.1) B.V.

On 7 August 2019, ICAP America Investments Limited distributed £2,100,061 as a cash dividend to ICAP Global Broking Holdings Limited.

**DIRECTORS**

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

- P Ashley (appointed 5 March 2018)
- R Cordeschi (appointed 6 December 2018)
- D Casterton (resigned 6 December 2018)
- D McClumpha (resigned 2 March 2018)

**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/period (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 7 August 2019, ICAP America Investments Limited, distributed, as a dividend in specie the following to ICAP Global Broking Holdings Limited:

- 6,196 shares, equating to 100% interest in ICAP Energy AS
- loan receivables due from group related companies
- 180 shares, equating to 100% interest in ICAP Securities (No.1) B.V.

On 7 August 2019, ICAP America Investments Limited distributed £2,100,061 as a cash dividend to ICAP Global Broking Holdings Limited.

#### **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, the effect of new accounting standards not yet mandatory, presentation of comparative information for certain assets, key management compensation, related party transactions, share-based payments and financial risk management disclosures.

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

On behalf of the directors



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P Ashley  
Director

11 September 2019

Company No: 04668969

**ICAP America Investments 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 Company's website. Legislation in the United Kingdom governing the preparation and dissemination of financial statements may differ from legislation in other jurisdictions.

**Report on the audit of the financial statements**

**Opinion**

In our opinion the financial statements of ICAP America Investments 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 loss 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 12.

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 Financial Reporting Council's (the 'FRC's') Ethical Standard, and we have fulfilled our other ethical responsibilities in accordance with these requirements. We believe that the audit evidence we have obtained is sufficient and appropriate to provide a basis for our opinion.

**Conclusions relating to going concern**

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

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

We have nothing to report in respect of these matters.

**Other information**

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

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

We have nothing to report in respect of these matters.

**ICAP America Investments Limited**  
**Independent Auditor's Report to the members of ICAP America Investments Limited**  
**31 December 2018**

**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 FRC's website at: [www.frc.org.uk/auditorsresponsibilities](http://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  
11 September 2019



**ICAP America Investments Limited**  
**Statement of profit or loss**  
**For the year ended 31 December 2018**

		<b>Year ended 31 Dec 2018 £'000</b>	<b>Period ended 31 Dec 2017 £'000</b>
Interest payable and similar expenses	6	(17)	(12)
Impairment of investments	8	<u>(13,298)</u>	<u>(8,711)</u>
<b>Loss before income tax benefit</b>		<b>(13,315)</b>	<b>(8,723)</b>
Income tax benefit	7	<u>-</u>	<u>2</u>
<b>Loss after income tax benefit for the year</b>		<b><u>(13,315)</u></b>	<b><u>(8,721)</u></b>

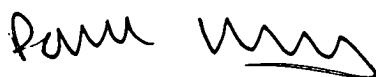
The operating loss for the year/period is derived from continuing operations.

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

**ICAP America Investments Limited**  
**Balance sheet**  
**As at 31 December 2018**

	Note	As at 31 Dec 2018 £'000	As at 31 Dec 2017 £'000
<b>Assets</b>			
<b>Non-current assets</b>			
Investment in subsidiaries	8	174,789	188,087
Total non-current assets		<u>174,789</u>	<u>188,087</u>
<b>Current assets</b>			
Income tax refund due	7	-	7
Total current assets		<u>-</u>	<u>7</u>
<b>Total assets</b>		<u>174,789</u>	<u>188,094</u>
<b>Liabilities</b>			
<b>Current liabilities</b>			
Creditors: amounts falling due within one year	9	4,737	4,727
Total current liabilities		<u>4,737</u>	<u>4,727</u>
<b>Total liabilities</b>		<u>4,737</u>	<u>4,727</u>
<b>Net assets</b>		<u>170,052</u>	<u>183,367</u>
<b>Equity</b>			
Retained profits		<u>170,052</u>	<u>183,367</u>
<b>Total equity</b>		<u>170,052</u>	<u>183,367</u>

The financial statements on page 8 to 17 were approved and authorised for issue by the board of Directors on 11 September 2019 and were signed on its behalf by:



P Ashley  
Director

11 September 2019

Company No: 04668969

**ICAP America Investments Limited**  
**Statement of changes in equity**  
**For the year ended 31 December 2018**

	<b>Issued capital £'000</b>	<b>Share premium £'000</b>	<b>Other reserves £'000</b>	<b>Retained profits £'000</b>	<b>Total equity £'000</b>
Balance at 1 April 2017	1	11,102	22,608	158,377	192,088
Loss after income tax benefit for the period	-	-	-	(8,721)	(8,721)
Other comprehensive income for the period, net of tax	-	-	-	-	-
<b>Total comprehensive income for the period</b>	-	-	-	(8,721)	(8,721)
Share capital reduction	(1)	(33,710)	-	33,711	-
Share capital issued	-	22,608	(22,608)	-	-
<b>Balance at 31 December 2017</b>	<b>-</b>	<b>-</b>	<b>-</b>	<b>183,367</b>	<b>183,367</b>
	<b>Issued capital £'000</b>	<b>Share premium £'000</b>	<b>Other reserves £'000</b>	<b>Retained profits £'000</b>	<b>Total equity £'000</b>
Balance at 1 January 2018	-	-	-	183,367	183,367
Loss after income tax expense for the year	-	-	-	(13,315)	(13,315)
Other comprehensive income for the year, net of tax	-	-	-	-	-
<b>Total comprehensive income for the year</b>	-	-	-	(13,315)	(13,315)
<b>Balance at 31 December 2018</b>	<b>-</b>	<b>-</b>	<b>-</b>	<b>170,052</b>	<b>170,052</b>

Share capital

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

Share premium

The share premium reserve includes the value of the proceeds above nominal on issue of the Company's share capital, comprising \$1 ordinary shares. During the prior period, the Company reduced its share capital and share premium by £33,711,000.

Other reserves

During the prior period ICAP America Investments Limited capitalised its other reserves by issuing one bonus share to its existing shareholder, ICAP Global Broking Holdings Limited. the Bonus share was issued at total consideration of £22,608,000.

*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.

The principal accounting policies adopted in the preparation of the financial statements are set out below. These policies have been consistently applied to all the years / periods 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 these 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 whose 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 whose 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).

*Hedge accounting*

The Company did not undertake any qualifying hedging activities during the reporting period and will apply IFRS 9's hedge accounting requirements as and when such transactions arise.

*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.

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

**Going concern**

After consideration of the Company's business review and the risks and uncertainties; including the risks related to Brexit as set out in the Strategic Report, and having considered the Company's forecasts including the Company's liquidity and capital, the Directors have a reasonable expectation that the Company has adequate resources to continue in operational existence for the foreseeable future being at least the next twelve months from approval of the financial statements. Accordingly, the going concern basis continues to be used in preparing these financial statements. Brexit implications have been considered in the Going Concern assessment.

As at 31 December 2018, the Company's net current liabilities exceeded its net current assets by £4,737,000. The financial statements have been prepared on the going concern basis as its group related companies ICAP Global Broking Holdings Limited and Tullett Prebon Investment Holdings Limited have confirmed its undertaking to provide financial support to the Company, so that the Company is able to meet its liabilities as and when they fall due for a period of 12 months from the date of the financial statements.

**Basis of preparation**

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

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, the effect of new accounting standards not yet mandatory, presentation of comparative information for certain assets, key management compensation, related party transactions, share-based payments and financial risk management disclosures.

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

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

**Borrowing costs**

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

**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 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 period, 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.

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

**Investment in subsidiaries**

Investments comprise equity shareholdings. These investments are recorded at historical cost less provision for any impairment in their values. However, where the transaction takes place for nil consideration, it is not considered to have a transaction price. As there is no consideration given for the transfer, it would represent a gift from the transferor to the transferee and, therefore, would be recorded at fair value as a proxy for its cost.

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

**Impairment in subsidiaries**

An impairment review of the recoverable amount is undertaken at each balance sheet date or when such events or changes in circumstances indicate that an impairment loss may have occurred.

An impairment loss is recognised for the amount by which the asset's carrying amount exceeds its recoverable amount. The recoverable amount is the higher of an asset's fair value less costs of disposal and value in use.

**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 this 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 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.

**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.

Under IFRS 9, loss allowances are measured on either of the following bases:

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

- 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.

**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.

**Issued capital**

Ordinary shares are classified as equity.

**Dividends paid**

Dividends are recognised as deductions from retained earnings in the period in which they are declared.

**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.

As at 31 December 2018 the only such estimates are related to the impairment review of investments (note 8). When considering the investments value in use, net asset values as well as cashflow projections which extend forward to a terminal value and which take account of the approved budget for the coming year have been used. The Company applies a suitable discount factor to the future cash flows based on its weighted average costs of capital at 12.5% (2017: 10.5%). Growth rates are conservatively applied and do not exceed the expected growth in the local economy after the fifth year.

**Note 3. Administrative costs**

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 £8,150 (2017: £5,000).

**Note 4. Other operating (expenses) / income**

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 5. Directors Remuneration**

No fees were paid to the directors in respect of services to the Company during the year/period (2017: nil).

**Note 6. Interest payable and similar expenses**

	<b>Year ended 31 Dec 2018 £'000</b>	<b>Period ended 31 Dec 2017 £'000</b>
Interest on loans from other Group companies	<u>17</u>	<u>12</u>



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**Note 7. Income tax**

Analysis of charge for the year:

	Year ended 31 Dec 2018 £'000	Period ended 31 Dec 2017 £'000
<i>Current tax</i>		
UK Corporation tax - current year/period	-	(2)
Aggregate income tax benefit	-	(2)
<i>Numerical reconciliation of income tax benefit and tax at the statutory rate</i>		
Loss before income tax benefit	(13,315)	(8,723)
Tax at the statutory tax rate of 19%	(2,530)	(1,657)
Expenses not deductible for tax purposes	2,527	1,655
Losses surrendered for no consideration	3	-
Income tax benefit	-	(2)

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
<i>Income tax refund due</i>		
Income tax refund due	-	7

**Note 8. Non-current assets - Investment in subsidiaries**

	As at 31 Dec 2018 £'000	As at 31 Dec 2017 £'000
As at beginning of the year/period	188,087	196,798
Impairment	(13,298)	(8,711)
As at end of year/period	174,789	188,087

During the year, the Company impaired its investment in Garban-Intercapital (2001) Limited by £13.3m (2017: £8.7m).

At 31 December 2018, the Company's subsidiary companies and related undertakings were as follows:

Name	Country of incorporation	Percentage Directly held
Garban-Intercapital (2001) Limited	England & Wales	100.0%

Full details of direct and indirect subsidiaries and undertakings and associates are disclosed in the supplementary information on page 18.

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**Note 9. Current liabilities - Creditors: amounts falling due within one year**

	As at 31 Dec 2018 £'000	As at 31 Dec 2017 £'000
Amounts owed to Group companies	4,257	4,263
Loan owed to Group company	480	464
	<u>4,737</u>	<u>4,727</u>

**Note 10. Equity - Issued capital**

	As at 31 Dec 2018 Shares	As at 31 Dec 2017 Shares	As at 31 Dec 2018 £'000	As at 31 Dec 2017 £'000
1 Ordinary share of US\$1 each - allotted and fully paid	<u>1</u>	<u>1</u>	<u>-</u>	<u>-</u>

**Note 11. Events after the reporting period**

On 7 August 2019, ICAP America Investments Limited, distributed, as a dividend in specie the following to ICAP Global Broking Holdings Limited:

- 6,196 shares, equating to 100% interest in ICAP Energy AS
- loan receivables due from group related companies
- 180 shares, equating to 100% interest in ICAP Securities (No.1) B.V.

On 7 August 2019, ICAP America Investments Limited distributed £2,100,061 as a cash dividend to ICAP Global Broking Holdings Limited.

**Note 12. Immediate and ultimate parent company**

The Company's immediate parent is ICAP Global Broking Holdings Limited, which prepares 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 EC2M 3TQ.

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**Direct and indirect subsidiaries and undertakings**

At 31 December 2018, the following companies were the Company's subsidiary undertakings.

<b>Name</b>	<b>Country of incorporation and operation</b>	<b>% Directly Held</b>	<b>Registered office address</b>
Garban-Intercapital (2001) Limited	England & Wales	100	Floor 2, 155 Bishopsgate, London, EC2M 3TQ, England

<b>Name</b>	<b>Country of incorporation and operation</b>	<b>% Indirectly Held</b>	<b>Registered office address</b>
Garban-Intercapital US Investments (Holdings) Limited	England & Wales	100	Floor 2, 155 Bishopsgate, London, EC2M 3TQ, England
Garban-Intercapital US Investments (No 1) Limited	England & Wales	100	Floor 2, 155 Bishopsgate, London, EC2M 3TQ, England
ICAP US Holdings (No. 1) Limited	Gibraltar & UK Branch	100	Floor 2, 155 Bishopsgate, London, EC2M 3TQ, England
ICAP US Holdings No 2 Limited.	Gibraltar & UK Branch	100	Floor 2, 155 Bishopsgate, London, EC2M 3TQ, England
ICAP Luxembourg Holdings No. 1 S.A.R.L.	Luxembourg	100	17 Boulevard du Prince Henri, L-1724 Luxembourg,
ICAP Luxembourg Holdings (No. 2) S.A.R.L.	Luxembourg	100	17 Boulevard du Prince Henri, L-1724 Luxembourg,
ICAP UK Investments No. 1	England & Wales	100	Floor 2, 155 Bishopsgate, London, EC2M 3TQ, England
ICAP Securities (No. 1) B.V.	Netherlands	100	Coengebouw – Suite 8.02, Kabelweg 37, Amsterdam, 1014 BA, Netherlands
ICAP Energy AS	Norway	100	Storetveitvegen 96, 5072 Bergen, Norway
ICAP UK Investments No. 2	England & Wales	100	Floor 2, 155 Bishopsgate, London, EC2M 3TQ, England
ICAP Securities (No. 2) B.V.	Netherlands	100	Coengebouw – Suite 8.02, Kabelweg 37, Amsterdam, 1014 BA, Netherlands