

PARENT ACCOUNTS
ICAP HOLDINGS (LATIN
AMERICA) LTD
5162008

Company No. 06694512

ICAP GROUP HOLDINGS PLC
GROUP AND COMPANY FINANCIAL STATEMENTS
FOR THE YEAR ENDED
31 MARCH 2015

WEDNESDAY



L4MVOFK2

LD9 23/12/2015 #9
COMPANIES HOUSE

A4BNNAK1

A10 14/07/2015 #119
COMPANIES HOUSE

ICAP GROUP HOLDINGS PLC

Directors' report for the year ended 31 March 2015

The directors present their report and the audited consolidated financial statements for ICAP Group Holdings plc (IGHP) (the Company) and its subsidiary companies (together 'the Group') for the year ended 31 March 2015

Principal activity, business review and future developments

The Company is a holding company and corporate treasury vehicle for ICAP plc and its subsidiary companies (together the ICAP plc Group)

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

A review of business activities, future developments and a description of the principal risks and uncertainties facing the Group is given in the strategic report on page 3 and 4.

Dividends

For the year ended 31 March 2015, dividends of £255m (2013/14 - £167m) were paid during the year to ICAP plc, the ultimate parent company.

Going concern

After reviewing the Group's annual budget, liquidity requirements, plans and financing arrangements, the directors are satisfied that the Company and the Group have adequate resources to continue to operate for the foreseeable future and confirm that the Company and the Group are going concerns.

At 31 March 2015 the Group has several committed credit facilities including a £425m committed Revolving Credit Facility incorporating a swingline facility of up to a \$200m with a maturity date of December 2016 (see note 9). In March 2014 the Company issued €350m five year senior notes with a coupon of 3.125%, and maturity in 2019. This financed the repayment in July 2014 of €300m of senior notes. Under the agreement for these credit facilities, the Group and the ICAP plc Group are required to comply with certain covenants. As at the balance sheet date, the Group and the ICAP plc Group complied with the terms of all its financial covenants and there are no indications for directors to believe that the Group and the ICAP plc Group will fail to comply with these covenants in the foreseeable future.

For the above reasons, the directors continue to adopt the going concern basis in preparing these financial statements.

Charitable donations

The Group takes part in the annual ICAP Charity Day where the revenue for one day is donated to nominated charities. During the year the Group made charitable donations amounting to £8m (2013/14 - £8m).

Disability policy

The Group's equal opportunity and diversity policy are governed by its parent, ICAP plc, and are disclosed in full in its annual report.

Events after the balance sheet date

On 1 April 2015 ICAP plc confirmed the details of the transaction to dispose of its shipbroking businesses to Howe Robinson Group Pte Limited for a 35% equity stake in the resulting combined group business.

Independent Auditors

PricewaterhouseCoopers LLP were re-appointed auditors to the Company at the annual general meeting in July 2014. Resolutions to re-appoint PricewaterhouseCoopers LLP and to authorise the directors to set their remuneration will be proposed at the forthcoming annual general meeting.

Provision of information to auditors

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 auditors in connection with preparing their report, of which the auditors are unaware. Each director has taken all the steps that he is obliged to take as a director in order to make him aware of any relevant audit information and to establish that the auditors are aware of that information.

ICAP GROUP HOLDINGS PLC

Directors' report for the year ended 31 March 2015 continued

Directors

The directors of the Company, who held office during the year were

D Gregg	Appointed 25 November 2014
D C Ireland	
D A Abrehart	
I W Torrens	Resigned 21 November 2014
K Pigaga	
S Caplen	Resigned 26 January 2015

Statement of directors' responsibilities

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

Company law requires the directors to prepare financial statements for each financial year. Under that law the directors have prepared the Company and Group financial statements in accordance with International Financial Reporting Standards (IFRSs) as adopted by the European Union (EU). 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 Group and of the profit or loss of the Group for that year.

In preparing these financial statements the directors are required to

- select suitable accounting policies and then apply them consistently,
- make judgements and accounting estimates that are reasonable and prudent,
- state whether applicable IFRSs as adopted by the EU have been followed, subject to any material departures disclosed and explained in the financial statements, and
- prepare the financial statements on the going concern basis unless it is inappropriate to presume that the Company and the Group will continue in business.

The directors are responsible for keeping adequate accounting records that are sufficient to show and explain the Company's and the Group's transactions and disclose with reasonable accuracy at any time the financial position of the Company and the Group 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 the Group and hence for taking reasonable steps for the prevention and detection of fraud and other irregularities.

Directors' statement pursuant to the Disclosure and Transparency Rules

The directors are also required by the Disclosure and Transparency Rules to include a management report containing a fair review of the business and a description of the principal risks and uncertainties facing the Company and the Group. Each of the directors confirms that, to the best of their knowledge and belief:

- the financial statements, prepared in accordance with IFRSs as adopted by the EU, give a true and fair view of the assets, liabilities, financial position and profit or loss of the Company and the undertakings included in the consolidation taken as a whole;
- the management report disclosures which are contained in the business review and include a fair review of the development and performance of the business and the position of the Company and the undertakings included in the consolidation taken as a whole, together with a description of the principal risks and uncertainties that they face;
- there is no relevant audit information of which the Company's auditors are unaware; and
- they have taken all the steps that they ought to have taken as a director in order to make themselves aware of any relevant audit information and to establish that the Company's auditors are aware of that information.

By order of the Board



D A Abrehart

Director

29 June 2015

ICAP GROUP HOLDINGS PLC

Strategic Report for the year ended 31 March 2015

The directors present their strategic report and the audited consolidated financial statements of the Group for the year ended 31 March 2015

Business review

The Group's business involves the provision of specialist broking services to trading professionals in the global wholesale financial markets across a broad range of OTC financial products and services in commodities (including shipping), FX and money markets, interest rates, credit and equity markets and also provides its customer base with access to post-trade risk services, data and commentary. The Group strives to add value to its customers by (i) improving price discovery and transparency, (ii) providing anonymity and confidentiality, (iii) facilitating information flow, and (iv) enhancing liquidity. For further details on the Group's trading activities, see ICAP plc's 2015 Annual Report (from page 36).

For the year ended 31 March 2015, the Group reported revenue of £1,185 million, 7% below the prior year.

During the course of the year, the Group's trading performance was impacted by a combination of structural and cyclical factors. Bank deleveraging, in response to stricter regulatory capital requirements, negatively impacted the trading activity of ICAP's customers, particularly in the Global Broking division. This was partly offset in the second half of the year by the European quantitative easing announcements and the speculation on the timing of a US interest rate rise which resulted in increased volatility. Some of the revenue loss within Global Broking was as a result of closed businesses as the Group successfully completed its restructuring programme.

In response to the challenging trading conditions experienced towards the end of 2013/14 and into the first half of 2014/15, the Group embarked on a comprehensive review and restructuring of the Global Broking division. As a result of this action, coupled with improved market volumes and new product initiatives, in the second half of 2014/15 the Group delivered a trading profit before tax of £122 million.

The 8% increase in Post Trade Risk and Information revenue was driven through increased participation in triReduce portfolio compression cycles and the uptake of the portfolio reconciliation service, triResolve. Subscription-based revenue increased in products such as CreditLink and cross-asset regulatory reporting in Traiana. Electronic Markets revenue decreased 2%, with EBS revenue increasing by 2%, offset by a 2% revenue decrease in BrokerTec.

Group net trading operating expenses of £948 million were 4% lower than the previous year, mostly driven by an 11% decrease in Global Broking as the cost saving programme initiated over the past three financial years has taken £175 million of cumulative annualised costs out of the business. £41 million of net cost savings were achieved from the successful completion of the Group's 2014/15 restructuring programme. A further £12 million of incremental net annualised savings attributable to the prior year cost reduction initiatives was also achieved. Additionally, the flexibility of the cost base continued to be enhanced through the restructuring of broker compensation as contracts became due for renewal.

Consistent with the Group's growth strategy, ICAP continues to make significant investment in the Electronic Markets and Post Trade Risk and Information divisions. During the year the Group invested £43 million in new business lines including EBS Direct, the ICAP SEF, triCalculate and Traiana Limithub, an increase of £1 million compared with the same period last year.

The Group reported a trading operating profit of £237 million, 17% down on the prior year. The Group's trading operating profit margin reduced to 20% (2013/14 - 23%). The proportion of the Group's trading operating profit generated from the Electronic Markets and Post Trade Risk and Information divisions increased to 80%, reflecting a nine percentage point increase on the prior year.

Exceptional items

The Group discloses separately in the notes to the accounts items that are non-recurring and material in terms of both size and nature (see note 4). This allows appropriate visibility of these items and reflects how information is reviewed by management.

For the year to 31 March 2015 exceptional items were £73m (2013/14 - £76m) before a tax credit of £16m (2013/14 - £12m). The costs principally related to the Group's restructuring programme aimed at focusing and realigning systems, processes and legal entity structures and increasing workforce productivity. Additionally a fine was imposed for alleged competition violations in respect of yen Libor settlements with the CFTC and the FCA as discussed in the ICAP plc 2015 Annual Report which does not form part of this report.

Outlook

Since the start of the financial year the external environment has been mixed and we continue to expect near term headwinds as the pickup in market activity remains episodic. The restructuring programme has delivered on its target, the benefits of which will be to contribute to funding our continuing investment in new initiatives.

ICAP GROUP HOLDINGS PLC

Strategic Report for the year ended 31 March 2015 continued

Key performance indicators (KPIs)

The Group's operations are managed on a divisional basis, which are monitored using certain KPIs. The development, performance and position of the ICAP plc Group, which includes the Group, are discussed in the ICAP plc 2015 Annual Report which does not form part of this report.

Risk management, principal risks and uncertainties

The Group is predominantly exposed to operational, strategic, and liquidity risk. The Group's risk management is consistent with that of ICAP plc Group, whereby risk management is as dynamic as the global market in which it operates. The ICAP plc Group evolves its risk management process and continually seeks to improve it. The following areas have been of particular focus for the Group and will continue to be so:

- ensuring strategic objectives for product expansion, growth markets and re-focus of our market leading franchises are appropriate to our risk appetites and capabilities,
- continuing to maintain a strong balance sheet
- keeping pace with and leveraging business opportunities created by the dynamic regulatory environments within which ICAP operates
- active assessment of ICAP's credit exposures during stressed market conditions,
- strengthening our ICAAP to ensure appropriate cover for material risks in stressed conditions, and
- reinforcing culture and conduct through positive risk behaviours, monitoring and training

A more detailed risk management report of the ICAP plc Group, which includes the Group, can be found in the ICAP plc 2015 Annual Report, which does not form part of this report.

By order of the Board



D A Ahrehan

Director

29 June 2015

ICAP GROUP HOLDINGS PLC

Independent auditors' report to the members of ICAP Group Holdings plc

Report on the financial statements

Our opinion

In our opinion

- ICAP Group Holdings plc's group financial statements and company financial statements (the "financial statements") give a true and fair view of the state of the group's and of the company's affairs as at 31 March 2015 and of the group's profit and the group's and the company's cash flows for the year then ended,
- the group financial statements have been properly prepared in accordance with International Financial Reporting Standards ("IFRSs") as adopted by the European Union,
- the company financial statements have been properly prepared in accordance with IFRSs as adopted by the European Union and as applied in accordance with the provisions of the Companies Act 2006, and
- the financial statements have been prepared in accordance with the requirements of the Companies Act 2006

What we have audited

ICAP Group Holdings plc's financial statements comprise

- Consolidated and Company balance sheet as at 31 March 2015,
- Consolidated income statement and consolidated statement of comprehensive income for the year then ended
- Consolidated and Company statement of cash flows for the year then ended,
- Consolidated and Company statement of changes in equity for the year then ended,
- the accounting policies, and
- the notes to the financial statements, which include other explanatory information

The financial reporting framework that has been applied in the preparation of the financial statements is applicable law and IFRSs as adopted by the European Union and, as regards the company financial statements, as applied in accordance with the provisions of the Companies Act 2006

In applying the financial reporting framework the directors have made a number of subjective judgements, for example in respect of significant accounting estimates. In making such estimates, they have made assumptions and considered future events

Opinions on other matters prescribed by the Companies Act 2006

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

Other matters on which we are required to report by exception

Adequacy of accounting records and information and explanations received

Under the Companies Act 2006 we are required to report to you if, in our opinion

- we have not received all the information and explanations we require for our audit, or
- adequate accounting records have not been kept by the company or returns adequate for our audit have not been received from branches not visited by us, or
- the company financial statements are not in agreement with the accounting records and returns

We have no exceptions to report arising from this responsibility

Responsibilities for the financial statements and the audit

Our responsibilities and those of the directors

As explained more fully in the Statement of directors' responsibilities set out on page 2, the directors are responsible for the preparation of the financial statements and for being satisfied that they give a true and fair view

Our responsibility is to audit and express an opinion on the financial statements in accordance with applicable law and International Standards on Auditing (UK and Ireland) ("ISAs (UK & Ireland)") Those standards require us to comply with the Auditing Practices Board's Ethical Standards for Auditors

This report including the opinions, has been prepared for and only for the company's members as a body in accordance with Chapter 3 of Part 16 of the Companies Act 2006 and for no other purpose We do not, in giving these opinions, accept or assume responsibility for

ICAP GROUP HOLDINGS PLC

Independent auditors' report to the members of ICAP Group Holdings plc continued

any other purpose or to any other person to whom this report is shown or into whose hands it may come save where expressly agreed by our prior consent in writing

What an audit of financial statements involves

We conducted our audit in accordance with ISAs (UK & Ireland). An audit involves obtaining evidence about the amounts and disclosures in the financial statements sufficient to give reasonable assurance that the financial statements are free from material misstatement,

- whether caused by fraud or error. This includes an assessment of
- whether the accounting policies are appropriate to the group's and the company's circumstances and have been consistently applied and adequately disclosed
- the reasonableness of significant accounting estimates made by the directors and
- the overall presentation of the financial statements

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

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

In addition, we read all the financial and non-financial information in the Group and Company financial statements to identify material inconsistencies with the audited financial statements and to identify any information that is apparently materially incorrect based on, or materially inconsistent with, the knowledge acquired by us in the course of performing the audit. If we become aware of any apparent material misstatements or inconsistencies we consider the implications for our report.



Christopher Rowland (Senior Statutory Auditor)
for and on behalf of PricewaterhouseCoopers LLP
Chartered Accountants and Statutory Auditors
London
29 June 2015

ICAP GROUP HOLDINGS PLC

Consolidated income statement

Year ended 31 March 2015

	Note	Trading £m	Acquisition and disposal costs £m	Exceptional items £m	Total £m
Revenue	1	1,185	–	–	1,185
Operating expenses	3	(947)	(59)	(73)	(1,079)
Other expense		(1)	–	–	(1)
Operating profit	1	237	(59)	(73)	105
Finance income	8	3	–	–	3
Finance costs	8	(49)	–	–	(49)
Share of profit of joint ventures after tax	21	3	–	–	3
Share of profit of associates after tax	22	3	–	–	3
Profit before tax		197	(59)	(73)	65
Tax	6	(35)	15	16	(4)
Profit for the year		162	(44)	(57)	61
Attributable to:					
Owners of the Company		163	(44)	(57)	62
Non-controlling interests		(1)	–	–	(1)
		162	(44)	(57)	61

JCAP GROUP HOLDINGS PLC

Consolidated income statement

Year ended 31 March 2014

(restated)	Note	Trading £m	Acquisition and disposal costs £m	Exceptional items £m	Total £m
Revenue	1	1,269	-	-	1,269
Operating expenses	3	(988)	(79)	(76)	(1,143)
Other income		5	-	-	5
Operating profit	1	286	(79)	(76)	131
Finance income	8	8	2	-	10
Finance costs	8	(58)	-	-	(58)
Share of profit of joint ventures after tax	21	2	-	-	2
Share of profit of associates after tax	22	3	-	-	3
Profit before tax		241	(77)	(76)	88
Tax	6	(52)	26	12	(14)
Profit for the year		189	(51)	(64)	74
Attributable to					
Owners of the Company		191	(51)	(64)	76
Non-controlling interests		(2)	-	-	(2)
		189	(51)	(64)	74

JCAP GROUP HOLDINGS PLC
Consolidated statement of comprehensive income

	Note	Year ended 31 March 2015 £m	Year ended 31 March 2014 £m (restated)
Profit for the year		61	74
Other comprehensive income/(expense)			
Items that will be reclassified subsequently to profit or loss when specific conditions are met:			
Revaluation gain in the year	26	1	-
Cash flow hedges			
- fair value (losses)/gains	26	(37)	6
- fair value gains transferred to income statement	26	29	2
		(8)	8
Exchange differences		103	(133)
Income taxes		-	(1)
Other comprehensive income/(expense) for the year, net of tax		96	(126)
Total comprehensive income/(expense) for the year		157	(52)
Total comprehensive income/(expense) attributable to:			
Owners of the Company		154	(50)
Non-controlling interests		3	(2)
		157	(52)

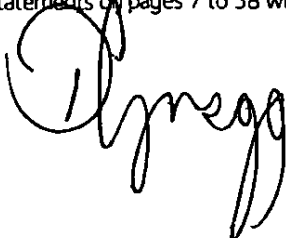
ICAP GROUP HOLDINGS PLC
Consolidated and Company balance sheet

Company number: 06694512

		Group		Company	
	Note	As at 31 March 2015 £m	As at 31 March 2014 £m (restated)	As at 31 March 2015 £m	As at 31 March 2014 £m
Assets					
Non-current assets					
Intangible assets arising on consolidation	13	916	919	-	-
Intangible assets arising from development expenditure	12	115	100	-	-
Property and equipment	24	32	36	-	-
Investment in subsidiaries	20	-	-	4,937	3,682
Investment in joint ventures	21	8	6	-	-
Investment in associates	22	61	60	-	-
Deferred tax assets	6	5	10	-	-
Trade and other receivables	17	5	4	-	1
Available-for-sale investments	23	15	16	-	-
Amounts owed by affiliates	17	70	70	-	-
		1,227	1,221	4,937	3,683
Current assets					
Held for sale assets	14	21	-	-	-
Trade and other receivables	17	24,572	23,201	401	338
Restricted funds	10	36	32	-	-
Cash and cash equivalents	10	440	658	43	247
		25,069	23,891	444	585
Total assets		26,296	25,112	5,381	4,268
Liabilities					
Current liabilities					
Trade and other payables	18	(24,784)	(23,115)	(2,394)	(1,076)
Borrowings	9	(30)	(247)	-	(246)
Tax payable		(35)	(57)	-	-
Held for sale liabilities	14	(4)	-	-	-
Provisions	15	(18)	(10)	-	-
		(24,871)	(23,429)	(2,394)	(1,322)
Non-current liabilities					
Trade and other payables	18	(36)	(8)	(30)	-
Borrowings	9	(252)	(288)	(252)	(288)
Amounts owed to affiliates		(700)	(872)	(699)	(699)
Deferred tax liabilities	6	(73)	(73)	-	-
Retirement benefit obligations		(6)	(4)	-	-
Provisions	15	(19)	(8)	-	-
		(1,086)	(1,253)	(981)	(987)
Total liabilities		(25,957)	(24,682)	(3,375)	(2,309)
Net assets		339	430	2,006	1,959
Equity					
Capital and reserves					
Called up share capital	25	233	233	233	233
Other reserves	26	300	307	(2)	-
Translation		197	98	-	-
Retained earnings		(433)	(247)	1,775	1,726
Equity attributable to owners of the Company		297	391	2,006	1,959
Non-controlling interests		42	39	-	-
Total equity		339	430	2,006	1,959

The financial statements on pages 7 to 58 were approved by the board on 29 June 2015 and signed on its behalf by

David Gregg
Director



ICAP GROUP HOLDINGS PLC
Consolidated statement of changes in equity

Year ended 31 March 2015	Share capital £m	Other reserves (note 26) £m	Translation £m	Retained earnings £m	Attributable to owners of the Company £m	Non-controlling interests £m	Total £m
Balance at 1 April 2014	233	307	98	(247)	391	39	430
Profit for the year	-	-	-	62	62	(1)	61
Other comprehensive (expense)/income							
Cash flow hedges	-	(8)	-	-	(8)	-	(8)
Exchange differences	-	-	99	-	99	4	103
Revaluation gains realised in the year	-	1	-	-	1	-	1
Total comprehensive (expense)/income for the year	-	(7)	99	62	154	3	157
Share-based payments in the year	-	-	-	7	7	-	7
Dividends paid in the year	-	-	-	(255)	(255)	-	(255)
Balance at 31 March 2015	233	300	197	(433)	297	42	339

Year ended 31 March 2014 (restated)	Share capital £m	Other reserves (note 26) £m	Translation £m	Retained earnings £m	Attributable to owners of the Company £m	Non-controlling interests £m	Total £m
Balance at 1 April 2013	233	299	231	(157)	606	50	656
Profit for the year	-	-	-	76	76	(2)	74
Other comprehensive income/(expense)							
Cash flow hedges	-	8	-	-	8	-	8
Income taxes	-	-	-	(1)	(1)	-	(1)
Exchange differences	-	-	(133)	-	(133)	-	(133)
Total comprehensive income/(expense) for the year	-	8	(133)	75	(50)	(2)	(52)
Other movements in non-controlling interests	-	-	-	2	2	-	2
Dividends paid in the year	-	-	-	(167)	(167)	(9)	(176)
Balance at 31 March 2014	233	307	98	(247)	391	39	430

JCAP GROUP HOLDINGS PLC

Company statement of changes in equity

Year ended 31 March 2015	Share capital £m	Hedging reserve £m	Retained earnings £m	Total £m
Balance as at 1 April 2014	233	–	1,726	1,959
Profit for the year	–	–	304	304
Hedging movement	–	(2)	–	(2)
Total comprehensive (expense)/income for the year	–	(2)	304	302
Dividends paid in the year	–	–	(255)	(255)
Balance as at 31 March 2015	233	(2)	1,775	2,006

Year ended 31 March 2014	Share capital £m	Hedging reserve £m	Retained earnings £m	Total £m
Balance as at 1 April 2013	233	(1)	2,029	2,261
Loss for the year	–	–	(136)	(136)
Hedging movement	–	1	–	1
Total comprehensive income/(expense) for the year	–	1	(136)	(135)
Dividends paid in the year	–	–	(167)	(167)
Balance as at 31 March 2014	233	–	1,726	1,959

ICAP GROUP HOLDINGS PLC

Consolidated and Company statement of cash flows

	Note	Group		Company	
		Year ended 31 March 2015 £m	Year ended 31 March 2014 £m (restated)	Year ended 31 March 2015 £m	Year ended 31 March 2014 £m
Cash flows from operating activities	10(a)	192	182	1,499	272
Cash flows from investing activities					
Dividends received from subsidiaries		-	-	416	68
Dividends received from associates		4	4	-	-
Dividends received from joint ventures		1	4	-	-
Other equity dividends received		-	3	-	-
Payments to acquire property and equipment		(8)	(13)	-	-
Intangible development expenditure		(48)	(52)	-	-
Proceeds from disposal of available-for-sale investments		-	1	-	-
Proceeds from disposal of interest in subsidiaries		-	3	-	-
Acquisition of interests in subsidiaries		(1)	-	-	-
Proceeds from disposal of subsidiaries		1	-	-	-
Acquisition of interests in subsidiaries		-	-	(1,719)	(192)
Acquisition of associates and joint ventures		-	(5)	-	-
Net cash flows from investing activities		(51)	(55)	(1,303)	(124)
Cash flows from financing activities					
Dividends paid to non-controlling interest		-	(9)	-	-
Dividends paid to owners of the Company		(141)	(167)	(141)	(167)
Repayment of borrowings		(259)	(71)	(259)	(71)
Funds received from borrowing, net of fees		-	288	-	288
Net cash flows from financing activities		(400)	41	(400)	50
Net (decrease)/increase in cash and cash equivalents		(259)	168	(204)	198
Net cash and cash equivalents at beginning of the year		657	543	247	49
FX adjustments		12	(54)	-	-
Net cash and cash equivalents at end of the year*	10(c)	410	657	43	247

*Net of £30m overdraft as at 31 March 2015 (2013/14 - £1m) for the Group

ICAP GROUP HOLDINGS PLC

Basis of preparation

Preparation of financial statements

The consolidated financial statements of the Group and the separate financial statements of the Company have been prepared in accordance with IFRSs as issued by the IASB and the interpretations issued by the IFRS Interpretations Committee (IFRIC) and their predecessor bodies and as endorsed by the EU and the Companies Act 2006 applicable to companies reporting under IFRS. In publishing the parent company financial statements here together with the Group financial statements, the Company has taken advantage of the exemption in section 408(3) of the Companies Act 2006 not to present its individual income statement, individual statement of comprehensive income and related notes that form a part of these financial statements. The financial statements are prepared in pound sterling, which is the functional currency of the Company and presented in millions. ICAP Group Holdings plc is incorporated and domiciled in the UK.

The significant accounting policies adopted by the Group and the Company are included within the notes to which they relate and are shaded in blue.

The preparation of financial statements requires management to apply judgements and the use of estimates and assumptions about future conditions. Management considers impairment of goodwill and other intangible assets arising on consolidation (note 13) to be the area where increased judgement is required. Further information about key assumptions concerning the future, and other key sources of estimation uncertainty, are set out in the relevant notes to the financial statements. Estimates and assumptions are continuously evaluated and are based on historical experience and other factors, including expectations of future events that are believed to be reasonable under the circumstances. Due to the inherent uncertainty in making estimates, actual results reported in future periods may be based on amounts which differ from those estimates. Revisions to accounting estimates are recognised in the period in which the estimate is revised and in any future periods affected.

During the year Group adopted the following new accounting standards:

- IFRS 10 'Consolidated Financial Statements' (replaced IAS 27 'Consolidated and Separate Financial Statements')
- IFRS 11 'Joint Arrangements' (replaced IAS 31 'Interests in Joint Ventures'),
- IFRS 12 'Disclosure of Interests in Other Entities',
- IAS 27 'Separate Financial Statements' (replaced IAS 27 'Consolidated and Separate Financial Statements'), and
- IAS 28 'Investments in Associates and Joint Ventures' (replaced IAS 28 'Investments in Associates')

The adoption of IFRS 11 'Joint Arrangements' and IAS 28 'Investments in Associates and Joint Ventures' had a material effect on the consolidated income statement as the Group's joint ventures are now accounted for using the equity accounting method under IAS 28. Income statement and balance sheet line items for the prior year comparatives have been restated. The impact of the retrospective adoption on the profit after tax for the year ended 31 March 2014 was £nil, but restated revenue and operating expenses were £9m and £6m lower respectively. The balance sheet impact was immaterial hence an opening balance sheet as at 1 April 2014 has not been presented. Restated non-current assets were £2m higher, offset by a decrease of £1m in restated current assets. The £1m net increase in restated total assets was offset by a £1m increase in restated current trade and other payables.

The adoption of other standards had no material impact on the financial statements for the year ended 31 March 2015.

The consolidated financial statements of the Group and the separate financial statements of the Company have been prepared on a going concern basis (see page 1).

Presentation of the income statement

The Group maintains a columnar format for the presentation of its consolidated income statement. The columnar format enables the Group to continue its practice of improving the understanding of its results by presenting its trading profit. Trading profit is reconciled to profit before tax on the face of the consolidated income statement, which also includes acquisition and disposal costs and exceptional items.

The column 'acquisition and disposal costs' includes any gains, losses or other associated costs on the full or partial disposal of investments, associates, joint ventures or subsidiaries and costs associated with a business combination that do not constitute fees relating to the arrangement of financing, amortisation or impairment of intangible assets arising on consolidation, any re-measurement after initial recognition of deferred contingent consideration which has been classified as a liability, and any gains or losses on the revaluation of previous interests. The column may also include items such as gains or losses on the settlement of pre-existing relationships with acquired businesses and the re-measurement of liabilities that are above the value of indemnification.

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 Group's results. These are shown as 'exceptional items' on the face of the consolidated income statement.

Basis of consolidation

The Group's consolidated financial statements include the results and net assets of the Company, its subsidiaries and the Group's share of joint ventures and associates.

ICAP GROUP HOLDINGS PLC

Basis of preparation continued

Basis of consolidation continued

Subsidiaries

An entity is regarded as a subsidiary if the Group has control over its strategic, operating and financial policies and intends to hold the investment on a long-term basis for the purpose of securing a contribution to the Group's activities

The acquisition method of accounting is used to account for the acquisition of subsidiaries by the Group. The cost of acquisition is measured at fair value of the assets given, equity instruments issued and liabilities incurred or assumed at the date of exchange. Identifiable assets acquired and liabilities and contingent liabilities assumed in the business combination are measured initially at their fair values at the acquisition date, irrespective of the extent of any minority interest. The excess of the cost of acquisition over the fair value of the Group's share of the identifiable net assets acquired is recorded as goodwill. If the costs of the acquisition are less than the fair value of the net assets acquired, the difference is recognised directly in the consolidated income statement.

Fees associated with an acquisition are expensed as incurred. When the Group increases its investment in an entity resulting in an associate becoming a subsidiary, the intangibles related to the acquisition are valued and the element of those not previously recognised as a share of net assets are recorded as revaluation gains realised in the year in other comprehensive income. A change of ownership that does not result in a loss of control is classified as an equity transaction, with the difference between the amount by which the non-controlling interest is recorded and the fair value of the consideration received recognised directly in equity.

Where the Group has issued a put option over shares held by a non-controlling interest, the Group derecognises the non-controlling interests and instead recognises a contingent deferred consideration liability for the estimated amount likely to be paid to the non-controlling interest on exercise of those options. The residual amount, representing the difference between any consideration paid/payable and the non-controlling interest's share of net assets, is recognised in equity. Movements in the estimated liability after initial recognition are recognised within the consolidated income statement. Where the Group has a call option over shares held by a non-controlling interest, the Group continues to recognise the non-controlling interest until it is certain that the option will be called. At that point the accounting treatment is the same as for a put option.

The results of companies acquired during the year are included in the Group's results from the effective date of acquisition. The results of companies disposed of during the year are included up to the effective date of disposal.

The Group treats transactions with non-controlling interests as transactions with equity owners of the Group. For purchases from non-controlling interests, the difference between any consideration paid and the relevant share acquired of the carrying value of net assets of the subsidiary is recorded in equity. Gains or losses on disposals to non-controlling interests are also recorded in equity.

On consolidation, the accounting policies of Group companies (the Company and its subsidiaries) are consistent with those applied by the Group. Intercompany transactions, balances and unrealised gains on transactions between Group companies are eliminated as part of the consolidation process. Unrealised losses are also eliminated unless the transaction provides evidence of an impairment of the asset transferred.

Joint ventures

A joint venture is an entity in which the Group has an interest and, in the opinion of the directors, exercises joint control over its operating and financial policies. An interest exists where an investment is held on a long-term basis for the purpose of securing a contribution to the Group's activities. Following the adoption of IFRS 11 'Joint Arrangements' and IAS 28 'Investments in Associates and Joint Ventures' on 1 April 2014, investments in joint ventures are recognised using the equity method. Under this method, such investments are initially stated at cost, including attributable goodwill, and are adjusted thereafter for the post-acquisition change in the Group's share of net assets.

Associates

The Group classifies investments in entities over which it has significant influence, but not control, and that are neither subsidiaries nor joint ventures, as associates. Investments in associates are recognised using the equity method. Under this method, such investments are initially stated at cost, including attributable goodwill, and are adjusted thereafter for the post-acquisition change in the Group's share of net assets.

ICAP GROUP HOLDINGS PLC

Basis of preparation continued

Foreign currencies

In individual entities, transactions denominated in foreign currencies are recorded at the prior month closing exchange rate between the functional currency and the foreign currency. At each end of the reporting period, monetary assets and liabilities that are denominated in foreign currencies are retranslated at the rates prevailing at the end of the reporting period. Exchange differences are recognised in the consolidated income statement, except for exchange differences arising on non-monetary assets and liabilities where these form part of the net investment of an overseas business or are designated as hedges of a net investment or cash flow and therefore, the changes in value resulting from exchange differences are recognised directly in other comprehensive income.

On consolidation, the results of businesses with non-pound sterling functional currencies are translated into the presentational currency of the Group at the average exchange rates for the year where these approximate to the rate at the date of the transactions. Assets and liabilities of overseas businesses are translated into the presentational currency of the Group at the exchange rate prevailing at the end of the reporting period. Exchange differences arising are recognised within other comprehensive income. Cumulative translation differences arising after the transition to IFRS are taken to the consolidated income statement on disposal of the net investment.

Goodwill and fair value adjustments arising on the acquisition of a non-pound sterling entity are treated as assets and liabilities of that entity and translated into the presentational currency of the Group at the period closing rate. Where applicable, the Group has elected to treat goodwill and fair value adjustments arising before the date of transition to IFRS as denominated in the presentational currency of the Group.

In the consolidated statement of cash flows, cash flows denominated in foreign currencies are translated into the presentational currency of the Group at the average exchange rates for the year or at the rate prevailing at the time of the transaction where more appropriate.

Future accounting developments

At 31 March 2015, the following standards have been issued by the IASB which are not effective for these consolidated financial statements:

- In July 2014, IASB issued IFRS9 'Financial Instruments', which will replace IAS39 'Financial Instruments: Recognition and Measurement'. The standard will be effective for annual periods beginning on or after 1 January 2018. IGHP intends to adopt IFRS9 for its financial statements for the year ending 31 March 2019, and
- In May 2014, IASB issued IFRS15 'Revenue from Contracts with Customers', which will replace IAS18 'Revenue' and IAS11 'Construction Contracts' and other related interpretations on revenue recognition. The standard will become effective for annual periods beginning on or after 1 January 2017. IGHP intends to adopt IFRS15 for its financial statements for the year ending 31 March 2018.

The impact on IGHP financial statements from the adoption of these IFRS standards is currently being assessed and will be disclosed closer to the time of the adoption.

JCAP GROUP HOLDINGS PLC

Index to the notes to the financial statements

	Note	Page		Note	Page
Segmental information	1	18	Contingent liabilities, contractual commitments and guarantees	16	37
FX exposures	2	20	Trade and other receivables	17	38
Operating expenses	3	20	Trade and other payables	18	41
Exceptional items	4	21	Financial assets and liabilities	19	43
Dividends	5	21	Principal subsidiaries	20	46
Tax	6	22	Investment in joint ventures	21	48
Employee information and expense	7	24	Investment in associates	22	49
Net finance expense	8	25	Available-for-sale investments	23	51
Borrowings	9	26	Property and equipment	24	52
Cash	10	28	Share capital	25	52
Capital and liquidity planning and management	11	29	Other reserves	26	53
Intangible assets arising from development expenditure	12	31	Acquisitions	27	53
Intangible assets arising on consolidation	13	32	Currency risk management	28	54
Disposal group	14	36	Related party transactions	29	56
Provisions	15	36	Events after the balance sheet date	30	58

ICAP GROUP HOLDINGS PLC

Notes to the financial statements

1. Segmental information

The Group has determined its operating segments based on the management information including trading revenue and trading operating profit reviewed on a regular basis by the Company's board. The Group considers the executive members of the Company's board to be the Chief Operating Decision Maker (CODM). ICAP's three operating segments are Electronic Markets, Post Trade Risk and Information and Global Broking.

Revenue comprises brokerage or access fees from its Electronic Markets business, fees from the provision of Post Trade Risk and Information services and commission from the Group's Global Broking division.

Electronic Markets

The Group acts as a broker for FX, interest rate derivatives, fixed income products and credit default swaps through the Group's electronic platforms. Revenue is generated from brokerage fees which are dependent on the average trading volumes. The Group also charges fees to use the electronic trading platform for access to liquidity in the FX or precious metal markets.

Post Trade Risk and Information

The Group receives fees from the sale of financial information and provision of post trade risk and information services to third parties. These are stated net of VAT, rebates and other sales taxes and recognised in revenue on an accruals basis to match the provision of the service. Amounts receivable at the year end are reported as other trade receivables within trade and other receivables (note 17).

Global Broking

Matched principal and stock lending business

Certain Group companies are involved in a non-advisory capacity as principals in the matched purchase and sale of securities and other financial instruments between our customers. Revenue is generated from the difference between the purchase and sale proceeds and is recognised in full at the time of the commitment by our customers to sell and purchase the security or financial instrument. The revenue generated by the stock lending business is not material to the Group.

Agency business (name give-up)

The Group acts in a non-advisory capacity to match buyers and sellers of financial instruments and raises invoices for the service provided. The Group does not act as principal in name give-up transactions and only receives and transmits orders between counterparties. Revenue is stated net of rebates and discounts, VAT and other sales taxes and is recognised in full on the date of the trade. Amounts receivable at the year end are reported as other trade receivables within trade and other receivables (note 17).

For the shipbroking business, the Group acts in a non-advisory capacity to match buyers and sellers of services and recognises revenue, net of rebates and discounts, VAT and other sales taxes when the Group has a contractual entitlement to commission, normally the point at which there is a completion of contractual terms between the principals of a transaction. Amounts receivable at the year end are included in the disposal group (note 14).

Execution on exchange business

The Group also acts as a broker of exchange-listed products, where the Group executes customer orders as principal and then novates the trade to the underlying customer's respective clearing broker for settlement. Revenue is generated by raising an invoice and is recognised on the trade date.

ICAP GROUP HOLDINGS PLC

Notes to the financial statements continued

1 Segmental information continued

	Year ended 31 March 2015			
	Electronic Markets £m	Post Trade Risk and Information £m	Global Broking £m	Total £m
Revenue per the ICAP Group	259	228	789	1,276
Adjustment for non IGHP subsidiary companies				(91)
Revenue per the IGHP Group				1,185
Operating profit before acquisition and disposal costs and exceptional items per the ICAP Group	93	97	62	252
Adjustment for non IGHP subsidiary companies				(15)
Adjustment for acquisition and disposal costs				(59)
Adjustment for exceptional items				(73)
Operating profit per the IGHP Group				105

	Year ended 31 March 2014 (restated)			
	Electronic Markets £m	Post Trade Risk and Information £m	Global Broking £m	Total £m
Revenue per the ICAP Group	265	212	901	1,378
Adjustment for non IGHP subsidiary companies				(109)
Revenue per the IGHP Group				1,269
Operating profit before acquisition and disposal costs and exceptional items per the ICAP Group	107	96	87	290
Adjustment for non IGHP subsidiary companies				(4)
Adjustment for acquisition and disposal costs				(79)
Adjustment for exceptional items				(76)
Operating profit per the IGHP Group				131

The Group does not earn more than 10% of its total revenue from any individual customer

The Group earned revenue of £434m (2013/14 - £471m) and £460m (2013/14 - £514m) from entities in the UK and US respectively. The remainder of £291m (2013/14 - £284m) came from various entities from outside the UK and US.

JCAP GROUP HOLDINGS PLC

Notes to the financial statements continued

2. FX exposures

The table below shows the actual impact on the Group's 2015 and 2014 results of the movement during the year of the dollar and euro exchange rates in terms of transactional and translational exposure

	For the year ended 31 March 2015			For the year ended 31 March 2014 (restated)		
	Dollar £m	Euro £m	Total £m	Dollar £m	Euro £m	Total £m
Group operating profit	(10)	(4)	(14)	-	(7)	(7)

The Group does not hedge the translation of those profits or losses earned by its non-pound sterling operations

The principal exchange rates which affected the Group, expressed in currency per pound sterling, are shown below

	Closing rate as at 31 March 2015	Closing rate as at 31 March 2014	Average rate year ended 31 March 2015	Average rate year ended 31 March 2014
Dollar	1.48	1.67	1.61	1.59
Euro	1.38	1.21	1.28	1.19

The table below shows the impact on the Group's 2014/15 results of a 10 cent appreciation, which the Group considers to be an appropriate sensitivity measure, in the dollar and euro in terms of transactional and translational exposure

	Dollar £m	Euro £m	Total £m
Group operating profit	8	4	12

See note 28 for the Group's currency risk management approach

3. Operating expenses

	Year ended 31 March 2015 £m	Year ended 31 March 2014 £m (restated)
Profit before tax is stated after charging		
Trading operating expenses		
Employee costs	625	669
Information technology costs	128	147
Professional and legal fees (including auditors' remuneration)	35	38
Depreciation and impairment of property and equipment	5	5
Governance costs	21	19
Clearing and settlement fees	17	19
Operating lease rentals - minimum lease payments	20	21
Exchange adjustments	4	2
Other	92	68
Trading operating expenses	947	988
Acquisition and disposal costs		
Amortisation of intangible assets arising on consolidation	55	64
Impairment of intangible assets arising on consolidation	-	11
Other acquisition and disposal costs	4	4
Acquisition and disposal costs	59	79
Exceptional items (note 4)	73	76
Total	1,079	1,143

* Employee costs as per note 7(a) are £675m (2013/14 - £682m). Remaining employee costs of £33m are included in the £73m exceptional costs for the year. Governance costs include fees associated with risk compliance, internal audit and legal. Additionally £17m (2013/14 - £14m) of employee costs are included in governance costs.

ICAP GROUP HOLDINGS PLC

Notes to the financial statements continued

3. Operating expenses continued

The operating expenses include fees paid to PricewaterhouseCoopers LLP for the statutory audit of the Company of £40,000 (2013/14 - £40,000). Fees paid to the Company's auditor and its associates for services other than the statutory audit of the Company are not disclosed in these accounts since the consolidated accounts of ICAP plc Group disclose these fees on a consolidated basis.

4. Exceptional items

Exceptional items are non-recurring significant items that are considered material in both size and nature. These are disclosed separately to enable a full understanding of the Group's financial performance.

	Year ended 31 March 2015 £m	Year ended 31 March 2014 £m
Exceptional items before tax		
Restructuring programme - employee termination costs	33	-
Restructuring programme - property exits	18	-
Restructuring programme - other	7	-
Regulatory matters including associated legal and professional fees	15	76
Total exceptional items before tax	73	76
Tax credit	(16)	(12)
Total exceptional items after tax	57	64

Restructuring programme

In response to the prevailing market conditions, ICAP Group has completed a restructuring programme aimed at focusing and realigning systems, processes and legal entity structures and increasing workforce productivity. The programme covers all of the Group's activities, with a particular focus on the Global Broking division and Group infrastructure.

In the year ended 31 March 2015, 496 brokers and 244 infrastructure employees left the ICAP plc Group. This resulted in £33m of exceptional costs in IGHP.

Additionally, office spaces in key regions including London, New York and Singapore have been vacated and are currently being marketed for sublease. As such, £18m of property exit costs including onerous lease provisions and associated moving costs were charged to the income statement. This included a provision for onerous lease and associated costs of £17m, net of £3m of estimated income from the sublease of one of the properties. As at 31 March 2015, income from subleasing of other properties could not be reliably estimated, hence the provision only reflects the present value of rental charges of the obligations over the lease periods of these properties. In 2015/16, it is possible that some of the provision will be released when there are more certainties over income from the subleasing of the properties. See note 15 for the provisions.

Other restructuring costs are primarily driven by the impairment of IT assets and legal and professional fees connected with the Group reorganisation.

Regulatory matters

Regulatory matters include £11m provision relating to a €14.9m fine imposed by the European Commission for alleged competition violations in relation to yen Libor, in respect of the same underlying matters that ICAP Europe Limited, a subsidiary of ICAP's Global Broking division, settled with the Financial Conduct Authority (FCA) and the US Commodity Futures Trading Commission (CFTC) in September 2013. ICAP has appealed and is seeking a full annulment of the Commission's decision.

The remaining £4m relates to associated legal and professional costs incurred during the year on regulatory matters, principally as ICAP continues to co-operate with the CFTC in their investigation into the setting of USD ISDAfix rates. See note 16.

5. Dividends

For the year ending 31 March 2015, total dividends of £255m (2013/14 - £167m) were proposed by the Board consisting of payments of £156m and £99m (2013/14 - £125m and £42m). Dividends for the year were settled through cash payments of £141m (2013/14 - £167m) with the remainder offsetting intercompany receivable of £114m (2013/14 - £nil).

ICAP GROUP HOLDINGS PLC

Notes to the financial statements continued

6. 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 consolidated income statement, except when it relates to items charged or credited to other comprehensive income or directly to equity, in which case the tax is also included in other comprehensive income or directly within equity respectively.

Current tax is the expected tax payable on the taxable income for the period, using tax rates enacted, or substantively enacted, by the end of the reporting period.

Deferred tax is recognised using the liability method, in respect of 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. Deferred tax is provided on temporary differences arising on investments in subsidiaries, joint ventures, associates and intangibles arising on consolidation, except where the timing of the reversal of the temporary difference is controlled by the Group and it is probable that the temporary difference will not reverse in the foreseeable future. Deferred tax liabilities are offset against deferred tax assets within the same taxable entity or qualifying local tax group where there is both the legal right and the intention to settle on a net basis or to realise the asset and settle the liability simultaneously.

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 such determination is made.

Tax charged to the consolidated income statement in the year

	Year ended 31 March 2015 £m	Year ended 31 March 2014 £m (restated)
Tax on trading profit		
Current tax		
Current year	32	63
Adjustment to prior years	(8)	(21)
	24	42
Deferred tax		
Current year	11	3
Adjustment to prior years	-	7
	11	10
Tax charge on trading profit	35	52
Tax credit on acquisition and disposal costs		
Current year	-	(1)
Adjustment to prior years	-	(19)
Deferred tax current	(15)	(19)
Deferred tax adjustment to prior years	-	13
Total tax credit on acquisition and disposal costs	(15)	(26)
Tax credit on exceptional costs		
Current year	(16)	(11)
Adjustment to prior years	-	(5)
Deferred tax charge on exceptional items	-	4
Total tax credit on exceptional costs	(16)	(12)
Total tax charge to the consolidated income statement	4	14

The Group's share of joint ventures in the consolidated income statement is shown net of tax of £1m (2013/14 - £1m)

The Group's share of profit of associates in the consolidated income statement is shown net of tax of £2m (2013/14 - £2m)

ICAP GROUP HOLDINGS PLC

Notes to the financial statements continued

6. Tax continued

Tax charged to the consolidated income statement in the year continued

	Year ended 31 March 2015 £m	Year ended 31 March 2014 £m (restated)
Trading profit before tax	197	241
Tax on trading profit at the standard rate of Corporation Tax in the UK of 21% (2013/14 - 23%)	42	55
Reconciling items		
Expenses not deductible for tax purposes	2	4
Non-taxable income	(3)	(2)
Impact of overseas tax rates and bases	1	8
Prior year adjustment to current and deferred tax	(8)	(13)
Impact of change in rates	1	-
Total tax charge on trading profit	35	52

	Year ended 31 March 2015 £m	Year ended 31 March 2014 £m (restated)
Profit before tax	65	88
Tax on profit at the standard rate of Corporation Tax in the UK of 21% (2013/14 - 23%)	14	20
Reconciling items		
Trading profit (see above)	(7)	(3)
Acquisition and disposal costs and exceptional items not deductible for tax purposes	4	15
Impact of overseas tax rates on adjusted items	(7)	(5)
Impact of change in rates on adjusted items	-	(1)
Impact of prior years' adjustments on adjusted items	-	(12)
Total tax charged to the consolidated income statement	4	14

The standard rate of Corporation Tax in the UK changed from 23% to 21% with effect from 1 April 2014. Further reductions to the main rate have been enacted reducing it to 20% from 1 April 2015. Deferred tax will therefore unwind at a rate of 20% in the period to 31 March 2016.

Deferred tax balances recognised on the balance sheet

	As at 31 March 2015 £m	As at 31 March 2014 £m (restated)
Deferred tax assets	5	10
Deferred tax liabilities	(73)	(73)
Net balances	(68)	(63)

JCAP GROUP HOLDINGS PLC

Notes to the financial statements continued

6. Tax continued

Deferred tax – movement of Group balances before offset within countries

	Goodwill £m	Intangible assets arising on consolidation £m	Employee- related items £m	Deferred income and accrued expenses £m	Losses carried forward £m	Other £m	Total £m
Net balances at 1 April 2014	(61)	(28)	20	4	2	-	(63)
Tax (charge)/credit	(8)	15	2	(1)	(2)	(2)	4
FX adjustments	(8)	(2)	2	-	-	(1)	(9)
Net balances as at 31 March 2015	(77)	(15)	24	3	-	(3)	(68)

(restated)	Goodwill £m	Intangible assets arising on consolidation £m	Employee- related items £m	Deferred income and accrued expenses £m	Losses carried forward £m	Other £m	Total £m
Net balances at 1 April 2013	(47)	(50)	20	6	3	5	(63)
Tax (charge)/credit	(19)	19	2	(2)	(1)	(5)	(6)
FX adjustments	5	3	(2)	-	-	-	6
Net balances as at 31 March 2014	(61)	(28)	20	4	2	-	(63)

Deferred tax assets of £15m (2013/14 - £15m) have not been recognised in respect of certain trading losses because it is not probable that future profits will be available against which the Group can utilise the benefits. The principal movement in deferred tax relates to the ongoing release of the deferred tax liability on the amortisation and impairment of intangibles arising on consolidation.

7. Employee information and expense

Payments to defined contribution schemes are recognised as an expense in the consolidated income statement as they fall due. Any difference between the payments and the charge is recognised as a short-term asset or liability.

(a) Analysis of employee costs

	Year ended 31 March 2015 £m	Year ended 31 March 2014 £m (restated)
Gross salaries (including bonuses)	651	666
Social security costs	49	52
Share-based payments	7	-
Pension costs	9	7
Gross employee costs	716	725
Employee costs capitalised as internally generated intangible assets (note 12)	(41)	(43)
Net employee costs	675	682

Employee costs of £675m includes £642m charged to the trading column in the income statement and £33m presented as exceptional costs (note 4).

As at 31 March 2015, there is a net defined benefit liability position of £6m (2013/14 - £4m).

ICAP GROUP HOLDINGS PLC

Notes to the financial statements continued

7. Employee information and expense continued

(b) Number of employees analysed by business segment

	Average		Year end	
	Year ended 31 March 2015	Year ended 31 March 2014 (restated)	As at 31 March 2015	As at 31 March 2014 (restated)
Electronic Markets	566	511	605	538
Post Trade Risk and Information	586	529	613	556
Global Broking	2,057	2,384	1,761	2,317
Infrastructure	719	708	688	712
	3,928	4,132	3,667	4,123

A charge of £nil (2013/14 - £nil) was recognised in the consolidated income statement relating to share options held by key management personnel of the Group

Company

The Company had no employees during the year. The directors of the Company are also the employees of ICAP plc Group and their remuneration costs were borne by a fellow subsidiary company of ICAP plc.

8. Net finance expense

	Year ended 31 March 2015 £m	Year ended 31 March 2014 £m (restated)
Finance income		
Interest receivable and similar income		
Bank deposits	3	1
	3	1
Other finance income		
Dividends received on equity investments	-	3
Revaluation of deferred considerations	-	2
Fair value gains on financial instruments	-	-
Other	-	4
	-	9
Total finance income	3	10
Finance costs		
Interest payable and similar charges		
Bank loans and overdrafts	(24)	(28)
Interest payable to affiliates	(24)	(30)
Unwinding of deferred consideration	(1)	-
Total finance costs	(49)	(58)
Net finance expense	(46)	(48)

Interest rate risk exposure

The Group has an exposure to fluctuations in interest rates on both its cash positions and borrowings which it manages through a combination of pound sterling, euro, yen and dollar debt drawn on fixed and floating rate terms. The Group's objective is to minimise its interest cost and the impact of interest rate volatility on the Group's consolidated income statement. In addition to debt, the Group's treasury policies also permit the use of derivatives including interest rate swaps, interest rate options, forward rate agreements and cross currency swaps to meet these objectives.

ICAP GROUP HOLDINGS PLC

Notes to the financial statements continued

8. Net finance expense continued

At 31 March 2015, after taking into account the cross currency swaps of the euro denominated five-year senior notes the Group had £163m of cash, £30m of floating rate debt and £180m of fixed rate debt denominated in pound sterling, £184m of cash and £nil debt denominated in dollars and £93m of cash and £72m of fixed rate debt denominated in other currencies. A 100 basis-points parallel increase in pound Sterling Libor and Libid rates, which the Group considers to be an appropriate sensitivity measure, would increase profit after tax and other comprehensive income by £1m with a similar movement in dollar rates impacting profit after tax and other comprehensive income by £2m. In the event that Libor and Libid rates diverge, by each additional 100 basis-points in pound sterling and dollar rates profit before tax would reduce by £2m for both currencies.

The details of the external interest rate bearing financial liabilities are disclosed in note 9. The Group also has two subordinated loans of £125m and £575m due to affiliates which carry interest of 5.5% and UK Libor plus 2% respectively. A 100 basis-point movement would impact profit and equity by £6m.

A 100 basis-points parallel increase in Libor and Libid rates, which the Group considers to be an appropriate sensitivity measure, would decrease net finance costs by £1m in relation to pounds sterling and by £2m in relation to dollars. In the event that Libor and Libid rates each diverge by an additional 100 basis-points, net finance costs would increase by £2m in relation to pounds sterling and by £2m in relation to dollars.

Company

The Company had £9m (2013/14 - £224m) of cash denominated in pound sterling, £28m (2013/14 - £20m) of cash denominated in dollars and £6m (2013/14 - £3m) of cash denominated in other currencies. The interest rate risk exposure on the company's debt is the same as that disclosed for the Group as all debt is held by the company.

9. Borrowings

Long-term borrowings are recognised initially at fair value, being their issue proceeds net of transaction costs incurred. At subsequent reporting dates long-term borrowings are held at amortised cost using the effective interest rate method, with changes in value recognised through the consolidated income statement. Transaction costs are recognised in the consolidated income statement over the period of the borrowings using the effective interest rate method.

(a) Long-term borrowings

	Group 2014/15 £m	Group 2013/14 £m	Company 2014/15 £m	Company 2013/14 £m
As at 1 April	288	256	288	256
New long-term borrowings	–	288	–	288
Reclassified as short-term borrowings	–	(246)	–	(246)
Exchange adjustment	(36)	(6)	(36)	(6)
Fair value hedging adjustment	–	(4)	–	(4)
As at 31 March	252	288	252	288

	Fair value as at 31 March 2015 £m	Group as at 31 March 2015 £m	Fair value as at 31 March 2014 £m	Group as at 31 March 2014 £m	Company as at 31 March 2015 £m	Company as at 31 March 2014 £m
Analysis of long-term borrowings						
Five-year senior notes repayable 2019	262	252	289	288	–	–

The five-year senior notes are presented on the balance sheet at amortised cost, net of fees. To enable the Group to manage the translational exposure which arises as a result of the notes being denominated in euros and to meet its risk management objective of minimising both interest cost and the impact of interest volatility on its consolidated income statement, the Group entered into a number of cross currency swaps to convert its obligations over the life of €250m of the notes from euros to pound sterling at an FX rate of 1.21. These swap from a fixed effective euro interest rate of 3.20% to a fixed pound sterling interest rate of 4.39%. The swaps have been accounted for as a cash flow hedge and at 31 March 2015 have a fair market value of £28m liability (2013/14 - £1m asset) and they offset the effect of FX on the notes. This resulted in a £nil charge (2013/14 - £nil) being recognised in the consolidated income statement and a £nil credit (2013/14 - £nil) in other comprehensive income during the year. The remaining €100m of the notes remain in euros and have been designated as a net investment hedge of the Group's euro-denominated net assets.

ICAP GROUP HOLDINGS PLC

Notes to the financial statements continued

9. Borrowings continued

(a) Long-term borrowings continued

The Group's £425m RCF was undrawn at 31 March 2015 (2013/14 - undrawn) and so is not shown in the table above. The RCF has a maturity date of December 2016 and incorporates a \$200m swingline facility of which \$75m is available as a late day fronted solution. The weighted average effective interest rate for the year was 2.5% (2013/14 - 2.5%).

The Group's bank facilities contain a number of customary financial and operational covenants. Included in these, the Company is required to remain as the ultimate holding company in the Group. The Group and Company remained in compliance with the terms of all its financial covenants throughout the year ended 31 March 2015.

Fair values of the five-year senior notes repayable 2019 have been measured using level 1 fair value measurement inputs.

At 31 March 2015, the Group had committed headroom under its core credit facilities of £425m (2013/14 - £425m).

Committed facilities

	Group as at 31 March 2015 £m Drawn	Group as at 31 March 2015 £m Undrawn*	Group as at 31 March 2014 £m Drawn	Group as at 31 March 2014 £m Undrawn*
Less than one year	—	—	246	—
Between one and two years	—	425	—	425
Between two and five years	252	—	288	—
	252	425	534	425

*The undrawn balance has been classified based on the maturity date of the facility.

At 31 March 2015, the Company's long-term issuer ratings were Baa3 (negative) by Moody's and BBB (stable) by Fitch. In December 2014, Moody's downgraded its rating from Baa2 to Baa3, reflecting its opinion on pressure facing the interdealer broking industry.

The five-year senior notes are issued in the Company.

(b) Short-term borrowings

	Fair value as at 31 March 2015 £m	Group as at 31 March 2015 £m	Fair value as at 31 March 2014 £m	Group as at 31 March 2014 £m	Company as at 31 March 2015 £m	Company as at 31 March 2014 £m
Five-year senior notes repayable 2015	—	—	252	246	—	246
Overdrafts	30	30	1	1	—	—
	30	30	253	247	—	246

Since October 2012, the Group has entered into a series of yen 10bn term loans with Tokyo Mitsubishi Bank Limited, borrowing each for a term of up to six months. These loans have been refinanced either immediately on maturity or a few days thereafter with similar terms. The most recent loan was repaid on 27 March 2015 and a new loan was entered into on 9 April 2015.

Bank overdrafts are for short-term funding and are repayable on demand, and are generally repaid within a very short time period.

JCAP GROUP HOLDINGS PLC

Notes to the financial statements continued

10. Cash

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

The Group holds money, and occasionally financial instruments, on behalf of customers (client monies) in accordance with local regulatory rules. Since the Group is not beneficially entitled to these amounts, they are excluded from the consolidated balance sheet along with the corresponding liabilities to customers.

Restricted funds comprise cash held with a CCP clearing house, or a financial institution providing ICAP with access to a CCP, and funds set aside for regulatory purposes, but excluding client money. The funds represent cash for which the Group does not have immediate and direct access or for which regulatory requirements restrict the use of the cash.

(a) Reconciliation of Group profit before tax to net cash flow from operating activities

	Group year ended 31 March 2015 £m	Group year ended 31 March 2014 £m (restated)	Company year ended 31 March 2015 £m	Company year ended 31 March 2014 £m
Profit/(loss) before tax	65	88	282	(153)
Operating exceptional items	73	76	-	-
Income from investments in subsidiary companies	-	-	(416)	(68)
Share of profit of associates after tax	(3)	(3)	-	-
Share of profit of joint ventures after tax	(3)	(2)	-	-
Impairment of investments in subsidiaries	-	-	18	154
Amortisation and impairment of intangible assets arising on consolidation	55	75	-	-
Amortisation and impairment of intangible assets arising from development expenditure	34	27	-	-
Depreciation and impairment of property and equipment	13	15	-	-
Other acquisition and disposal costs	2	1	-	-
Share-based payments	7	(1)	-	-
Loss on disposal of subsidiary	-	2	-	-
Net finance expense	47	47	64	58
Release of trading provision	-	1	-	-
Operating cash flows before movements in working capital	290	326	(52)	(9)
Decrease/(increase) in trade and other receivables	153	(7)	(59)	188
Timing differences on unsettled match principal trades	(30)	-	-	-
(Increase)/decrease in restricted funds	(4)	(2)	-	-
(Decrease)/increase in trade and other payables	(115)	59	1,635	144
Cash generated by operations before exceptional items	294	376	1,524	323
Operating exceptional items paid*	(46)	(72)	-	-
Cash generated by operations	248	304	1,524	323
Interest received	2	1	2	1
Interest paid	(27)	(54)	(27)	(52)
Tax paid	(31)	(69)	-	-
Cash flow from operating activities	192	182	1,499	272

*Includes £8m settled with the SEC (note 15)

The movement in trade and other receivables and trade and other payables excludes the impact of the gross-up of matched principal trades as permitted by IAS7 'Statement of Cash Flows'. The gross-up has no impact on the cash flow or net assets of the Group. The cash flow movement in trade and other receivables includes the net movement on matched principal transactions and deposits for securities borrowed/loaned.

ICAP GROUP HOLDINGS PLC

Notes to the financial statements continued

10. Cash continued

(b) Net cash

Net cash comprises total cash less other debt

Group	As at 31 March 2015 £m	As at 31 March 2014 £m (restated)
Borrowings (note 9)	(282)	(535)
Cash and cash equivalents	440	658
Total net cash	158	123

(c) Total cash

Group	As at 31 March 2015 £m	As at 31 March 2014 £m (restated)
Cash and cash equivalents	440	658
Overdrafts (note 9)	(30)	(1)
Net cash and cash equivalents	410	657
Restricted funds	36	32
Total net cash	446	689

(d) Client money

At 31 March 2015, the Group held client money of £2m (2013/14 – £13m). This amount, together with the corresponding liabilities to customers, is not included in the Group's consolidated balance sheet.

(e) Restricted funds

Restricted funds comprise cash held at a CCP clearing house or a financial institution providing ICAP with access to a CCP. The balance fluctuates based on business events around the year end and increased during the year by £4m to £36m at 31 March 2015.

11. Capital and liquidity planning and management

The Group does not seek to take proprietary market risk positions, so does not seek to expose its capital to market risk, and it does not undertake any form of maturity transformation, so does not seek liquidity risk. Thus the overall approach to the planning and management of the Group's capital and liquidity is to ensure the Group's solvency, i.e. its continued ability to conduct business, deliver returns to shareholders and support growth and strategic initiatives. This risk profile meets the necessary conditions for an investment firm consolidation waiver and the Group continues to benefit from a waiver under the CRD IV provisions in force since 1 January 2014.

Liquidity

Group

The Group incurs exposure to liquidity risk as a result of trades executed as principal and trades executed on exchange on behalf of clients. Since principal trades are executed as matched principal there is no net funding requirement in the normal course of business and the liquidity requirements arise only in relation to the margin and collateral requirements of clearing houses, either directly or via financial institutions that provide ICAP with access to the clearing houses.

In order to execute and clear matched principal trades in securities the relevant entities need access to clearing and settlement facilities, which requires access to credit during the settlement cycle, so typically only for a one to three-day period. In order to execute trades in on-exchange derivatives the entities need access to credit facilities to carry the trades until they are taken up by customers.

In both cases, the Group can be required to post collateral or margin to support the credit lines, so access to liquidity is needed to ensure trades can continue to be supported uninterrupted. The most significant margin requirements arise in the US where, as part of its Global Broking and Electronic Markets businesses, ICAP provides clearing services to customers and is required to deposit margins with the FICC and NSCC. Trading entities of the Group use locally held highly liquid assets, predominantly cash held to meet capital requirements, together with committed and uncommitted credit facilities to meet their liquidity requirements.

The Group has a centralised approach to the provision of contingency funding for its trading entities. Through the GFC, the board periodically reviews the liquidity demands of the Group and the financial resources available to meet these demands. The GFC ensures that the Group in totality and by subsidiary, has sufficient liquidity available in order to provide constant access, even in periods of market stress, 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. Therefore, to meet its liquidity requirements, the Group has maintained minimum core liquidity, in the form of centrally held cash and undrawn debt facilities, of \$250m throughout the year.

ICAP GROUP HOLDINGS PLC

Notes to the financial statements continued

11. Capital and liquidity planning and management continued

Liquidity continued

Group continued

As at 31 March 2015, the Group had borrowings of £282m (2013/14 – £535m), the maturity analysis of which is set out in note 9 and cash and cash equivalents of £440m (2013/14 – £658m) (see note 10(c)). Cash held at clearing houses, or a financial institution providing ICAP with access to a CCP, to which the Group has no immediate access in practice is disclosed as restricted funds in the financial statements (note 10(e)).

The Group invests its cash balances in a range of capital protected instruments including money market deposits, AAA-rated liquidity funds, and government bonds with the objective of optimising the return, while having regard to counterparty credit risk and liquidity. With the exception of some small, local cash management balances, surplus cash is invested with strong institutions which have an equivalent credit rating of A or better.

Company

The Company's policy is to ensure that it has constant access to an appropriate level of liquidity to enable it to finance its forecast ongoing operations, proposed acquisitions and other reasonable unanticipated events on cost-effective and attractive terms. If the Company has any cash, it is loaned intra-Group for further investment. All of the Company's financial liabilities are payable within three months.

Capital management

The Group's capital strategy is consistent with that of the ICAP plc Group which is to maintain an efficient and strong capital base which maximises the return to its shareholders, while also maintaining flexibility and ensuring compliance with supervisory regulatory requirements. The capital structure of the Group consists of debt (note 9) and equity, including share capital (note 25), share premium, other reserves (note 26) and retained earnings.

The Group seeks to ensure that it has sufficient regulatory capital at Group level and in individual regulated trading entities to meet regulatory requirements. The FCA has granted a waiver until April 2016 that allows the Group to disregard the application of the consolidated capital requirements of CRD IV and their requirements include the Group being prohibited from taking proprietary positions. The Group continues to comply with these requirements.

The waiver modifies the calculation of the Group regulatory capital position and in effect excludes goodwill adjustments from the capital computation. As a result of the waiver, the Group's Pillar 1 regulatory capital headroom represents the difference between the capital resources of the Company, on a stand-alone basis, and the regulatory capital requirements of the Group calculated, in accordance with the requirements of the waiver, on an aggregate basis. Pillar 1 headroom is approximately £0.7bn (2013/14 – £0.9bn) and is relatively stable due to the low amount of market and credit risk in the Group, but may fluctuate due to the timing of dividends and the distribution of subsidiaries' profits to the Company.

Regulatory capital at solo entity level depends on the jurisdiction in which it is incorporated and operates. In each case the approach is to hold an appropriate surplus over the local minimum. The highest capital requirements arise in the UK, where they are predominantly driven by the fixed overhead requirement, which is based on the fixed costs of the prior year and so does not fluctuate significantly within the year. As the Group does not take proprietary positions it does not have an inventory of assets so regulatory capital is mostly represented by cash.

ICAP also evaluates at a Group and individual legal entity level the risks facing the business, to determine whether its capital is sufficient to cover any expected losses. The Group uses a scenario-based model which assesses the economic capital required to cover expected risks. The process followed at Group level is consistent with the CRD requirement for ICAP's FCA regulated entities to perform an internal capital adequacy assessment process (ICAAP) under Pillar 2. The results for both are documented, updated and approved annually by the board and the UK regulated entity boards respectively. The Group overall and each regulated trading company complied with their regulatory capital requirements throughout the year.

In general, higher levels of market volatility can result in increased demand for the Group's services. However, as the regulatory capital requirement is driven predominantly by the fixed cost base, the impact of changes in volumes on the capital requirement is significantly dampened. As such, absent a material acquisition, loss of the waiver or a change in the computation basis, existing capital resources are viewed as sufficient to operate and to continue to invest in the development of the Group's businesses.

ICAP GROUP HOLDINGS PLC

Notes to the financial statements continued

12. Intangible assets arising from development expenditure

Development expenditure on software is recognised as an intangible asset in accordance with the provisions of IAS38 'Intangible Assets'. Capitalised expenditure is recognised initially at cost and is presented subsequently at cost less accumulated amortisation and provisions for impairment. Amortisation of these assets is charged to the consolidated income statement on a straight-line basis over the expected useful economic life of the asset of three to five years. The Group reviews the useful economic lives of these assets on a regular basis.

Development costs are incurred and capitalised when a final development plan (including the specifics of the assets to be developed) is signed off by a committee with appropriate delegated authority (including business management boards). As part of the approval process, the committee considers the commercial viability and technological feasibility of bringing the asset into use.

When a project is abandoned in the development phase, costs are charged to the income statement. Prior to this stage, costs incurred in the research phase including undertaking feasibility studies are recorded in the income statement. Once an internally generated software asset is brought into use, any ongoing related costs are charged to the income statement to the extent that they relate to ongoing maintenance of the asset. Where any costs are identified by an appropriately authorised management committee to be an enhancement to the original asset, these costs are capitalised and amortised over the remaining expected useful life of the asset.

The Group has an internal threshold for capitalisation of £5,000 for individual assets and £125,000 for software-related projects. The key component of the development costs is compensation of employees. Each of the Group's businesses and the Group's infrastructure area have their own dedicated IT project development teams.

Amortisation and impairment of intangible assets arising from development expenditure is charged within operating expenses. Amortisation is charged against assets from the date at which the asset becomes available for use.

Group	2014/15 £m	2013/14 £m (restated)
Cost		
As at 1 April	266	203
Additions	48	52
Disposals	(32)	(8)
Reclassifications	–	36
Other movements	–	(1)
Exchange adjustments	13	(16)
As at 31 March	295	266
Accumulated amortisation and impairment		
As at 1 April	166	124
Amortisation charge for the year	34	27
Impairment in the year	1	–
Disposals	(32)	(6)
Reclassifications	–	31
Exchange adjustments	11	(10)
As at 31 March	180	166
Net book value		
As at 31 March	115	100

ICAP GROUP HOLDINGS PLC

Notes to the financial statements continued

13. Intangible assets arising on consolidation

Since 1 April 2004, intangible assets arising on consolidation include goodwill and other separately identifiable intangible assets such as customer relationships and customer contracts that arose on business combinations. The amortisation and any impairment is included in the consolidated income statement within the column 'Acquisition and disposal costs'. The Group reviews the performance of the acquired businesses and reassesses the period over which the acquired intangible asset is likely to continue to generate cash flows that exceed the carrying value.

(i) Goodwill

Goodwill arises on the acquisition of subsidiaries when the aggregate of the fair value of the consideration transferred, the amount of any non-controlling interest and the fair value of any previously held equity interest in the acquiree exceed the amount of the identifiable net assets acquired. If the amount of the identifiable assets and liabilities acquired is greater, the difference is recognised immediately in the income statement. Goodwill is initially recognised at cost and is subsequently held at cost less any provision for impairment.

Goodwill arises on the acquisition of investments in joint ventures when the cost of investment exceeds ICAP's share of the net fair value of the joint venture's identifiable assets and liabilities. Goodwill arising on the acquisition of joint ventures is included in 'Investments in joint ventures' and is not tested separately for impairment. See note 21.

Goodwill arises on the acquisition of interests in associates when the cost of investment exceeds ICAP's share of the net fair value of the associate's identifiable assets and liabilities. Goodwill arising on the acquisition of associates is included in 'Interests in associates' and is not tested separately for impairment. See note 22.

Where the Group makes an acquisition and the balances are reported as provisional at the year end, the Group has a measurement period of up to 12 months from the date of acquisition to finalise the provisional amounts where new information becomes available about facts and circumstances that existed at the balance sheet date, which could impact the value of goodwill and intangible assets arising on consolidation. The measurement period ends as soon as the information required is received.

On disposal of a subsidiary, joint venture or associate, the attributable goodwill is included in the calculation of the profit or loss on disposal, except for goodwill written off to reserves prior to 1998, which remains eliminated.

(ii) Separately identifiable intangible assets

The Group has recognised separately identified intangible assets on acquisitions where appropriate. These generally include customer contracts and customer relationships. Intangible assets acquired by the Group are stated initially at fair value and are adjusted subsequently for amortisation and any impairment. Amortisation and impairment of intangibles arising on consolidation are recognised in the second column of the consolidated income statement. Where an impairment has taken place, the asset is reviewed annually for any reversal of the impairment. Any reversals of impairment are credited to the consolidated income statement. All intangible assets have a finite life.

Amortisation of separately identifiable intangible assets is charged to the consolidated income statement on a straight-line basis over their estimated useful lives as follows:

Customer relationships	2 - 10 years
Customer contracts	Period of contract
Other intangible assets	Period of contract

A deferred tax liability is recognised against the asset for which the amortisation is non-tax deductible. The liability unwinds over the same period as the asset is amortised.

(iii) Impairment

Goodwill is not amortised but is tested for impairment annually and whenever there is an indicator of impairment. Goodwill and other intangible assets arising on consolidation are allocated to a CGU at acquisition for the purpose of impairment testing, which is undertaken at the lowest level at which goodwill is monitored for internal management purposes. The identification of CGUs is reviewed where there is a significant change to the Group's segmental reporting structure. Impairment testing is performed by comparing the recoverable amount of a CGU with its carrying amount. The carrying amount of a CGU is based on the assets and liabilities of each CGU, including attributable goodwill. The recoverable amount of a CGU is the higher of its fair value less cost to sell and its value in use (VIU). VIU is the present value of the expected future cash flows from a CGU. Where the carrying value of the asset exceeds its VIU, an impairment charge is recognised immediately in the consolidated income statement, and the asset is stated at cost less accumulated impairment losses. For goodwill, impairment charges previously recognised are not reversed and impaired intangible assets are reviewed annually for reversal of previously recognised impairment.

This process requires the exercise of significant judgement by management, if the estimates made prove to be incorrect or performance does not meet expectations which affect the amount and timing of future cash flows, goodwill and intangible assets may become impaired in future periods.

ICAP GROUP HOLDINGS PLC

Notes to the financial statements continued

13. Intangible assets arising on consolidation continued

(a) Intangible assets arising on consolidation

	Goodwill £m	Other £m	Total £m
Cost			
As at 1 April 2014	966	616	1,582
Transfer to held for sale (note 14)	(13)	(2)	(15)
Exchange adjustments	61	6	67
As at 31 March 2015	1,014	620	1,634
Amortisation and impairment			
As at 1 April 2014	151	512	663
Amortisation charge for the year	–	55	55
As at 31 March 2015	151	567	718
Net book value			
As at 31 March 2015	863	53	916

(restated)	Goodwill £m	Other £m	Total £m
Cost			
As at 1 April 2013	1,025	627	1,652
Disposals	(2)	(1)	(3)
Exchange adjustments	(57)	(10)	(67)
As at 31 March 2014	966	616	1,582
Amortisation and impairment			
As at 1 April 2013	140	448	588
Amortisation charge for the year	–	64	64
Impairment in the year	11	–	11
As at 31 March 2014	151	512	663
Net book value			
As at 31 March 2014	815	104	919

(b) Impairment testing of intangible assets arising on consolidation

The Group recognises £916m of intangible assets arising on consolidation, with £863m relating to goodwill and £53m relating to other intangible assets. The other intangible assets at 31 March 2015 mainly represent customer relationships, and have varying remaining amortisation periods across CGUs.

During the year, goodwill and other intangible assets of £15m attributed to Global Brokings' shipping business were reclassified to disposal group (note 14). The net carrying value of the disposal group including goodwill was tested separately and no impairment charge was recorded.

The individual CGUs' goodwill, other intangible assets arising on consolidation and net assets were tested for impairment. No impairment charge was recorded in the year.

The comparatives were restated as a result of the adoption of IFRS11 'Joint Arrangements' and IAS28 'Investments in Associates and Joint Ventures' therefore the goodwill attributable to joint ventures is now included within the investment in joint ventures (note 21).

ICAP GROUP HOLDINGS PLC

Notes to the financial statements continued

13. Intangible assets arising on consolidation continued

(b) Impairment testing of intangible assets arising on consolidation continued

		As at 31 March 2015			
CGU	Business segment	% of total goodwill and other intangibles	Goodwill £m	Other £m	Net book value £m
BrokerTec	Electronic Markets	16	145	–	145
EBS	Electronic Markets	41	345	33	378
Reset	Post Trade Risk and Information	15	141	–	141
TriOptima	Post Trade Risk and Information	6	52	–	52
Traiana	Post Trade Risk and Information	13	103	19	122
Information	Post Trade Risk and Information	–	3	–	3
Global Broking	Global Broking	9	74	1	75
Total		100	863	53	916

		As at 31 March 2014 (restated)			
CGU	Business segment	% of total goodwill and other intangibles	Goodwill £m	Other £m	Net book value £m
BrokerTec	Electronic Markets	16	145	–	145
EBS	Electronic Markets	39	307	54	361
Reset	Post Trade Risk and Information	14	126	–	126
TriOptima	Post Trade Risk and Information	9	60	21	81
Traiana	Post Trade Risk and Information	12	91	25	116
Information	Post Trade Risk and Information	–	3	–	3
Global Broking	Global Broking	10	83	4	87
Total		100	815	104	919

Impairment testing methodology

The recoverable amount of a CGU is determined using VIU calculations, which are based on discounting management's pre-tax cash flow projections for the CGU. The pre-tax discount rate used is the weighted average cost of capital (WACC). ICAP allocates to investments in the businesses within which the CGU operates. A long-term growth rate estimate is used to extrapolate the cash flows in perpetuity because of the long-term nature of the businesses in the CGUs.

For the 2014/15 annual impairment testing of Traiana, management's cash flow projections for the three years ending 31 March 2018 were used. For all other CGUs, management cash flow projections for the year ending 31 March 2016 were used.

In the prior year, consideration received from the sale of the minority stake in Traiana was considered as a proxy for Traiana's fair value and was compared to net assets of Traiana including goodwill for recoverability assessment.

Key assumptions

	Discount rate		Long-term growth rate	
	2015 %	2014 %	2015 %	2014 %
BrokerTec	8.7	9.3	4.9	4.8
EBS	8.9	9.6	4.6	4.6
Reset	9.0	9.7	4.6	4.5
TriOptima	8.5	9.4	4.5	4.1
Traiana	8.5	n/a	5.1	n/a
Global Broking	8.9	9.6	0.0	0.0

ICAP GROUP HOLDINGS PLC

Notes to the financial statements continued

13. Intangible assets arising on consolidation continued

(b) Impairment testing of intangible assets arising on consolidation continued

Discount rates

The Group's pre-tax WACC was 8.5% (2013/14 – 9.3%), reflecting an 80 basis-points decrease in the risk-free rate (represented by the 20-year UK gilt yield). The Group's WACC is a function of the Group's cost of equity, derived using a Capital Asset Pricing Model (CAPM), and the Group's cost of debt. The cost of equity estimate depended on inputs in the CAPM reflecting a number of variables including the risk-free rate and a premium to reflect the inherent risk of the business being evaluated. These inputs are based on the market's assessment of economic variables and management judgement. All inputs to the CAPM model were externally sourced. The CGU-specific WACCs were then derived by adjusting the Group WACC for business specific risk factors.

Nominal long-term growth rate

The growth rate reflects weighted average real GDP growth and inflation for the countries within which the CGUs operate. The rates are based on the International Monetary Fund's medium term forecasts as they are deemed to be a reliable estimate of likely future trends. The rates applied do not exceed the expected growth in the local economy or, for businesses which operate on a global scale, the global GDP. Given continuing challenges, a nil terminal growth rate was applied for Global Broking.

Management's judgement in estimating the cash flows of a CGU

The cash flow projections for each CGU are based on plans approved by the board of directors. The key assumptions included in the cash flow projections of the CGUs are discussed below.

BrokerTec

BrokerTec cash flow projections show continued growth of the US Treasury Actives market and forecast improvement in the volume of US Treasury off-the-run trading. The cash flow projections will be lower in 2015/16 as a result of the investment in a new platform. The key challenges to the cash flow projections arise from potential increased competition in the US Treasury Actives market and from uncertainty around how regulatory reforms, such as higher capital requirements for banks, will affect the US and European repo markets.

EBS

The key assumptions included in the cash flow projections for EBS are that the increase in revenue is driven by new EBS initiatives, upturn in market activity impacting EBS Market's average daily volume growth and other growth areas. The key challenge to the cash flow projections is a worse than anticipated decrease in EBS Market revenue driven by a decrease in FX market activity.

Reset

The cash flow projections for Reset are anticipated to remain in line with 2014/15. Our ability to achieve the budgeted cash flow for Reset could be challenged if central banks continue their policy of quantitative easing (QE), in particular the QE programme recently undertaken by the ECB, and low and stable interest rates. The impact could be offset by some positive changes to the macroeconomic environment, specifically some sporadic or small increase in the volatility expectations around the US dollar and pound sterling.

TnOptima

The key assumption included in the cash flow projections for TnOptima reflect muted growth as management believes that tnReduce is a maturing business facing increased competition and thus reducing trading volumes on its core products. TnOptima is anticipating the launch of new products which contribute to the cash flow projections in 2015/16, which over three years show increased growth due to investments to be made in 2015/16.

Traiana

The three-year cash flow projections for Traiana up to 2017/18 were taken from the approved strategic plan for the CGU. The key assumptions for the cash flow projections were continued growth in revenue along with improvement in operating leverage with volume increases year-on-year. The key risk to the projections arises from certain technology risks, including capacity bottleneck and data security.

Global Broking

The cash flow projections for Global Broking are based on management's assumption that the improvement in market conditions experienced in many asset classes in the later part of 2014/15 will continue in 2015/16 and the reduced fixed cost base is maintained. The key risks to the 2015/16 cash flow assumptions arise from worsening market volumes and brokerage rates and the impact of short-term uncertainties arising from regulatory reforms continuing to be felt next year.

Based on the conditions at the balance sheet date and having assessed sensitivities of the key assumptions, management determined that a reasonably possible change in any of those key assumptions noted above would not cause an impairment in any of the CGUs.

ICAP GROUP HOLDINGS PLC

Notes to the financial statements continued

14. Disposal group

Disposal groups (including both the assets and liabilities of the disposal groups) are classified as held for sale when their carrying amounts will be recovered principally through sale, they are available for sale in their present condition and their sale is highly probable. Disposal groups are measured at the lower of their carrying amount and fair value less cost to sell, except for those assets and liabilities that are not within the scope of the measurement requirements of IFRS5 'Non-current Assets Held for Sale and Discontinued Operations'. Immediately before the initial classification as held for sale, the carrying amounts of the assets and liabilities in the disposal group are measured in accordance with applicable IFRSs.

During the year, ICAP agreed to dispose of its shipbroking businesses to Howe Robinson Group Pte Limited for a 35% equity stake in the resulting combined group business. The sale is expected to be completed in 2015. As at 31 March 2015, assets and liabilities attributable to ICAP's shipping businesses formed part of the disposal group. The fair value of 35% of equity in the combined group, net of disposal costs, is estimated to be higher than the carrying value of the net assets attributable to shipping.

	As at 31 March 2015 £m
Assets held for sale	
Goodwill and other intangibles arising from consolidation	15
Other	6
Total assets held for sale	21
Liabilities held for sale	
Other	(4)
Net assets held for sale	17

15. Provisions

A provision is recognised where there is a present obligation, either legal or constructive, as a result of a past event for which it is probable there will be a transfer of economic benefits to settle the obligation. A provision is only recognised where a reliable estimate can be made of the value of the obligation.

	Restructuring £m	Regulatory matters £m	Other £m	Total £m
As at 1 April 2014	–	13	5	18
Amounts recognised in the income statement	17	11	–	28
Settled during the year	–	(8)	–	(8)
Reclassified from accruals	–	–	1	1
Exchange adjustments	–	(1)	(1)	(2)
As at 31 March 2015	17	15	5	37
As at 1 April 2013	–	–	7	7
Amounts recognised in the income statement	–	13	–	13
Released to the income statement	–	–	(1)	(1)
Exchange adjustments	–	–	(1)	(1)
As at 31 March 2014	–	13	5	18

The expected maturity profile of these provisions is disclosed in note 18.

Restructuring

As part of the Group restructuring programme, office spaces in key regions including London, New York and Singapore have been vacated. Onerous lease provisions were recorded to reflect the present value of rental obligations on ICAP until the end of the lease period, net of estimated sublease income of £3m. The present value of the provision is shown net of a discount of £1m. As at 31 March 2015, sublet rental income for only one of the three office spaces could be reliably estimated. The Group is looking at opportunities to sublet the other vacant office spaces.

ICAP GROUP HOLDINGS PLC

Notes to the financial statements continued

15. Provisions continued

Regulatory matters

In February 2015 the European Commission imposed a fine of £10.9m (€14.9m) on ICAP for alleged competition violations in relation to yen Libor, in respect of the same underlying matters that ICAP Europe Limited, a subsidiary of ICAP's Global Broking division, settled with the Financial Conduct Authority (FCA) and the US Commodity Futures Trading Commission (CFTC) in September 2013. ICAP has appealed and is seeking a full annulment of the Commission's decision.

Regulatory matters also include the settlement of £8m during the year with the SEC. A provision of £8m was recorded as at 31 March 2014.

16. Contingent liabilities, contractual commitments and guarantees

The Group's contingent liabilities include possible obligations that arise from past events whose existence will be confirmed only by the occurrence or non-occurrence, of one or more uncertain future events not wholly within the control of ICAP. Additionally, contingent liabilities also include present obligations that have arisen from past events but are not recognised because it is not probable that settlement will require the outflow of economic benefits or because the amount of the obligations cannot be reliably measured. Contingent liabilities are not recognised in the financial statements but are disclosed unless the probability of the outflow of the Group's economic resources is remote. Judgements applied in concluding the appropriateness of contingent liabilities disclosure are confirmed after consultation with external counsel.

Contingent liabilities

The Company and its subsidiaries continue to co-operate with the government agencies in Europe and in the US relating to their investigations into the setting of yen Libor. The Company is no longer a named defendant in the US civil litigation against various yen Libor and euroyen Libor setting banks. However, the plaintiff in that litigation has been given permission to add ICAP Europe Limited as a defendant in that action, which ICAP Europe Limited intends to defend vigorously. The plaintiff is also taking steps to appeal the dismissal of ICAP plc. It is not practicable to predict the ultimate outcome of these inquiries or the litigation. As a result it is not possible to provide an estimate of any potential financial impact on the Group.

ICAP continues to co-operate with inquiries by the US government agencies into the setting of USD ISDAfix rates. During the reporting period, civil lawsuits were filed in the US against USD ISDAfix setting banks, where a subsidiary of the Company is also a named defendant. Those suits have now been consolidated into a single action. The Company intends to defend these litigation claims vigorously. It is not practicable to predict the ultimate outcome of these inquiries or the litigation. As a result it is not possible to provide an estimate of any potential financial impact on the Group.

From time to time the Group is engaged in litigation in relation to a variety of matters, and is required to provide information to regulators and other government agencies as part of informal and formal inquiries.

Details of regulatory and other matters that have a provision recognised for them are detailed in note 15.

Contractual commitments

Operating lease commitments

At the end of the financial year, the Group had outstanding commitments for future minimum lease payments under non-cancellable operating leases which fall due as follows:

	As at 31 March 2015 £m	As at 31 March 2014 £m
Within one year	19	22
Between one and five years	60	66
After five years	17	30
	96	118

The commitments include onerous lease provisions charged to the income statement in the year but before the estimated receipt of £3m under a non-cancellable sublease as at 31 March 2015 (2013/14 - £nil). Operating lease commitments relate to the rental of premises for office space in the UK, US, Israel and Asia Pacific.

Guarantees

In the normal course of business certain Group companies enter into guarantees and indemnities to cover clearing and settlement arrangements and/or the use of third party services/software. It is not possible to quantify the extent of any potential liabilities, but there are none currently expected to have a material impact on the Group's consolidated results or net assets. As at 31 March 2015, the Group has given £314m (2013/14 - £123m) of guarantees to counterparties.

ICAP GROUP HOLDINGS PLC

Notes to the financial statements continued

17. Trade and other receivables

Trade receivables are recognised initially at fair value and subsequently reviewed for recoverability. A provision for impairment of trade receivables is established when there is objective evidence that the Group will not be able to collect all amounts due according to the original terms of receivables. Significant financial difficulties of the debtor, probability that the debtor will enter bankruptcy or financial reorganisation, and default or delinquency in payments, are considered indicators that the trade receivable is impaired. The amount of the provision is the difference between the asset's carrying amount and the present value of the future cash flows. The carrying amount of the asset is reduced through the use of an allowance account and the amount of the loss is recognised in the consolidated income statement within 'operating expenses'. When a trade receivable is determined to be uncollectable, it is written off against the allowance account for trade receivables. Subsequent recoveries of amounts previously written off are credited against 'Operating expenses' in the consolidated income statement.

Loans and receivables are non-derivative financial instruments which have a fixed or determinable value. They are recognised at cost less any provisions for impairment in their value.

Fair value through profit or loss assets are designated as such where they meet the conditions of IAS39 'Financial Instruments: Recognition and Measurement'. They are recognised initially at fair value and any subsequent changes in fair value are recognised directly in the consolidated income statement. These assets are usually held for short-term gain, or are financial instruments not designated as hedges. The accounting policy for derivative financial instruments is included in note 28.

Matched principal transactions are those where the Group acts in a non-advisory capacity as principal in the commitment to purchase and sell securities and other financial instruments through two or more transactions between our customers. Such trades have no contractual settlement date and are complete only when all sides of the transaction are settled, and therefore an aged analysis of matched principal trade receivables is not appropriate. Substantially all matched principal receivables and payables settle within a short period of time, usually within three days of the trade date. All amounts due to and payable by counterparties in respect of matched principal business are shown gross as matched principal trade receivables and matched principal trade payables (note 18), except where a netting agreement which is legally enforceable at all times, exists and the asset and liability are either settled net or simultaneously. If any unmatched trades remain outstanding, the asset or liability is held within matched principal trade receivables or payables as appropriate and fair valued through the consolidated income statement until the trade is completed.

The Group acts as an intermediary between our customers for collateralised stock lending transactions. Such trades are complete only when both the collateral and stock for each side of the transaction are returned. The gross amounts of collateral due to and receivable are disclosed in the balance sheet as deposits paid for securities borrowed and deposits received for securities loaned (note 18).

Financial instruments not held at fair value are impaired where there is objective evidence that the value may be impaired. The amount of the impairment is calculated as the difference between the carrying value and the present value of any expected future cash flows, with any impairment being recognised in the consolidated income statement. Subsequent recovery of amounts previously impaired are credited to the consolidated income statement.

ICAP GROUP HOLDINGS PLC

Notes to the financial statements continued

17. Trade and other receivables continued

	Group as at 31 March 2015 £m	Group as at 31 March 2014 £m (restated)	Company as at 31 March 2015 £m	Company as at 31 March 2014 £m
Non-current receivables				
Deposits	2	1	-	-
Derivative financial instruments	-	1	-	-
Other receivables	3	2	-	-
Amounts owed by affiliates	70	70	-	1
	75	74	-	1
Current receivables				
Matched principal trade receivables	23,308	21,762	-	-
Deposits paid for securities borrowed	758	795	-	-
Other trade receivables	185	178	-	-
Impairment of other trade receivables	(3)	(3)	-	-
Amounts owed by affiliates	223	343	311	192
Amounts owed by subsidiaries	-	-	48	108
Amounts owed by joint ventures	-	1	-	-
Amounts owed by associates	3	2	-	-
Amounts owed by other related parties	1	5	-	-
Tax receivable	-	-	24	18
Derivative financial instruments	7	4	7	4
Other receivables	53	62	8	12
Prepayments	37	52	3	4
	24,572	23,201	401	338

(a) Credit risk management

The Group is exposed to credit risk in the event of non-performance by counterparties in respect of its name give-up, matched principal, exchange-traded and corporate treasury operations. The Group does not bear any significant concentration risk to either counterparties or markets.

The credit risk in respect of name give-up and post trade risk and information services businesses is limited to the collection of outstanding commission and transaction fees and this is managed proactively by the Group's accounts receivable function with oversight from the independent credit risk function.

The matched principal business involves the Group acting as a counterparty on trades which are undertaken on a delivery versus payment basis. The Group manages its credit risk in these transactions through appropriate policies and procedures in order to mitigate this risk including stringent on-boarding requirements, setting appropriate credit limits for all counterparties which are closely monitored by the regional credit risk teams to restrict any potential loss through counterparty default. A significant portion of the Group's counterparty exposure at any given point throughout the year is to investment grade counterparties (rated BBB-/Baa3 or above). The Group's potential stressed counterparty credit risk calculated in the ICAAP is less than 5% of the Group's total capital resources.

The credit risk on core cash, cash equivalents and derivative financial instruments are monitored on a daily basis. All financial institutions that are transacted with are approved by the GFC and internal limits are assigned to each one based on a combination of factors including external credit ratings. The majority of cash and cash equivalents is deposited with investment grade rated financial institutions.

Company

The Company is exposed to credit risk in the event of non-performance by counterparties. This risk is considered minimal as all counterparties are Group companies and the risk of non-payment is viewed as low.

ICAP GROUP HOLDINGS PLC

Notes to the financial statements continued-

17. Trade and other receivables continued

(b) Impairment of other trade receivables

Other trade receivables represent amounts receivable in respect of agency business and information services. All receivables are individually assessed for impairment at the reporting date. Management judgement is applied in determining whether there is objective evidence that a loss event has occurred and, if so, the measurement of the impairment allowance. In determining whether there is objective evidence that a loss event has occurred, judgement is exercised in evaluating all relevant information on indicators of impairment, which is not restricted to the consideration of whether payments are contractually past due but includes broader consideration of factors indicating deterioration in the financial condition and outlook of customers affecting their ability to pay. For those receivables where objective evidence of impairment exists, management determines the size of the allowance required based on a range of factors including probability of default and, if defaulted, expectation of recovery. If in a subsequent period, the amount of the impairment loss decreases and the decrease can be related objectively to an event occurring after the impairment was recognised, the previously recognised impairment loss is reversed and the reversal is recognised in the income statement.

As at 31 March 2015, £3m of other trade receivables remain impaired (2013/14 - £3m). There have been no new impairments during the year.

Past due but not impaired trade and other receivables are those in respect of which the debtor has failed to make a payment or a partial payment in accordance with the contractual terms of the invoice, but there is no major concern over the credit worthiness of the counterparty, therefore they are not impaired. In the prior reporting periods, receivables past a 'normal settlement date' were considered past due and were reported on that basis. As at 31 March 2015 the following other trade receivables were past due but not impaired:

	As at 31 March 2015 £m	As at 31 March 2014 £m (restated)
Less than 30 days overdue	107	99
Over 30 days, but less than 90 days overdue	51	55
Over 90 days but less than 180 days overdue	11	10
Over 180 days overdue	13	11
	182	175

(c) Offsetting financial assets and financial liabilities

Since 2012/13 the Group has operated under a clearing arrangement for certain US matched principal transactions on a fully disclosed clearing basis, which provides the Group with the legally enforceable right to set off the recognised amounts and settle on a net basis. As such, certain matched principal trade receivables and payables (note 18) are recorded on a net basis.

	As at 31 March 2015 £m	As at 31 March 2014 £m
Gross recognised receivable	171,599	128,545
Gross recognised payable	171,182	128,151
Gross amounts that are netted	171,182	128,151
Gross amounts subject to netting arrangements that are not offset	417	394
Deposit securities paid (collateral)	15	10

ICAP GROUP HOLDINGS PLC

Notes to the financial statements continued

17. Trade and other receivables continued

(d) Trade receivables by currency

The table below shows the concentration of the Group's trade receivables by currency

Trade receivables as at 31 March 2015

Group	Pound sterling £m	Dollar £m	Euro £m	Yen £m	Other currencies £m	Total £m
Matched principal trade receivables	4,533	13,474	3,120	356	1,825	23,308
Deposits paid for securities borrowed	–	758	–	–	–	758
Other trade receivables (net)	32	119	19	3	9	182
	4,565	14,351	3,139	359	1,834	24,248

Trade receivables as at 31 March 2014 (restated)

Group	Pound sterling £m	Dollar £m	Euro £m	Yen £m	Other currencies £m	Total £m
Matched principal trade receivables	4,441	10,494	4,799	459	1,569	21,762
Deposits paid for securities borrowed	–	795	–	–	–	795
Other trade receivables (net)	30	110	19	3	13	175
	4,471	11,399	4,818	462	1,582	22,732

18. Trade and other payables

Accounts payable are recognised initially at fair value based on the amounts exchanged and subsequently held at amortised cost

The accounting policies for matched principal transactions and collateralised stock lending are included within the trade and other receivables note (note 17)

Details of the accounting policy relating to derivative financial instruments is included in note 28

	Group as at 31 March 2015 £m	Group as at 31 March 2014 £m (restated)	Company as at 31 March 2015 £m	Company as at 31 March 2014 £m
Current payables				
Matched principal trade payables	23,266	21,709	–	–
Deposits received for securities loaned	758	836	–	–
Other trade payables	11	8	–	–
Amounts owed to affiliates	474	287	333	108
Amounts owed to subsidiaries	–	–	2,045	931
Amounts owed to associates	–	1	–	–
Amounts owed to joint ventures	2	2	–	–
Amounts owed to related parties	1	2	–	–
Derivative financial instruments	10	15	10	15
Accruals	214	206	6	22
Other tax and social security	10	15	–	–
Deferred income	21	18	–	–
Other payables	13	13	–	–
Contingent deferred consideration	3	2	–	–
Deferred consideration	1	1	–	–
	24,784	23,115	2,394	1,076

ICAP GROUP HOLDINGS PLC

Notes to the financial statements continued

18. Trade and other payables continued

	Group as at 31 March 2015 £m	Group as at 31 March 2014 £m (restated)	Company as at 31 March 2015 £m	Company as at 31 March 2014 £m
Non-current payables				
Accruals	1	4	-	-
Contingent deferred consideration	1	3	-	-
Derivative financial instruments	30	-	30	-
Deferred income	3	1	-	-
Other payables	1	-	-	-
	36	8	30	-

(a) Maturity of trade and other payables and provisions

The table below shows the maturity profile of the Group's financial liabilities included within trade and other payables based on the contractual amount payable on the date of repayment

Maturity of trade and other payables and provisions as at 31 March 2015

	Less than three months £m	Three months to one year £m	One to five years £m	Greater than five years £m	Total £m
Matched principal trade payables	23,266	-	-	-	23,266
Deposits received for securities loaned	758	-	-	-	758
Other trade payables	11	-	-	-	11
Derivative financial instruments	10	-	30	-	40
Amounts owed to affiliates	474	-	700	-	1,174
Amounts owed to joint ventures	2	-	-	-	2
Amounts owed to related parties	1	-	-	-	1
Other payables	10	3	1	-	14
Contingent deferred consideration	2	1	1	-	4
Deferred consideration	-	1	-	-	1
Provisions	2	16	19	-	37
Accruals	56	158	1	-	215
	24,592	179	752	-	25,523

Maturity of trade and other payables and provisions as at 31 March 2014 (restated)

	Less than three months £m	Three months to one year £m	One to five years £m	Greater than five years £m	Total £m
Matched principal trade payables	21,709	-	-	-	21,709
Deposits received for securities loaned	836	-	-	-	836
Other trade payables	6	2	-	-	8
Derivative financial instruments	-	15	-	-	15
Amounts owed to affiliates	287	-	872	-	1,159
Amounts owed to associates	1	-	-	-	1
Amounts owed to joint ventures	2	-	-	-	2
Amounts owed to related parties	2	-	-	-	2
Other payables	10	3	-	-	13
Contingent deferred consideration	-	2	3	-	5
Deferred consideration	-	1	-	-	1
Accruals	67	139	2	2	210
	22,920	162	877	2	23,961

ICAP GROUP HOLDINGS PLC

Notes to the financial statements continued

18. Trade and other payables continued

(a) Maturity of trade and other payables and provisions continued

The gross amounts payable have been disclosed above, rather than their net present value. Based on their short-term nature there is no material difference between the net present value and gross amount of the balances disclosed above.

Company

The following tables show the maturity of the Company's liabilities

	As at 31 March 2015				As at 31 March 2014			
	Less than three months £m	Three months to one year £m	One to five years £m	Total £m	Less than three months £m	Three months to one year £m	One to five years £m	Total £m
Borrowings	–	–	252	252	246	–	288	534
Accruals	–	6	–	6	–	21	–	21
Derivative financial instruments	10	–	30	40	15	–	–	15
Amounts owed to Group companies	2,378	–	699	3,077	1,040	–	699	1,739
	2,388	6	981	3,375	1,301	21	987	2,309

19. Financial assets and liabilities

(a) Financial assets

The carrying value less impairment of current trade receivables and payables are assumed to approximate their fair values due to their short-term nature.

As at 31 March 2015 and 2014, the fair values of financial assets are not materially different from their book values.

Classification of financial assets as at 31 March 2015

	Hedging instruments £m	Available-for-sale £m	Loans and receivables £m	Total £m
Cash and cash equivalents	–	–	440	440
Restricted funds	–	–	36	36
Available-for-sale investments	–	15	–	15
Matched principal trade receivables	–	–	23,308	23,308
Deposits paid for securities borrowed	–	–	758	758
Other trade receivables (net)	–	–	182	182
Amounts owed by affiliates	–	–	293	293
Amounts owed by associates	–	–	3	3
Amounts owed from other related parties	–	–	1	1
Derivative financial instruments	7	–	–	7
Other receivables	–	–	56	56
	7	15	25,077	25,099

ICAP GROUP HOLDINGS PLC

Notes to the financial statements continued

19. Financial assets and liabilities continued

(a) Financial assets continued

Classification of financial assets as at 31 March 2014 (restated)

	Hedging instruments £m	Available- for-sale £m	Loans and receivables £m	Total £m
Cash and cash equivalents	-	-	658	658
Restricted funds	-	-	32	32
Available-for-sale investments	-	16	-	16
Matched principal trade receivables	-	-	21,762	21,762
Deposits paid for securities borrowed	-	-	795	795
Other trade receivables (net)	-	-	175	175
Amounts owed by affiliates	-	-	413	413
Amounts owed by joint ventures	-	-	1	1
Amounts owed by associates	-	-	2	2
Amounts owed from other related parties	-	-	5	5
Derivative financial instruments	5	-	-	5
Other receivables	-	-	64	64
	5	16	23,907	23,928

Financial assets can be reconciled to the balance sheet as follows:

	As at 31 March 2015 £m	As at 31 March 2014 £m (restated)
Current receivables (note 17)	24,572	23,201
Non-current receivables	5	4
Non-current amounts owed by affiliates	70	70
Available-for-sale financial investments (note 23)	15	16
Cash and cash equivalents including restricted funds	476	690
Excluded		
Non-financial other receivables	(2)	(1)
Prepayments	(37)	(52)
	25,099	23,928

Prepayments and certain items included within other receivables are not defined as financial assets under IAS39

ICAP GROUP HOLDINGS PLC

Notes to the financial statements continued

19. Financial assets and liabilities continued

(b) Financial liabilities

As at 31 March 2015 and 2014, the fair values of financial liabilities are not materially different from their book values

Classification of financial liabilities

	31 March 2015			31 March 2014 (restated)		
	Hedging instruments £m	Amortised cost £m	Total £m	Hedging instruments £m	Amortised cost £m	Total £m
Matched principal trade payables	-	23,266	23,266	-	21,709	21,709
Deposits received for securities loaned	-	758	758	-	836	836
Other trade payables	-	11	11	-	8	8
Derivative financial instruments	40	-	40	15	-	15
Amounts owed to affiliates	-	1,174	1,174	-	1,159	1,159
Amounts owed to joint ventures	-	2	2	-	2	2
Amounts owed to associates	-	-	-	-	1	1
Amounts owed to related parties	-	1	1	-	2	2
Other payables	-	14	14	-	13	13
Contingent deferred consideration	-	4	4	-	5	5
Deferred consideration	-	1	1	-	1	1
Accruals	-	215	215	-	210	210
Borrowings and overdrafts	-	282	282	-	535	535
Provisions	-	32	32	-	4	4
	40	25,760	25,800	15	24,485	24,500

Financial liabilities can be reconciled to the balance sheet as follows

	As at 31 March 2015 £m	As at 31 March 2014 £m (restated)
Current payables (note 18)	24,784	23,115
Non-current payables	36	8
Borrowings and overdrafts (note 9)	282	535
Non-current amounts owed to affiliates	700	872
Provisions (note 15)	32	4
Excluded		
Tax and social security	(10)	(15)
Deferred income	(24)	(19)
	25,800	24,500

*Excludes non-contractual provisions

Taxes payable, deferred income and certain provisions are not classified as financial liabilities under IAS39

ICAP GROUP HOLDINGS PLC

Notes to the financial statements continued

19. Financial assets and liabilities continued

(b) Financial liabilities continued

Company

The Company's financial assets and liabilities are analysed below

Classification of financial assets and liabilities as at 31 March 2015 and 2014

	31 March 2015			31 March 2014		
	Derivative £m	Loans and receivables £m	Total £m	Derivative £m	Loans and receivables £m	Total £m
Financial assets						
Cash and cash equivalents	-	43	43	-	247	247
Amounts owed by Group companies	-	359	359	-	300	300
Derivative financial instruments	7	-	7	4	-	4
Other receivables	-	35	35	-	34	34
	7	437	444	4	581	585

	31 March 2015			31 March 2014		
	Derivative £m	Amortised cost £m	Total £m	Derivative £m	Amortised cost £m	Total £m
Financial liabilities						
Borrowings	-	252	252	-	534	534
Accruals	-	6	6	-	21	21
Derivative financial instruments	40	-	40	15	-	15
Amounts owed to Group companies	-	3,077	3,077	-	1,739	1,739
	40	3,335	3,375	15	2,294	2,309

Group tax receivable is not considered to be a financial asset

The fair value of the financial assets and liabilities is not materially different from their book values

20. Principal subsidiaries

An entity is regarded as a subsidiary if the Company has control over its strategic operating and financial policies and intends to hold the investment on a long-term basis for the purpose of securing a contribution to the Group's activities

The Company recognises investments in subsidiaries initially at fair value and subsequent changes in value as a result of impairment are recognised in the income statement

	2014/15 £m	2013/14 £m
As at 1 April	3,682	3,644
Additions	1,972	192
Return on capital in relation to restructuring	(699)	-
Impairment	(18)	(270)
Reversal of impairment	-	116
As at 31 March	4,937	3,682

Additions relate to the re-alignment of the legal entity structure which involved a transfer of investments within the IGHP group. This resulted in a fair value uplift of £1,972m (2013/14 - £192m) and return of capital in relation to restructuring of £699m (2013/14 - £nil) in IGHP's overall investment in subsidiaries

ICAP GROUP HOLDINGS PLC

Notes to the financial statements continued

20. Principal subsidiaries continued

During the year, an impairment charge of £18m (2013/14 - £270m) was recorded in the Company's income statement. These impairments largely resulted from the Group restructuring programme which aligned the trading companies under its operating segments.

The Company has taken advantage of the exemption under section 410 of the Companies Act 2006 by providing information only in relation to subsidiary undertakings whose results or financial position, in the opinion of the directors, principally affect the financial statements. A complete list of subsidiaries and associates will be included in the Company's next annual return and filed with Companies House. The Company's principal subsidiaries, their country of incorporation and the Group's ownership are listed below.

		% held
England	EBS Dealing Resources International Limited	100
	ICAP Energy Limited	100
	ICAP Europe Limited	100
	ICAP Global Derivatives Limited	100
	ICAP Management Services Limited	100
	ICAP Securities Limited	100
	iSwap Limited	50.1
	ICAP Totan Securities Co Limited	60
Japan	Reser Private Limited	100
Singapore	TriOptima AB	100
Sweden	EBS Service Company Limited	100
Switzerland	BrokerTec Americas LLC*	100
United States	EBS Dealing Resources Inc	100
	ICAP Capital Markets LLC	100
	ICAP Corporates LLC	100
	ICAP Energy LLC	100
	ICAP Securities USA LLC	100
	ICAP Services North America LLC	100
	Traiana Inc	86.7

*Due to corporate restructuring the company name was changed from ICAP Electronic Broking LLC on 31 March 2015.

The percentage held represents the percentage of issued ordinary share capital held (all classes) and also represents the voting rights of the Company.

The Group has an economic interest of 40.2% in iSwap Limited, but the investment is classed as a subsidiary because the Group is the largest single shareholder (next largest economic interest is 14.2%). The Group also employs the key management personnel of iSwap Limited.

All companies operate in their country of incorporation. ICAP Energy Limited, ICAP Europe Limited, ICAP Securities Limited, EBS Dealing Resources International Limited, ICAP Securities USA LLC, ICAP Corporates LLC and BrokerTec Americas LLC also operate from branches outside the countries of incorporation.

All subsidiaries are involved in Electronic Markets, Post Trade Risk and Information or Global Broking activities.

ICAP GROUP HOLDINGS PLC

Notes to the financial statements continued

20. Principal subsidiaries continued

UK subsidiaries exempt from audit requirements

The following UK subsidiaries of the Company have taken advantage of the exemption allowed from the requirements for the audit of their individual accounts for the year ended 31 March 2015 under section 479A to section 479C of the Companies Act 2006. The exemption is on the basis of the Company providing a guarantee of those companies' liabilities as at 31 March 2015.

	Registered number	Liabilities as at 31 March 2015 under guaranteed* £
ICAP Holdings (Latin America) Limited	05162008	23,522
ICAP Holdings (Asia Pacific) Limited	05174354	4,756,152
Garban International	01895476	8,640,342
ICAP Shipping International Limited	06173794	45,197,935
ICAP Shipping Limited	02062368	16,111,685
ICAP Shipping Tankers Limited	02774629	2,085,325
ICAP UK Investments No 1	05887529	250,799
ICAP UK Investments No 2	05887539	310,550
ICAP Holdings Limited	06694563	8,835,781
ICAP Holdings (UK) Limited	06505346	63,670
Midhurst Chartering Limited	07817554	262,959
Capital Shipbrokers LLP	OC318682	246,694
Godsell Astley & Pearce (Holdings) Limited	01438662	1,318,218
ICAP Holdings (EMEA) Limited	06694601	672,146
Exco Nominees Limited	02045447	-
Garban-Intercapital US Investments (Holdings) Limited	04157728	-
Garban-Intercapital US Investments (No 1) Limited	04158432	-

*Total liabilities guaranteed of £88,775,778 includes £83,895,124 due to other subsidiaries of ICAP plc (the ultimate parent of IGHP and its subsidiaries) and £4,880,654 due to third parties outside the ICAP plc Group (ICAP plc and its subsidiaries). The above liabilities guaranteed are in addition to the guarantees made by Company as disclosed in note 16.

21. Investment in joint ventures

Investments in joint ventures are recognised using the equity method. Under this method, such investments are initially stated at cost, including attributable goodwill, and are adjusted thereafter for the post-acquisition change in the Group's share of net assets.

Investments in joint ventures are reviewed for indicators of impairment under IAS39 'Financial Instruments: Recognition and Measurement'. Whenever application of IAS39 indicates that an investment may be impaired, the carrying amount of the investment, including attributed goodwill, is tested for impairment as a single asset under IAS36, by comparing the carrying amount with its recoverable amount (the higher of VIU and fair value less costs to sale).

The Group adopted IFRS11 'Joint Arrangements' and IAS28 'Associates and Joint Ventures' for the financial year beginning 1 April 2014. Previously, the Group proportionally consolidated the joint ventures' results and position of its joint ventures under IAS31. The Group determined that as a result of the adoptions of IFRS11 and IAS28 the joint ventures' results will not be proportionately consolidated in the Group financial statements but will be treated under the equity accounting method.

Movements in investments in joint ventures

	2014/15 £m	2013/14 £m (restated)
As at 1 April	6	8
Share of profit for the year	3	2
Dividends received	(1)	(4)
As at 31 March	8	6

ICAP GROUP HOLDINGS PLC

Notes to the financial statements continued

21. Investment in joint ventures continued

Summary financial information of joint ventures

The Group's share of joint ventures' assets, liabilities and profit is given below

	As at 31 March 2015 £m	As at 31 March 2014 £m (restated)
Assets	11	9
Liabilities	(3)	(3)
	Year ended 31 March 2015 £m	Year ended 31 March 2014 £m (restated)
Revenue	9	9
Operating expenses	(5)	(6)
Profit before tax	4	3
Tax	(1)	(1)
Share of profit of joint ventures after tax	3	2

Joint ventures – Group

The Group's joint ventures and their country of incorporation are listed below

		% held	Principal activity
Mexico	SIF ICAP, SA de CV	50.0	Broking
United States	TFS-ICAP LLC	23.0	Broking

All joint ventures have a 31 December year end. The difference in the joint ventures' year ends to the Group's year end is not considered to have a material impact on their results.

22. Investment in associates

Investments in associates are recognised using the equity method. Under this method, such investments are initially stated at cost, including attributable goodwill, and are adjusted thereafter for the post-acquisition change in the Group's share of net assets.

Investments in associates are reviewed for indicators of impairment under IAS39 Financial Instruments: Recognition and Measurement. Whenever application of IAS39 indicates that an investment may be impaired, the carrying amount of the investment, including attributed goodwill, is tested for impairment as a single asset under IAS36, by comparing the carrying amount with its recoverable amount (higher of VIU and fair value less costs to sell).

Movements in interests in associates

	2014/15 £m	2013/14 £m
Cost		
As at 1 April	68	62
Additions	1	14
Share of profit for the year	3	3
Dividends received	(4)	(4)
Exchange adjustments	1	(7)
As at 31 March	69	68
Amortisation and impairment		
As at 1 April	8	8
As at 31 March	8	8
Net book value		
As at 31 March	61	60

ICAP GROUP HOLDINGS PLC

Notes to the financial statements continued

22. Investment in associates continued

Summary financial information for associates

The Group's share of associates' assets, liabilities and profit is given below

	As at 31 March 2015 £m	As at 31 March 2014 £m
Assets	60	55
Liabilities	(25)	(25)
	Year ended 31 March 2015 £m	Year ended 31 March 2014 £m
Revenue	38	28
Operating expenses	(33)	(23)
Profit before tax	5	5
Tax	(2)	(2)
Share of profit of associates after tax	3	3

During the year, the Group sold a 60% stake in First Brokers Securities LLC, a leading interdealer broker in US dollar-denominated corporate debt. The remaining 40% investment has been reclassified as an associate.

As at 31 March 2015, the Group held a 15.4% (2013/14 - 15.2%) equity interest in OpenGamma Inc with the investment classified as an associate. The Group has significant influence through its representation on the board of directors of OpenGamma Inc.

The Group's associates and their country of incorporation are listed below

		% held	Principal activity
England	BSN Capital Partners Limited	25.1	Broking
Hong Kong	Capital Shipbrokers Limited	49.0	Broking
Japan	Totan ICAP Co Limited	40.0	Broking
	Central Totan Securities Co Limited	20.0	Broking
Jersey	Enso LP	39.4	Post Trade Risk and Information
Malaysia	Amanah Butler Malaysia Sdn Bhd	32.1	Broking
Spain	Corretaje e Información Monetaria y de Divisas SA	21.5	Broking
United States	CLS Aggregation Services LLC	42.5	Post Trade Risk and Information
	ICAP Patent Brokerage LLC	49.0	Broking
	First Brokers Securities LLC	40.0	Broking
	OpenGamma Inc	15.4	Post Trade Risk and Information

All share holdings are in ordinary shares except for the investment in Capital Shipbrokers Limited which is a combination of voting and non-voting shares.

BSN Capital Partners Limited, CLS Aggregation Services LLC and OpenGamma Inc have 31 December year ends. The difference in these associates' year ends to the Group's year end is not considered to have a material impact on their results. All other associates have a 31 March year end.

ICAP GROUP HOLDINGS PLC

Notes to the financial statements continued

23. Available-for-sale investments

	2014/15 £m	2013/14 £m (restated)
As at 1 April	16	26
Additions	–	1
Disposals	(2)	(1)
Impairment	(1)	–
Revaluation in the year recognised in other comprehensive income	1	–
Transfer to associates	–	(9)
Exchange adjustments	1	(1)
As at 31 March	15	16

	Year ended 31 March 2015 £m	Year ended 31 March 2014 £m (restated)
Non-current available-for-sale investments		
Held at fair value	1	–
Held at cost less impairment	14	16
Total	15	16

The fair value of £1m (2013/14 – £nil) was determined using level 1 inputs, being the quoted prices of the equity instruments

	Year ended 31 March 2015 £m	Year ended 31 March 2014 £m (restated)
Listed securities		
Equities listed in the US	1	–
Equities listed in the rest of the world	–	1
Total listed securities	1	1
Unlisted securities		
Equity investments	14	14
Other	–	1
Total unlisted securities	14	15
Total available-for-sale investments	15	16

Available-for-sale investments are denominated in the following currencies

Group	Pound sterling £m	Dollar £m	Euro £m	Yen £m	Other currencies £m	Total £m
As at 31 March 2015	7	2	–	4	2	15
As at 31 March 2014 (restated)	7	2	–	5	2	16

ICAP GROUP HOLDINGS PLC

Notes to the financial statements continued

24. Property and equipment

Property and equipment is recognised initially at cost including the original purchase price of the asset and the costs attributable to bringing the asset into its intended use. Property and equipment is subsequently presented at initial cost less accumulated depreciation and any provisions for impairment in its value. It is depreciated on a straight-line basis over its expected useful economic life as follows.

Short leasehold property improvements	Period of lease
Furniture, fixtures and equipment	3 – 5 years

The Group reviews its depreciation rates regularly to take account of any changes in circumstances. These rates are determined on consideration of factors such as the expected rate of technological development and anticipated usage levels.

When a leasehold property becomes surplus to the Group's foreseeable business requirements, a provision is made on a discounted basis for the expected future net cost of the property.

Group	2014/15			2013/14		
	Short leasehold property improvements £m	Furniture, fixtures and equipment £m	Total £m	Short leasehold property improvements £m (restated)	Furniture fixtures and equipment £m (restated)	Total £m (restated)
Cost						
As at 1 April	41	93	134	27	122	149
Additions	–	8	8	1	12	13
Disposals	(6)	(33)	(39)	–	(9)	(9)
Reclassifications	3	(3)	–	16	(19)	(3)
Exchange adjustments	2	9	11	(3)	(13)	(16)
As at 31 March	40	74	114	41	93	134
Accumulated depreciation						
As at 1 April	29	69	98	13	94	107
Charge for the year	3	10	13	3	13	16
Disposals	(6)	(33)	(39)	–	(9)	(9)
Reclassifications	–	–	–	14	(17)	(3)
Exchange adjustments	2	8	10	(1)	(12)	(13)
As at 31 March	28	54	82	29	69	98
Net book value						
As at 31 March	12	20	32	12	24	36

25. Share capital

Ordinary shares are recognised in equity as share capital at their nominal value. The difference between consideration received and the nominal value is recognised in the share premium account.

(a) Issued share capital

	2014/15 £m	2013/14 £m
Allotted and fully paid Ordinary shares of £1 each		
As at 1 April	233	233
Issued during the year	–	–
As at 31 March	233	233

At 31 March 2015 and 2014 there were 233,478,001 shares in issue.

ICAP GROUP HOLDINGS PLC

Notes to the financial statements continued

26. Other reserves

Group	Merger reserve £m	Hedging reserve £m	Revaluation reserve £m	Total other reserves £m
As at 1 April 2014	259	2	46	307
Unrealised (loss)/gain in the year	-	(8)	1	(7)
As at 31 March 2015	259	(6)	47	300

Group	Merger reserve £m	Hedging reserve £m	Revaluation reserve £m	Total other reserves £m
As at 1 April 2013	259	(6)	46	299
Unrealised gain in the year	-	8	-	8
As at 31 March 2014	259	2	46	307

27. Acquisitions

The purchase method of accounting is used to account for the acquisition of subsidiaries by the Group. The cost of acquisition is measured at fair value of the assets given, equity instruments issued and liabilities incurred or assumed at the date of exchange. Identifiable assets acquired and liabilities and contingent liabilities assumed in the business combination are measured initially at their fair values at the acquisition date, irrespective of the extent of any minority interest. The excess of the cost of acquisition over the fair value of the Group's share of the identifiable net assets acquired is recorded as goodwill. If the costs of the acquisition are less than the fair value of the net assets acquired, the difference is recognised directly in the consolidated income statement. Fees associated with an acquisition are expensed as incurred. When the Group increases its investment in an entity resulting in an associate becoming a subsidiary, the intangibles related to the acquisition are valued and the element of those not previously recognised as a share of net assets are recorded as revaluation gains realised in the year in other comprehensive income. A change of ownership that does not result in a loss of control is classified as an equity transaction, with the difference between the amount by which the non-controlling interest is recorded and the fair value of the consideration received recognised directly in equity.

Where the Group has issued a put option over shares held by a non-controlling interest, the Group derecognises the non-controlling interests and instead recognises a contingent deferred consideration liability for the estimated amount likely to be paid to the non-controlling interest on exercise of those options. The residual amount, representing the difference between any consideration paid/payable and the non-controlling interests' share of net assets, is recognised in equity. Movements in the estimated liability after initial recognition are recognised within the consolidated income statement. Where the Group has a call option over shares held by a non-controlling interest, the Group continues to recognise the non-controlling interest until it is certain that the option will be called. At that point the accounting treatment is the same as for a put option.

a) Acquisitions in the year

There were no acquisitions during the year other than those classified as associates (see note 22).

b) Contingent deferred consideration in respect of acquisitions

Included within contingent deferred consideration are amounts which are exercisable at certain dates in the future on put options written over shares held by non-controlling interests where the Group considers it highly likely that these options will be exercised.

At 31 March 2015 a contingent deferred consideration of £4m (2013/14 - £5m) was outstanding.

ICAP GROUP HOLDINGS PLC

Notes to the financial statements continued

28. Currency risk management

The Group uses various financial instruments as hedges to reduce exposure to FX and interest rate movements. These can include forward FX contracts, currency options and cross currency swaps. All derivative financial instruments are initially recognised on the balance sheet at their fair value, adjusted for transaction costs. Where derivative financial instruments do not qualify for hedge accounting, changes in the fair value are recognised immediately in the consolidated income statement, along with transaction costs. Where they do qualify, gains and losses are recognised according to the nature of the hedge relationship and the item being hedged. Hedges are either classified as fair value hedges, cash flow hedges or net investment hedges.

The fair values of the Group's derivative financial instruments are determined using appropriate valuation techniques from observable data, including discounted cash flow analysis, as no active markets with quoted prices exist for the instruments held by the Group.

The method of recognising the movements in the fair value of a derivative depends on whether the instrument has been designated as a hedging instrument and, if so, the nature of the exposure being hedged. To qualify for hedge accounting, the terms of the hedge must be documented clearly at inception and there must be an expectation that the derivative will be highly effective in offsetting changes in the fair value or cash flows attributable to the hedged risk. Hedge effectiveness is tested throughout the life of the hedge and, if at any point it is concluded that the relationship can no longer be expected to remain highly effective in achieving its objective, the accounting for the hedge relationship is terminated.

Fair value hedges derivative financial instruments are classified as fair value hedges when they hedge an exposure to changes in the fair value of a recognised asset or liability that is attributable to a particular risk that could affect the consolidated income statement. The hedging instrument is recorded at fair value on the balance sheet, with changes in its fair value being taken through the consolidated income statement. For periods in which the hedge is shown to be effective, the gain or loss on the hedged item attributable to the hedged risk adjusts the carrying amount of the hedged item and is recognised in the consolidated income statement. The gain or loss relating to the ineffective portion is recognised in the consolidated income statement.

Cash flow hedges derivative financial instruments are classified as cash flow hedges when they hedge the Group's exposure to changes in the cash flows attributable to a particular asset or liability or a highly probable forecast transaction. Gains or losses on designated cash flow hedges are recognised directly in other comprehensive income, to the extent that they are determined to be effective. Any remaining ineffective portion of the gain or loss is recognised immediately in the consolidated income statement. On recognition of the hedged asset or liability, any gains or losses relating to the hedging instrument that had previously been recognised directly in other comprehensive income are included in the initial measurement of the fair value of the asset or liability. When a hedging instrument expires or is sold, or when a hedge no longer meets the criteria for hedge accounting, any cumulative gain or loss in equity remains there and is recognised in the consolidated income statement when the forecast transaction is ultimately recognised. When a forecast transaction is no longer expected to occur, the cumulative gain or loss that was reported in other comprehensive income is transferred immediately to the consolidated income statement.

Net investment hedges changes in the value of foreign-denominated investments due to currency movements are recognised directly in other comprehensive income. The accounting treatment for a net investment hedging instrument, whether it is a derivative financial instrument or a recognised asset or liability on the balance sheet, is consistent with the aforementioned treatment for a cash flow hedge. Gains and losses accumulated in other comprehensive income are included in the consolidated income statement on the ultimate disposal of the foreign-denominated investment. The gain or loss relating to any ineffective portion is recognised in the consolidated income statement.

Group

The Group presents its consolidated financial statements in pound sterling and conducts business in a number of other currencies, principally the dollar and euro. Consequently the Group is exposed to FX risk due to exchange rate movements which affect the Group's transactional revenue and the translation of the earnings and net assets of its non-pound sterling operations.

The principal exchange rates which affect the Group are disclosed in note 2 to the financial statements.

(a) Transactional exposures

The Group's policy is for all subsidiaries to hedge their material non-functional currency transactional exposures through a combination of forward FX contracts and options for up to two years forward. The majority of these exposures relate to dollar and euro sales arising in pound sterling functional currency companies. The Group revised its hedging policy during the year such that, under the revised policy, a minimum of 75% of the forecast exposures are hedged for the first six months, 50% for the following six months and 25% for the next six months.

The Group has contracts in place, designated as cash flow hedges under IAS39 where appropriate, with a total notional value of 62% of its forecast dollar and 64% of its forecast euro transactional exposures for the year to 31 March 2016. These contracts are at average rates of \$1.6124/£ and €1.2655/£ respectively.

ICAP GROUP HOLDINGS PLC

Notes to the financial statements continued

28. Currency risk management continued

Group continued

(b) Balance sheet translational exposures

The Group is exposed to balance sheet translational exposures at the local entity level where the local consolidated balance sheet may contain monetary assets or liabilities denominated in a currency other than the entity's functional currency. Where material, it is the Group's policy to hedge 100% of these exposures using a mix of foreign currency swaps and forward FX contracts.

Balance sheet translational exposures also arise on consolidation as a result of the retranslation of the balance sheet of the Group's non-pound sterling operations, principally dollar and euro, into pound sterling, the Group's presentational currency. The Group's general policy is not to actively manage these exposures, as active management using instruments with a shorter tenure than the underlying net asset can give rise to a net cash outflow. However, from time to time it will use forward FX contracts, cross currency swaps or non-pound sterling denominated borrowings to mitigate these exposures. As at 31 March 2015 the Group has \$235m of forward FX contracts, and €100m of the 2019 five-year senior notes, designated as hedging instruments against the underlying dollar and euro exposures respectively. As at 31 March 2015 these exposures were \$1.5bn (2013/14 - \$1.6bn) and €0.1bn (2013/14 - €0.2bn) including intangible assets arising on consolidation, but before \$0.2bn (2013/14 - \$0.2bn) and €0.1bn (2013/14 - €0.1bn) of hedging.

The Group discloses in note 2 the actual impact and anticipated impact on the Group's 2014/15 operating profit from the movements during the year of the dollar and euro exchange rates in terms of transactional and translational exposures. The table below shows the actual impact on the Group's equity of movements in the dollar and euro exchange rates in terms of transactional and translational exposures. The table below also discloses the anticipated impact on the Group's equity of a 10 cent weakening which the Group considers to be an appropriate sensitivity measure, in the dollar and euro in terms of transactional and translational exposure.

	2014/15			2013/14		
	Dollar £m	Euro £m	Total £m	Dollar £m	Euro £m	Total £m
Actual impact	83	(10)	73	(93)	(8)	(101)
10 cent weakening	(62)	(7)	(69)	(62)	(13)	(75)

(c) Derivative financial instruments

Among other methods, the Group uses derivative financial instruments to implement its FX policy. These include the use of forward FX contracts to hedge a portion of its transactional dollar and euro exposures and cross currency interest rate swaps to hedge the FX and interest rate risks on its senior notes. Where these are designated and documented as cash flow hedges in the context of IAS39 and are demonstrated to be effective, mark-to-market gains and losses are recognised directly in other comprehensive income and transferred to the consolidated income statement on derecognition of the underlying item being hedged. The table below presents the carrying value of the Group's derivative financial instruments.

	As at 31 March 2015		As at 31 March 2014	
	Assets £m	Liabilities £m	Assets £m	Liabilities £m
Forward FX contracts - cash flow hedges	7	(12)	4	(6)
Cross currency swaps - cash flow hedges	-	(28)	-	(10)
Cross currency swaps - fair value hedges	-	-	1	-
Forward FX contracts - net investment hedges	-	-	-	-
	7	(40)	5	(16)

No amounts (2013/14 - £nil) were recognised in the consolidated income statement in the year as a result of ineffective hedges.

Fair value hierarchy for the derivative financial instruments

	As at 31 March 2015			As at 31 March 2014		
	Level 1 £m	Level 2 £m	Level 3 £m	Level 1 £m	Level 2 £m	Level 3 £m
Derivative assets	-	7	-	-	5	-
Derivative liabilities	-	(40)	-	-	(16)	-

In deriving fair value of all derivative instruments as at 31 March 2015, valuation models were used which incorporated observable market data. There were no significant inputs used in the models that were unobservable.

ICAP GROUP HOLDINGS PLC

Notes to the financial statements continued

28. Currency risk management continued

Company

Balance sheet translational exposures

The Company is exposed to balance sheet translational exposures where the balance sheet contains financial assets or liabilities denominated in a currency other than pound sterling. It is the Group's policy to hedge 100% of these exposures at Group level and Company level.

29. Related party transactions

Parent company

The Company's immediate and ultimate parent is ICAP plc, which heads the largest group of companies of which the Company is a member that prepares consolidated financial statements in accordance with IFRS. Copies of the consolidated financial statements of ICAP plc can be obtained from the Company Secretary, ICAP plc, 2 Broadgate London, EC2M 7UR or from the ICAP website at www.icap.com. The Company heads the smallest group of companies which produce consolidated financial statements.

Group

Related party transactions – subsidiaries of ICAP plc

	Year ended 31 March 2015		Year ended 31 March 2014 (restated)	
	Interest charges £m	Management services (received)/provided £m	Interest charges £m	Management services (received)/provided £m
Parent company	(7)	–	(10)	–
Affiliate companies	(17)	(6)	(17)	–

The IGHP Group had the following receivable/(payable) balances with related parties who are members of the ICAP Group

	As at 31 March 2015 £m	As at 31 March 2014 £m (restated)
Parent company	158	119
Affiliate companies	(1,039)	(865)
	(881)	(746)

The majority of the Groups UK companies are party to a netting agreement. All balances are unsecured.

Related party transactions other

(a) IPGL

IPGL is a company controlled by Michael Spencer, the Group Chief Executive Officer of ICAP plc. During the year, a number of transactions took place between IPGL and its subsidiaries and the Group and these are detailed below.

IPGL Limited (IPGL)

The Group collected revenue on behalf of IPGL of £156 (2013/14 – £2,786). During the year, the Group charged IPGL £144 (2013/14 – £841) in respect of employees of the Group who provided services to IPGL and its investments and £nil (2013/14 – £1,727) in respect of other services. As at 31 March 2015, IPGL owed the Group £6,113 (2013/14 – £6,125).

Exotix Holdings Limited (Exotix)

As part of the disposal of Exotix to IPGL in 2007, the Group loaned employees of Exotix Limited, a subsidiary of Exotix, £1.5m to enable them to purchase a shareholding. Interest of £5,069 (2013/14 – £924) has been charged on these loans during the year. The Group collected revenue of £8,439,804 (2013/14 – £6,970,687) on behalf of Exotix and recharged Exotix £230,049 (2013/14 – £255,210) for clearing-related services and £25,063 (2013/14 – £288,435) for other services provided during the year. As at 31 March 2015, there was a balance due to Exotix from the Group of £10,169,250 (2013/14 – £356,119). The Group holds £1.9m (2013/14 – £1.9m) as collateral from Exotix on deposit.

ICAP GROUP HOLDINGS PLC

Notes to the financial statements continued

29. Related party transactions continued

Related party transactions other continued

City Index Limited

During the year the Group has charged FXSolutions (an indirect subsidiary of IPGL) £nil (2013/14 - £15,000) for the provision of FX data from its EBS platform. As at 31 March 2015 there was £nil balance outstanding with the Group (2013/14 - £nil)

(b) TFS-ICAP LLC, TFS-ICAP Australia, TFS-ICAP Japan, TFS-ICAP Limited and TFS-ICAP Singapore

The Group invoices and collects revenue on behalf of TFS-ICAP LLC. During the year the Group invoiced and collected £nil (2013/14 - £90,736) for which it did not receive a fee. During the year the Group recharged the various joint ventures a fee as compensation for overheads and IT support costs as follows: TFS-ICAP LLC - £nil (2013/14 - £123,527), TFS-ICAP Limited - £11,247 (2013/14 - £25,475). As at 31 March 2015 the outstanding balance from all the joint ventures to the Group was £533,494 (2013/14 - £1,175,713 due from the Group)

(c) BSN Capital Partners Limited (BSN)

The Group provides BSN, an associate undertaking, with office space and facility services. During the year, the Group charged BSN £74,268 (2013/14 - £144,627) for these services. The Group also has a preferred brokerage agreement with BSN and has recognised revenue of £87,657 (2013/14 - £188,257) during the year. As at 31 March 2015 the outstanding balance was £497,824 (2013/14 - £385,822)

(d) Capital Shipbrokers Limited

The Group collected revenue on behalf of Capital Shipbrokers Limited, an associate based in Hong Kong, of £6,542 (2013/14 - £2,024,346). The Group also recharged Capital Shipbrokers Limited £2,642 (2013/14 - £143,649) for overheads and wrote off bad debt provisions of £309,023. The total outstanding balance due to the Group was £808,123 (2013/14 - £1,028,590 due from the Group)

(e) CLS Aggregation Services LLC (CLSAS)

The Group recharged CLSAS, an associate company, £4,410,083 (2013/14 - £3,796,920) as compensation for technical services during the year. As at 31 March 2015 the total outstanding balance due to the Group was £459,588 (2013/14 - £712,917). The Group received £4,322,394 (2013/14 - £6,313,049) from CLSAS during the year.

(f) First Brokers Securities LLC

The Group recharged First Brokers Securities LLC, an associate company since February 2015, £424,835 (2013/14 - £nil) for overheads and recharges during the year. As at 31 March 2015, the outstanding balance due to the Group was £461,638 (2013/14 - £nil)

(g) ICAP Patent Brokerage LLC

The Group recharged ICAP Patent Brokerage LLC, an associate company, £452 for overheads and recharges during the year. During the year, the Group loaned ICAP Patent Brokerage LLC £726,338 (2013/14 - £1,138,146). As at 31 March 2015, the outstanding balance due to the Group was £2,004,064 (2013/14 - £1,138,146)

Related party transactions are made on an arm's length basis

Key management personnel

The directors of the Company are considered solely the key management personnel of the Company. During the year, key management personnel of the Company received remuneration of £3.9m (2013/14 - £2.7m) relating to services performed in relation to the Group. Total compensation paid during the year to the highest earning director of the Company was £1.2m (2013/14 - £1.4m)

The key management personnel of the ICAP Group are the GEMG, whose services also relate to the Group. The aggregate remuneration for the key management for 2014/15 was £15m (2013/14 - £10m)

Company

During the year the Company entered into the following transactions with subsidiaries

	Year ended 31 March 2015 £m	Year ended 31 March 2014 £m
Management services expenses	34	17
Net interest from related parties	40	31

Amounts owed to the Company from subsidiaries are disclosed in note 17 and amounts owed by the Company to subsidiaries are disclosed in note 18

ICAP GROUP HOLDINGS PLC

Notes to the financial statements continued

30. Events after the balance sheet date

On 1 April 2015 the ICAP plc Group confirmed the details of the transaction to dispose of its shipbroking businesses to Howe Robinson Group Pte Limited for a 35% equity stake in the resulting combined group business

ICAP GROUP HOLDINGS PLC

Other information

Definitions and glossary

Acquisition and disposal costs	as defined in the ICAP plc 2015 Annual report, Basis of Preparation section
CCP	central counterparty
CDS	credit default swap
CFTC	US Commodity Futures Trading Commission
Companies Act	Companies Act 2006 (as amended)
CRD	Capital Requirements Directive
dollar or \$	unless otherwise specified all references to dollars or \$ symbol are to the currency of the US
EBS	EBS Group Limited and its subsidiaries
FCA	Financial Conduct Authority a successor to the Financial Services Authority
FICC	Fixed Income Clearing Corporation
Fitch	Fitch Ratings Limited
GEMG	Global Executive Management Group, of the ICAP plc Group
GFC	Global Finance Committee of the ICAP plc Group
ICAAP	Internal Capital Adequacy Assessment Process
IFRS	International Financial Reporting Standards
Libor	London Interbank Offered Rate
Moody's	Moody's Investors Services
NSCC	National Securities Clearing Corporation
OTC	over-the-counter markets in which instruments are traded directly between participants by telephone and/or electronically rather than via an exchange
Reset	Reset Private Limited
RCF	revolving credit facility
SEF	swap execution facility
SEC	Securities and Exchange Commission, a US regulator
Tibor	Tokyo Interbank Offered Rate
Traiana	Traiana Inc and subsidiaries
TriOptima	TriOptima AB and its subsidiaries

