

Company Number 05162008

TP ICAP Latin America Holdings Limited

Annual Report and Financial Statements - 31 December 2021



STRATEGIC REPORT FOR THE YEAR ENDED 31 DECEMBER 2021

The Directors present their Annual Report and the audited financial statements of TP ICAP Latin America Holdings Limited (formerly ICAP Holdings (Latin America) Limited) (the "Company") for the year ended 31 December 2021.

BUSINESS REVIEW AND FUTURE DEVELOPMENTS

The Company is a private limited company, incorporated in England and Wales, and is a wholly owned subsidiary within the TP ICAP Group plc (the "Group").

The principal activity of the Company is to act as a holding company within the Group. The Company received dividend income of £26,501,983 (2020: £12,803,897). The Company did not acquire any new investments in 2021 (2020: £107,724,674) as detailed in Notes 10, 11 and 12. The Directors consider that the year end financial position was satisfactory and do not anticipate any changes to the principal activities.

RESULTS

The results of the Company are set out in the Statement of profit and loss on page 8.

Profit after tax for the financial year of £26,188,000 (2020: £12,995,000) has been transferred to Retained profits.

The Net assets of the Company are £329,042,000 (2020: £315,252,000).

PRINCIPAL RISKS AND UNCERTAINTIES

The key risks in the Company's day to-day operations can be categorised as Market, Credit, Operational, Liquidity, Strategic and business risk.

Market risk is the vulnerability of the Company to movements in foreign exchange and interest rates.

Credit risk is the risk of financial loss to the Company in the event of non-performance by a client or counterparty with respect to its contractual obligations to the Company.

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

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

Strategic and business risk is the risk that the Company's ability to do business might be damaged through its failure to adapt to changing market dynamics and customer requirements.

Management have the day-to-day responsibility for ensuring that the Company operates in accordance with the Enterprise Risk Management Framework. The Group has approved policies and procedures to manage key risks. Further details of the Enterprise Risk Management Framework are outlined in the Group's Annual Report, which does not form part of this report.

The global economy has shown recent signs of recovery from the ongoing impact of the COVID-19 pandemic, with governments deploying vaccine programmes and fiscal policy support from around the world. The Company has successfully implemented its Business Continuity Planning strategies to operate on a business as usual basis. This includes remote working measures in compliance with local government mandates, safeguarding employee wellbeing and providing continuing services to our clients.

In February 2022, the UK, EU and United States imposed sanctions against certain Russian individuals, entities and their subsidiaries. As a result, all trading activities with sanctioned clients were ceased. The Company will continue to monitor Russian exposures, and execute any relevant mitigating actions as necessary.

SECTION 172(1) STATEMENT

The Directors provide this statement describing how they have had regard to the matters set out in Section 172(1) of the Companies Act 2006, when performing their duty to promote the success of the Company. Further details on Group's engagement with our key and other stakeholders, as well as how we promote the success of the Group are also contained in the Group Corporate Governance Report in the Group's Annual Report and Accounts. This statement also provides details of how the Directors have engaged with and had regard to the interests of our key stakeholders.

Our stakeholders

The Company believes that engagement with our shareholders and wider stakeholder groups plays a vital role throughout the business. During 2021, we maintained our focus on engagement with stakeholders as well as increasing our attention on environment, social and governance ("ESG") matters. During the year, the Company reviewed its risk and governance framework with the adoption of a revised Group Governance Manual, including an EMEA specific Governance Framework. This revised framework has reinforced Section 172 oversight by further clarifying divisions of responsibilities within the Group. The structure and format of Company and Committee papers ensure that Section 172(1) considerations are considered in Board discussion and decision making.

Shareholders

The Directors believe that engagement with our shareholders is of key importance to the business. During the year, the Directors considered, and where applicable, approved and paid dividends as appropriate to its shareholders, having considered the impact of a distribution on the long-term prospects of the business. At Group level, a tailored engagement approach is undertaken with the Group's shareholders. Details of the approach taken with the Group's shareholders are included in the Group Annual Report which does not form part of this report.

Environment and Community

The Directors are aware of society's increasing focus on ESG and are committed to operating responsibly and sustainably for the benefit of all stakeholders (including our clients, colleagues, suppliers, and communities) whilst delivering value for our shareholders. Throughout 2021 the Group Board monitored the development and launch of a new Sustainability Strategy, by which the Group aims to be known as the "Broker for the Transition" – the transition to a sustainable future with a more socially inclusive and low-carbon economy. As the Broker for the Transition, we aim to avoid harm, benefit stakeholders, and contribute to solutions. Further details of the Group's Sustainability Strategy and ESG performance can be found in the Group Annual Report which does not form part of this report.

KEY PERFORMANCE INDICATORS

The Company's return on assets, calculated as net profit divided by net assets, is 8.0% (2020: 4.1%). This is in line with management expectations.

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

This report has been approved by the Board of Directors and signed by order of the Board.



C Pezeu
Director

11 May 2022
Company Number: 05162008

DIRECTORS REPORT FOR THE YEAR ENDED 31 DECEMBER 2021

PRINCIPAL ACTIVITIES

The principal activities of the Company are to act as a holding company within the Group. It is anticipated that the Company will continue its present business activities for the foreseeable future.

The Company is incorporated in the United Kingdom and domiciled in England and Wales. The Company is a private company limited by shares. The registered office is 135 Bishopsgate, London, EC2M 3TP.

BUSINESS REVIEW AND FUTURE DEVELOPMENTS

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

PRINCIPAL RISKS AND UNCERTAINTIES

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

GOING CONCERN

The Directors have a reasonable expectation that the Company has adequate resources to continue in operational existence for the foreseeable future being at least the twelve months from the date of approval of the financial statements. Thus, they continue to adopt the going concern basis in preparing the financial statements. Further detail regarding the adoption of the going concern basis, which includes consideration of the ongoing impact of COVID-19 and the Russia-Ukraine conflict, is detailed in Note 1, General information and principal accounting policies.

DIVIDENDS

During the year ended 31 December 2021 the Directors declared and paid dividends on the ordinary shares of £12,397,809 (2020: £Nil). No further dividends have been proposed up to the date of signing.

DIRECTORS

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

R Cordeschi (Resigned on 15 November 2021)
A Chen (Resigned on 15 November 2021)
S Bernardo (Appointed on 15 November 2021)
D Dempsey (Appointed on 15 November 2021)
C Pezeu (Appointed on 15 November 2021)

DIRECTOR'S INDEMNITIES

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

SECTION 172(1) STATEMENT

The Company has prepared a statement in compliance with Section 172(1) of the Companies Act 2006. Details of this statement can be found in the Strategic Report on page 2.

ENVIRONMENTAL POLICY

The Group has a responsibility to help protect the environment and respond to the global climate crisis. This means minimising the environmental impact of our operations.

Responsibility for environmental matters rests with the Board, and is included in its terms of reference. The Chief Executive Officer is the Board member responsible for corporate social responsibility across the Group. These policies and practices are outlined in TP ICAP Group plc Annual Report, which does not form part of this report.

POLITICAL CONTRIBUTIONS

There were no political contributions made by the Company during the year (2020: £Nil).

POST BALANCE SHEET EVENTS

There have been no post balance sheet events from 31 December 2021 up to the date of signing which require separate disclosure.

INDEPENDENT AUDITOR

The Company's incumbent auditor, Shipleys LLP, have indicated their willingness to continue in office and, in the absence of an Annual General Meeting, are deemed reappointed in the next financial year.

PROVISION OF INFORMATION TO THE AUDITOR

So far as each person who was a Director at the date of approving this report is aware, there is no relevant audit information, being information needed by the auditor in connection with preparing its report, of which the auditor is unaware. Having made enquiries of fellow Directors and the Company's auditor, each Director has taken all the steps that they are obliged to take as a Director in order to make themselves aware of any relevant audit information and to establish that the auditor is aware of that information.

This confirmation is given and should be interpreted in accordance with the provisions of section 418 of the Companies Act 2006.

DIRECTORS RESPONSIBILITIES STATEMENT

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

The Directors confirm they have complied with all the above requirements in preparing the financial statements.

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

Legislation in the United Kingdom governing the preparation and dissemination of financial statements may differ from legislation in other jurisdictions.

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

Approved by the Board and signed on its behalf by:



C Pezeu
Director

11 May 2022
Company Number: 05162008

TP ICAP Latin America Holdings Limited
Independent auditor's report to the members of TP ICAP Latin America Holdings Limited
31 December 2021

Opinion on the financial statements

In our opinion:

- the financial statements give a true and fair view of the state of the Company's affairs as at 31 December 2021 and of its profit for the year then ended;
- the financial statements have been properly prepared in accordance with United Kingdom Generally Accepted Accounting Practice; and
- the financial statements have been prepared in accordance with the requirements of the Companies Act 2006.

We have audited the financial statements of TP ICAP Latin America Holdings Limited (the 'Company') for the year ended 31 December 2021 which comprise the statement of comprehensive income, the statement of changes in equity, the statement of financial position and notes to the financial statements, including a summary of significant accounting policies. The financial reporting framework that has been applied in their preparation is applicable law and United Kingdom Accounting Standards, including Financial Reporting Standard 101 Reduced Disclosure Framework (United Kingdom Generally Accepted Accounting Practice).

Basis for opinion

We conducted our audit in accordance with International Standards on Auditing (UK) (ISAs (UK)) and applicable law. Our responsibilities under those standards are further described in the Auditor's responsibilities for the audit of the financial statements section of our report. We believe that the audit evidence we have obtained is sufficient and appropriate to provide a basis for our opinion.

Independence

We are independent of the Company in accordance with the ethical requirements that are relevant to our audit of the financial statements in the UK, including the FRC's Ethical Standard, and we have fulfilled our other ethical responsibilities in accordance with these requirements.

Conclusions relating to going concern

In auditing the financial statements, we have concluded that the Directors' use of the going concern basis of accounting in the preparation of the financial statements is appropriate.

Based on the work we have performed, we have not identified any material uncertainties relating to events or conditions that, individually or collectively, may cast significant doubt on the Company's ability to continue as a going concern for a period of at least twelve months from when the financial statements are authorised for issue.

Our responsibilities and the responsibilities of the Directors with respect to going concern are described in the relevant sections of this report.

Other information

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

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

We have nothing to report in this regard.

TP ICAP Latin America Holdings Limited
Independent auditor's report to the members of TP ICAP Latin America Holdings Limited
31 December 2021

Other Companies Act 2006 reporting

In our opinion, based on the work undertaken in the course of the audit:

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

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

We have nothing to report in respect of the following matters in relation to which the Companies Act 2006 requires us to report to you if, in our opinion:

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

Responsibilities of Directors

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

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

Auditor's responsibilities for the audit of the financial statements

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

Extent to which the audit was capable of detecting irregularities, including fraud

Irregularities, including fraud, are instances of non-compliance with laws and regulations. We design procedures in line with our responsibilities, outlined above, to detect material misstatements in respect of irregularities, including fraud. The extent to which our procedures are capable of detecting irregularities, including fraud is detailed below:

In identifying and assessing risks of material misstatement in respect of irregularities, including fraud and non-compliance with laws and regulations, our procedures included the following:

TP ICAP Latin America Holdings Limited

Independent auditor's report to the members of TP ICAP Latin America Holdings Limited
31 December 2021

Auditor's responsibilities for the audit of the financial statements (continued)

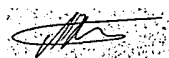
- We obtained an understanding of the legal and regulatory framework applicable to the Company and the industry in which it operates. We considered the significant laws and regulations to be the Companies Act 2006, tax legislation, the financial reporting framework, applicable mining laws and environmental legislation.
- We assessed the susceptibility of the Company's financial statements to material misstatement, including how fraud might occur by discussing among the engagement team where fraud might occur in the financial statements and any potential indicators of fraud;
- Holding discussions with management to consider any known or suspected instances of non-compliance with laws and regulations or fraud;
- Understanding how the Company is complying with those legal and regulatory frameworks by making enquiries of management, reviewing Board minutes and reports received from legal counsel;
- In addressing risk of management override of controls, we performed testing of journal entries to the financial statements, including verification of journals which we consider exhibit higher fraud risk characteristics based on our understanding of the group. As part of our testing of management override of controls we performed procedures on accounts subject to greater management estimate and judgement including the recognition of revenue and the carrying values of investment in subsidiaries.

Our audit procedures were designed to respond to risks of material misstatement in the financial statements, recognising that the risk of not detecting a material misstatement due to fraud is higher than the risk of not detecting one resulting from error, as fraud may involve deliberate concealment by, for example, forgery, misrepresentations or through collusion. There are inherent limitations in the audit procedures performed and the further removed non-compliance with laws and regulations is from the events and transactions reflected in the financial statements, the less likely we are to become aware of it.

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

Use of our report

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



Robert Wood (Senior Statutory Auditor)
For and on behalf of Shipleys LLP, Statutory Auditor
10 Orange Street

London, UK
WC2H 7DQ

Date 11/5/2022

Shipleys LLP is a limited liability partnership registered in England and Wales (with registered number OC317129)

TP ICAP Latin America Holdings Limited
Statement of profit or loss
For the year ended 31 December 2021

	Note	Year ended 31 Dec 2021 £'000	Year ended 31 Dec 2020 £'000
Other operating income	3	54	-
Expenses			
Administrative expenses	4	<u>(355)</u>	<u>(79)</u>
Operating loss		(301)	(79)
Interest receivable and similar income	6	113	364
Interest payable and similar expenses	7	(5)	(30)
Dividends received	8	<u>26,502</u>	<u>12,804</u>
Profit before income tax		26,309	13,059
Income tax	9	<u>(121)</u>	<u>(64)</u>
Profit after income tax for the year		<u><u>26,188</u></u>	<u><u>12,995</u></u>

The profit for the current and prior year is derived solely from continuing operations.

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

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

TP ICAP Latin America Holdings Limited
Balance sheet
As at 31 December 2021

	Note	As at 31 Dec 2021 £'000	As at 31 Dec 2020 £'000
Assets			
Non-current assets			
Investment in subsidiaries	10	408,705	408,705
Investment in associate	11	820	820
Other investments	12	51	51
Total non-current assets		<u>409,576</u>	<u>409,576</u>
Current assets			
Debtors	13	15,989	16,088
Cash and cash equivalents	14	144	37
Total current assets		<u>16,133</u>	<u>16,125</u>
Total assets		<u>425,709</u>	<u>425,701</u>
Liabilities			
Current liabilities			
Creditors	15	96,640	110,383
Tax payable	9	27	66
Total current liabilities		<u>96,667</u>	<u>110,449</u>
Total liabilities		<u>96,667</u>	<u>110,449</u>
Net assets		<u>329,042</u>	<u>315,252</u>
Equity			
Retained profits		<u>329,042</u>	<u>315,252</u>
Total equity		<u>329,042</u>	<u>315,252</u>

The financial statements on pages 8 to 19 were approved and authorised for issue by the Board of Directors on 11 May 2022 and were signed on its behalf by:



C Pezeu
Director

11 May 2022
Company Number: 05162008

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

TP ICAP Latin America Holdings Limited
Statement of changes in equity
For the year ended 31 December 2021

	Issued capital £'000	Share Premium £'000	Retained profits £'000	Total equity £'000
Balance at 1 January 2020	-	318,079	(15,822)	302,257
Profit after income tax for the year	-	-	12,995	12,995
Other comprehensive income for the year, net of tax	-	-	-	-
Total comprehensive income for the year	-	-	12,995	12,995
Share capital reduction (Note 16)	-	(318,079)	318,079	-
Balance at 31 December 2020	-	-	315,252	315,252
	Issued capital £'000	Share Premium £'000	Retained profits £'000	Total equity £'000
Balance at 1 January 2021	-	-	315,252	315,252
Profit after income tax for the year	-	-	26,188	26,188
Other comprehensive income for the year, net of tax	-	-	-	-
Total comprehensive income for the year	-	-	26,188	26,188
Dividends paid	-	-	(12,398)	(12,398)
Balance at 31 December 2021	-	-	329,042	329,042

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

TP ICAP Latin America Holdings Limited
Notes to the financial statements
31 December 2021

Note 1. General information and principal accounting policies

General information

The Company is incorporated in the United Kingdom and domiciled in England and Wales. The Company is a private company limited by shares. The registered office is 135 Bishopsgate, London, EC2M 3TP.

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

Going concern

After consideration of the Company's business review and the risks and uncertainties; including the risks related to the ongoing pandemic and the Russia-Ukraine conflict as set out in the Strategic Report, and having considered the Company's forecasts including the liquidity and capital, the Directors have a reasonable expectation that the Company will have adequate resources to continue in operational existence for the foreseeable future, being at least the twelve months from the date of approval of the financial statements. Accordingly, the going concern basis continues to be used in preparing these financial statements.

Basis of preparation

The financial statements of the Company have been prepared in accordance with FRS 101 "Reduced Disclosure Framework" and the Companies Act 2006. As permitted, the Company has taken advantage of disclosure exemptions, including: Statement of cash flows, disclosure of new accounting standards not yet mandatory, presentation of comparative information for tangible and intangible fixed assets, key management compensation, related party transactions between wholly owned group companies and share-based payments. Where relevant, equivalent disclosures have been given in the Group financial statements of TP ICAP Group plc. Items which are of a non-recurring nature and material, when considering both size and nature, are disclosed separately to give a clearer presentation of the Company's results.

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

The Company's ultimate parent and controlling party is TP ICAP Group plc (incorporated in Jersey).

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

Historic cost convention

The financial statements have been prepared under the historical cost convention, as modified by financial instruments recognised at fair value.

Interest receivable and similar income

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

Interest payable and similar expenses

Interest expenditure is recognised as interest and accrues using the applicable effective interest method. Finance costs directly attributable to Tangible assets are capitalised as part of the asset. This is a method of calculating the amortised cost of a financial liability and allocating the interest expense over the relevant period using the effective interest rate, which is the rate that exactly discounts estimated future cash receipts through the expected life of the financial liability to the net carrying amount of the financial liability. All other finance costs are expensed in the period in which they are incurred.

Dividends received

Dividend income is recognised upon declaration or when it becomes receivable.

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

Tax

Tax on the profit or loss for the financial year comprises both current and deferred tax as well as any adjustment in respect of prior years. Tax is charged or credited to the Statement of profit or loss, except when it relates to items charged or credited directly to equity, in which case the current and deferred tax is also recorded within equity. Current tax is the expected tax payable on the taxable income for the year, using tax rates enacted, or substantially enacted by the balance sheet date.

Calculations of current and deferred tax liability are 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 initially recorded, such differences will impact the current and deferred tax amounts in the year in which a reassessment of the liability is made.

Deferred Tax

Deferred tax is recognised using the liability method, in respect of all temporary differences between the carrying value of assets and liabilities for reporting purposes and the tax bases of the assets and liabilities. Deferred tax is calculated at the rate of tax expected to apply when the liability is settled or the asset is realised. A deferred tax asset is recognised only to the extent that it is probable that future taxable profits will be available against which the asset can be utilised.

Dividends paid

Dividends are recognised as deductions from Retained profits in the period in which they are paid.

Foreign currencies

Transactions denominated in foreign currencies are translated into functional currency at the rates of exchange prevailing on the date of each transaction. At each balance sheet date, monetary assets and liabilities denominated in foreign currency are retranslated at rates prevailing on the balance sheet date. Exchange differences are taken to the Statement of profit or loss. Non-monetary assets and liabilities carried at fair value denominated in foreign currency are translated at the rates prevailing at the date when the fair value was determined.

Cash and cash equivalents

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

Debtors

Debtors are recognised at amortised cost less expected credit loss provision. All provisions are recorded within Administrative expenses in the Statement of profit or loss.

Investment in subsidiaries

Investments comprise equity shareholdings. These investments are recorded at historic cost less provision for any impairment in their values. A subsidiary is an entity over which the Company has control. Control exists where the Company has the power to govern the financial and operating policies of an entity so as to obtain benefit from its activities.

Investment in associates

Investments comprise equity shareholdings. These investments are recorded at historical cost less provision for any impairment in their values. An associate is an entity in which the Company has an interest and, in the opinion of the Directors, can exercise significant influence, but not 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 Company's activities. Significant influence will generally exist where the Company holds more than 20% and less than 50% of the shareholders' voting rights.

Impairment in subsidiaries and associates

An impairment review is undertaken at each balance sheet date or when events or changes in circumstances indicate that an impairment loss may have occurred. An impairment loss is recognised for the amount by which the asset's carrying amount exceeds its recoverable amount. The recoverable amount is the higher of an asset's fair value less costs of disposal and its value in use. For non-financial assets, Fair value is measured using the assumptions that market participants would use when pricing the asset or liability, assuming they act in their economic best interests. Valuation techniques that are appropriate in the circumstances and for which sufficient data are available to measure fair value, are used, maximising the use of relevant observable inputs and minimising the use of unobservable inputs.

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

Financial instruments

The Company has applied IFRS 9 in valuing its financial instruments. The Company had no hedging relationships as at this date or during the current reporting period. Classification of financial assets is based both on the business model within which the asset is held and the contractual cash flow characteristics of the asset. There exist three principal classification categories for financial assets that are debt instruments:

- (i) fair value through other comprehensive income 'FVOCI',
- (ii) fair value through profit or loss 'FVTPL' and
- (iii) amortised cost.

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

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

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

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

Impairment of financial assets

IFRS 9 applies the Expected Credit Loss ("ECL") model to financial assets measured at amortised cost and debt instruments at FVOCI, but not to investments in equity instruments.

The financial assets at amortised cost consist of Trade and other debtors, Cash and cash equivalents and other Intercompany debtors. ECL of Trade and other debtors and Cash and cash equivalents is calculated using simplified method (lifetime ECL) while Intercompany debtors adopt the general approach (12 month ECL).

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

- 12-month ECLs: that result from expected default events within 12 months of the reporting date; and
- lifetime ECLs: that result from all default events anticipated during the expected life of a financial instrument.

The Company measures loss allowances at an amount equal to lifetime ECLs. The only exception is Cash and cash equivalents and Intercompany positions for which credit risk has not increased significantly since initial recognition, which is measured as 12-month ECLs. The Company has elected to measure loss allowances for Debtors at an amount equal to lifetime ECLs. When determining whether the credit risk of a financial asset has increased significantly since initial recognition and when estimating ECLs, the Company considers reasonable and supportable information that is relevant and available without undue cost or effort. This includes both quantitative and qualitative information and analysis, based on the Company's historical experience and informed credit assessment and including forward-looking information. The Company assumes that the credit risk on a financial asset has increased significantly if it is more than 30 days past due.

The Company considers a financial asset to be in default when:

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

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

Measurement of Expected Credit Loss ("ECL")

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

Credit-impaired financial assets

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

Write-off Policy

The Company writes off a financial asset when there is information indicating that the debtor is in severe financial difficulty and there is no realistic prospect of recovery. Financial assets written off may still be subject to enforcement activities, taking into account legal advice where appropriate. Any recoveries made are recognised in profit or loss.

Intercompany current accounts

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

Intercompany loan

Intercompany loans are initially recognised at the fair value of the consideration received, net of transaction costs. They are subsequently measured at amortised cost using the effective interest method. Where there is an unconditional right to defer settlement of the liability for at least 12 months after the reporting date, the loans or borrowings are classified as non-current.

Share Premium:

Represents the value of the proceeds above nominal issue to the Company's share capital.

Retained Profits

Represents the accumulated retained profits of the Company

New and revised IFRS in issue and mandatorily effective during the year

Management have reviewed the new and revised IFRS in issue and mandatorily effective during the year. These standards have not had a material impact on the financial statements of the Company in the period of initial application.

New and revised IFRS in issue but not yet effective

Management have reviewed the new and revised IFRS in issue but not yet effective and anticipates these standards will have no material impact on the financial statements of the Company in the period of initial application.

Note 2. Key accounting judgements and sources of estimation uncertainty

The preparation of the financial statements requires management to make judgements, estimates and assumptions that affect the reported amounts in the financial statements. Management continually evaluates its judgements, estimates and assumptions in relation to assets, liabilities, contingent liabilities, revenue and expenses. Management bases its judgments, estimates and assumptions on historical experience and on other various factors, including expectations of future events that management believes to be reasonable under the circumstances. IFRS 9 requires the Directors to make an estimate of Expected Credit Loss (ECL), the approach being as set out in note 1. Management considers whether the investments are impaired based on the underlying assets of the investment. Apart from these, there are no further critical accounting judgements, estimates or assumptions and there are no other sources of estimation uncertainty that are likely to affect the current or future financial years.

Note 3. Other operating income

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

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Note 4. Administrative expenses

	Year ended 31 Dec 2021 £'000	Year ended 31 Dec 2020 £'000
Legal fees	355	-
Movement in expected credit loss provision	-	79
	<u>355</u>	<u>79</u>

Fees paid to the Company's auditor, Shipleys LLP, and its associates for services other than the statutory audit of the Company are not disclosed in the Company's financial statements since the consolidated financial statements of its ultimate parent and controlling party as at year end, TP ICAP Group plc, included these fees on a consolidated basis.

Fees payable for the audit of the financial statements were £7,000 (2020: £12,911).

Note 5. Directors remuneration

No fees were paid to the Directors or key management personnel in respect of services to the Company during the year (2020: £Nil).

Note 6. Interest receivable and similar income

	Year ended 31 Dec 2021 £'000	Year ended 31 Dec 2020 £'000
Group related company loan	<u>113</u>	<u>364</u>

Note 7. Interest payable and similar expenses

	Year ended 31 Dec 2021 £'000	Year ended 31 Dec 2020 £'000
Group related company loan	<u>5</u>	<u>30</u>

Note 8. Dividends received

	Year ended 31 Dec 2021 £'000	Year ended 31 Dec 2020 £'000
Dividend income from Subsidiaries	<u>26,502</u>	<u>12,804</u>

TP ICAP Latin America Holdings Limited
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Note 9. Income tax

Analysis of charge for the year:

	Year ended 31 Dec 2021 £'000	Year ended 31 Dec 2020 £'000
Current tax		
UK Corporation tax – current year	(36)	64
Overseas tax	157	-
	<u>121</u>	<u>64</u>
Aggregate income tax		
	<u>121</u>	<u>64</u>
Numerical reconciliation of income tax and tax at the statutory rate		
Profit before income tax	26,309	13,059
Tax at the statutory tax rate of 19%	4,999	2,481
Expenses not deductible for tax purposes	-	15
Non taxable dividends	(5,035)	(2,432)
Overseas tax	157	-
	<u>121</u>	<u>64</u>
Income tax		
	<u>121</u>	<u>64</u>
Effective tax rate	0.46%	0.50%

In the UK, legislation to reduce the corporation tax rate from 20% to 19% from 1 April 2017 and from 19% to 17% from 1 April 2020 was previously enacted. The government subsequently announced that the reduction to 17% would not go ahead, which was enacted accordingly. As at 31 December 2020, UK deferred tax was therefore expected to unwind at a rate of 19%. On 3 March 2021, the UK Government announced a proposed increase in the rate of corporation tax from 19% to 25%, effective from 1 April 2023. The effect of the proposed increase to 25% is not expected to have a material impact on the deferred tax position of the company.

	As at 31 Dec 2021 £'000	As at 31 Dec 2020 £'000
Provision for income tax	<u>27</u>	<u>66</u>

Note 10. Non-current assets - Investment in subsidiaries

	As at 31 Dec 2021 £'000	As at 31 Dec 2020 £'000
As at beginning of the year	408,705	301,851
Additions	-	106,854
	<u>408,705</u>	<u>408,705</u>

During the prior year, the Company acquired 100% equity stake in Tullett Prebon Latin America Holdings Limited for £8,752,685, Cleverpride Limited for £97,453,223 and ICAP Ecuador SA for £647,623.

The Directors believe that the carrying value of the investments is supported by their underlying net assets. The investments in subsidiary undertakings are stated at cost less impairment.

As 31 December 2021, the Company held a principal investment in the following companies:

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Note 10. Non-current assets - Investment in subsidiaries (continued)

Company	Registered Address	Country of incorporation	Percentage held of ordinary share capital
ICAP Latin America Holdings B.V.	Coengebouw – Suite 8.02, Kabelweg 37, Amsterdam, 1014 BA, Netherland	Netherlands	100%
ICAP Global Broking Finance Limited	135 Bishopsgate, London, EC2M 3TP	England & Wales	100%
Tullett Prebon Latin America Holdings Limited	135 Bishopsgate, London, EC2M 3TP	England & Wales	100%
Cleverpride Limited	135 Bishopsgate, London, EC2M 3TP	England & Wales	100%
ICAP del Ecuador SA	Eloy Alfaro 2515 y Catalina Aldáz, N34-189, Quito, Ecuador	Ecuador	100%

Note 11. Non-current assets - Investment in associate

	As at 31 Dec 2021 £'000	As at 31 Dec 2020 £'000
As at beginning of the year	820	-
Additions	-	820
	820	820

During the prior year, the Company acquired 48.78% equity stake in Tullett Prebon Canada Limited for £820,142.

As 31 December 2021, the Company held a principal investment in the following company:

Company	Registered Address	Country of incorporation	Percentage held of ordinary share capital
Tullett Prebon Canada Limited	1 Toronto Street, Suite 308, PO Box 20, Toronto, Ontario, M5C 2V6, Canada	Canada	48.78%

Note 12. Non-current assets - Other investments

	As at 31 Dec 2021 £'000	As at 31 Dec 2020 £'000
As at beginning of the year	51	-
Additions	-	51
	51	51

During the prior year, the Company acquired 0.66% equity stake in ICAP Colombia Holdings S.A.S. for £51,000 and a 0.0003% equity stake in SET-ICAP Securities S.A. for £1.

As 31 December 2021, the Company held a principal investment in the following companies:

TP ICAP Latin America Holdings Limited
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Note 12. Non-current assets - Other investments (continued)

Company	Registered Address	Country of incorporation	Percentage held of ordinary share capital
ICAP Colombia Holdings S.A.S.	Km 33 Via Sopo Aposentos C-64 Municipio Sopó, Cundinamarca, Colombia	Colombia	0.66%
SET-ICAP Securities S.A.	Carrera 11 No. 93-46-Oficina 403, Bogotá, Colombia	Colombia	0.0003%

Note 13. Current assets - Debtors

	As at 31 Dec 2021 £'000	As at 31 Dec 2020 £'000
Loans owed by Group related companies	6,426	13,670
Amounts owed by Group related companies	9,643	2,499
Expected credit loss	(80)	(81)
	<u>15,989</u>	<u>16,088</u>

Loans owed by Group related company are unsecured, repayable on demand and interest is charged at 3.5% above LIBOR. Amounts owed by Group related companies are unsecured, non-interest bearing and repayable on demand.

Note 14. Current assets - Cash and cash equivalents

	As at 31 Dec 2021 £'000	As at 31 Dec 2020 £'000
Cash at bank and in hand	<u>144</u>	<u>37</u>

Note 15. Current liabilities - Creditors

	As at 31 Dec 2021 £'000	As at 31 Dec 2020 £'000
Loans owed to Group related companies	95,721	99,280
Amounts owed to Group related companies	<u>919</u>	<u>11,103</u>
	<u>96,640</u>	<u>110,383</u>

Loans owed to Group related companies are unsecured, repayable on demand and interest is charged at 3.5% above LIBOR. Amounts owed to Group related companies are unsecured, non-interest bearing and repayable on demand.

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Note 16. Equity - Issued capital

	As at 31 Dec 2021 Shares	As at 31 Dec 2020 Shares	As at 31 Dec 2021 £'000	As at 31 Dec 2020 £'000
Allotted, issued and fully-paid ordinary shares of £1 each	1	1	-	-

Ordinary shares have full rights to voting and dividends. During the year ended 31 December 2020, the Company reduced its Share Capital and Share Premium. The reduction of capital consisted of share capital reduction of £101.00 (from £102 to 1 share of £1.00) and share premium reduction of £318,078,538.00.

Note 17. Equity - Share premium

The share premium includes the value of the proceeds above nominal on issue of the Company's share capital.

During the year ended 31 December 2020, the Company reduced its Share Capital and Share Premium. The reduction of capital consisted of share capital reduction of £101 (from 102 shares of £1 to 1 share of £1) and share premium reduction of £318,078,538.

Note 18. Related party transactions

Dividend income received from Tullett Prebon Canada Limited during the year is £3,128,929 (2020:£Nil)

Note 19. Guarantees and contingent liabilities

ICAP do Brasil Corretora De Títulos e Valores Mobiliários Ltda ('ICAP Brazil'), an indirect subsidiary of the Company, is a defendant in 8 pending lawsuits filed in the Brazilian Labour Court by persons formerly associated with ICAP Brazil seeking damages under various statutory labour rights accorded to employees and in relation to various other claims including wrongful termination, breach of contract and harassment (together the 'Labour Claims'). The Company agreed to indemnify ICAP Brazil for losses incurred arising out of the Labour Claims. The estimated maximum potential aggregate exposure in relation to the Labour Claims, including any potential social security tax liability, to be BRL 24m (£3m). The Labour Claims are at various stages of their respective proceedings and are pending an initial witness hearing, the court's decision on appeal or a ruling on a motion for clarification. ICAP Brazil intends to contest liability in each of these matters and to vigorously defend itself. Unless otherwise noted, it is not possible to predict the ultimate outcome of these actions.

There are no individual matters, which are considered to pose a significant risk of material adverse financial impact on the Company's results or net assets.

Note 20. Events after the reporting period

There have been no post balance sheet events from 31 December 2021 up to the date of signing which require separate disclosure.

Note 21. Immediate and ultimate parent company

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

At the year end, the Company's ultimate parent and controlling party is TP ICAP Group plc which is incorporated in Jersey, and now heads the largest and smallest group of companies of which the Company is a member. TP ICAP Group plc will prepare consolidated financial statements in accordance with IFRS. Copies of TP ICAP Group plc financial statements will be available from www.tpicap.com.