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Company No. 06694512

ICAP GROUP HOLDINGS PLC
GROUP AND COMPANY FINANCIAL STATEMENTS
FOR THE YEAR ENDED
31 MARCH 2014

THURSDAY



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ICAP GROUP HOLDINGS PLC

Directors' report for the year ended 31 March 2014

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 2014

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 4

Dividends

For the year ended 31 March 2014, dividends of £167m (2012/13- £nil) 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 2014 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 1 December 2016 (see note 8). In March 2014, the Company issued €350m five year senior notes with a coupon of 3.125%, and maturity in 2019. This addresses the upcoming maturity in July 2014 of the €300m 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 covenants and there are no indications for directors to believe that the Group and the ICAP plc Group will fail to comply with the 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 (2012/13- £9m).

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

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

Independent Auditors

PricewaterhouseCoopers LLP were re-appointed auditors to the Company at the annual general meeting in July 2013. 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 2014 continued

Directors

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

I W Torrens
D C Ireland
S Caplen
D A Abrehart
K Pigaga

Appointed 24 February 2014

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 period.

In preparing these financial statements, the directors are required to

- select suitable accounting policies and then apply them consistently,
- make judgements and accounting estimates that are reasonable and prudent,
- state whether applicable 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

19 June 2014

Director

ICAP GROUP HOLDINGS PLC

Strategic Report for the year ended 31 March 2014

The directors present their strategic report and the audited consolidated financial statements of ICAP Group Holdings plc and its subsidiary companies for the year ended 31 March 2014

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.

As an interdealer broker, the Group provides brokerage services to its customers primarily in the form of agency transactions (also known as 'name give-up'), matched principal transactions, or as an executing broker on an exchange.

In name give-up transactions, the Group connects buyers and sellers and may assist in the negotiation of the price and other material terms of the transaction. At the point at which the parties agree to terms, the Group leaves the buyer and the seller to clear and settle directly with one another through the appropriate market mechanism.

In matched principal transactions, the Group acts as an intermediary by serving as counterparty for identified buyers and sellers in matching, in whole or in part, reciprocal back-to-back trades. In order to facilitate customer transactions and provide liquidity, the Group may participate in certain marketplaces by posting quotations. On occasion, the act of posting quotations in pursuit of customer orders can result in the Group becoming principal to unmatched trades. In exchange traded transactions, the Group executes the trade as principal and then novates the contract to its client. A failure by the client to accept the trade would result in the Group becoming exposed to market price risk. The risk the Group faces in these situations is restricted to short-term price movements in the underlying instrument temporarily held by the Group and movements in FX rates. Any such market price risk arising is identified, monitored and reported to senior management on a daily basis and to the group risk committee. Policies and procedures are in place to reduce the likelihood of such trade mismatches and, in the event that they arise, the Group's policy is to liquidate or hedge these principal positions as soon as reasonably practicable.

A range of multi-year structural projects to enhance the efficiency and cost effectiveness of the organisation were progressed during the year. These delivered £13m of cost savings during the year (net of one-off costs) which on a gross annualised basis will equate to at least £25m in the year ending 31 March 2015. A further £20m of incremental annualised savings attributable to prior year cost reduction initiatives was also achieved. The flexibility of the cost base continued to be enhanced through the restructuring of broker compensation as contracts fell due for renewal.

Consistent with the Group's growth strategy, significant investment was made during the year in the Electronic Markets and Post Trade Risk and Information divisions. The total headcount of these businesses expanded by approximately 10% during the year to 1,094 employees. This compares to the overall decline in total Group headcount by 107 to 4,123 employees. The cash investment made during the year in new products and services, principally the development of EBS Direct, the expansion of Traiana's product portfolio and the ongoing product innovation within TriOptima, amounted to £42m.

Outlook

Market conditions remain very challenging. Regulatory change continues to create uncertainty within the marketplace. Since the year end, a number of our major bank customers have reported significantly reduced activity levels across their FICC franchises and have indicated that they do not foresee any material near term recovery. Cyclical factors such as low interest rates and exchange rate volatility represent further drags on trading activity. The Group expects this challenging environment to endure.

As a consequence of the above market factors, the trend seen in the second half of 2013/14 in the relative performances of our businesses has been largely replicated in the new financial year. Trading activity across Global Broking and on the EBS Market platform continues to be subdued. In contrast, volumes traded on the BrokerTec platform remain strong and TriOptima's triReduce and triResolve services together with EBS Direct have maintained their growth momentum. The Group remains committed to its strategy of growing the Electronic Markets and Post Trade Risk and Information business while reshaping Global Broking in response to the new market structure.

The Group today is a very different organisation from that of just a few years ago as we have successfully diversified into high-margin, high-growth electronic and post trade businesses. We have re-engineered and restructured our business to ensure a global alignment of management resources and infrastructure so that we can more effectively meet our existing and future customers' needs, and we are more collaborative across the business than we have ever been. But what has not changed is the Group's desire to be and to behave as a market leader, and to continue to provide outstanding service to our customers across all our businesses.

ICAP GROUP HOLDINGS PLC

Strategic Report for the year ended 31 March 2014 continued

Results

For the year ended 31 March 2014, the Group reported revenue of £1,278m, 5% below the prior year. Trading conditions have been and are likely to remain extremely difficult as the industry is undergoing an enormous amount of structural change with the emergence of a new post-financial crisis regulatory landscape. The trading operations of ICAP's and, consequently of the Group's bank customers, particularly their FICC franchises, continue to be scaled back as balance sheets are deleveraged in response to increased capital requirements. In addition to these structural developments, cyclical factors such as the low interest rate environment, muted FX rate volatility and continued uncertainty over the long overdue economic recovery have adversely impacted revenue.

Group net operating expenses of £1,144m were 9% lower than the previous year.

The Group reported an operating profit of £134m, up 68% on the prior year. The Group's operating profit margin for the year ended 31 March 2014 increased to 11% (2012/13 - 6%).

Profit before tax of £89m was up 141% on the prior year reflecting the improvement in operating profit due to a lower impairment charge of £11m (2012/13 - £81m) on goodwill and other intangibles recorded during the 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 2014 exceptional items were £76m (2012/13 - £58m) before a tax credit of £12m (2012/13 - £12m). The costs principally related to the yen Libor settlements with the CFTC and the FCA as discussed in the ICAP plc 2014 Annual Report which does not form part of this report.

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 2014 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:

- continuation of enhancing stress testing capabilities across all risk disciplines, particularly focusing on the impact of potential regulatory changes on specific entities within the Group directly or indirectly,
- ongoing discrete and macro-wide analysis to ensure awareness of developments within the industry,
- operational risk framework enhancements to strengthen global consistency,
- improvements to the Group's internal capital adequacy assessment and planning, and
- continued enhancement to risk monitoring processes including dynamic refinement of key risk indicators.

A more detailed risk management report of the ICAP plc Group, which includes the Group, can be found in the ICAP plc 2014 Annual Report, which does not form part of this report.

By order of the Board



D A Abrehart

19 June 2014

Director

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

- the financial statements, defined below, give a true and fair view of the state of the Group's and of the Company's affairs as at 31 March 2014 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 International Financial Reporting Standards (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 and, as regards the Group financial statements, Article 4 of the IAS Regulation

This opinion is to be read in the context of what we say in the remainder of this report

What we have audited

The Group financial statements and Company financial statements (the "financial statements"), which are prepared by ICAP Group Holdings plc, comprise

- the consolidated and Company balance sheet as at 31 March 2014,
- the consolidated income statement and consolidated statement of comprehensive income for the year then ended,
- the consolidated and Company statement of cash flow for the year then ended,
- the consolidated statement of changes in equity for the year then ended,
- the 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 Group financial statements is applicable law and IFRSs as adopted by the European Union. The financial reporting framework that has been applied in the preparation of the Company financial statements is applicable law and IFRSs as adopted by the European Union and 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.

What an audit of financial statements involves

We conducted our audit in accordance with International Standards on Auditing (UK and Ireland) ("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

ICAP GROUP HOLDINGS PLC

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

In addition, we read all the financial and non-financial information in the Financial Statements (the "Annual Report") 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.

Opinions on other matters prescribed by the Companies Act 2006

In our opinion

- 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

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

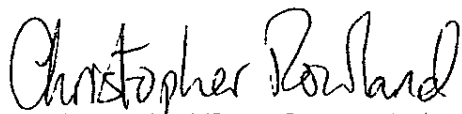
Responsibilities for the financial statements and the audit

Our responsibilities and those of the directors

As explained more fully in the Statement of directors' responsibilities set out on page 1-3, 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 ISAs (UK & Ireland). Those standards require us to comply with the Auditing Practices Board's Ethical Standards for Auditors.

This report, including the opinions, has been prepared for and only for the Company's members as a body in accordance with Chapter 3 of Part 16 of the Companies Act 2006 and for no other purpose. We do not, in giving these opinions, accept or assume responsibility for any other purpose or to any other person to whom this report is shown or into whose hands it may come save where expressly agreed by our prior consent in writing.



Christopher Rowland (Senior Statutory Auditor)
for and on behalf of PricewaterhouseCoopers LLP
Chartered Accountants and Statutory Auditors
London
19 June 2014

ICAP GROUP HOLDINGS PLC

Consolidated Income Statement

	Note	Year ended 31 March 2014 £m	Year ended 31 March 2013 £m
Revenue	1	1,278	1,343
Operating expenses	3	(1,150)	(1,271)
Other income		6	8
Operating profit		134	80
Finance income	7	10	8
Finance costs	7	(58)	(55)
Share of profit of associates after tax	19	3	4
Profit before tax		89	37
Tax	5	(15)	(20)
Profit for the year		74	17
Attributable to:			
Owners of the Company		76	18
Non-controlling interests		(2)	(1)
		74	17

ICAP GROUP HOLDINGS PLC
Consolidated statement of comprehensive income

	Year ended 31 March 2014 £m	Year ended 31 March 2013 £m
Profit for the year	74	17
Other comprehensive (expense)/income		
Items that will be reclassified subsequently to profit or loss when specific conditions are met.		
Cash flow hedges		
- fair value gains/(losses)	6	(12)
- fair value gains/(losses) transferred to the income statement	2	(1)
	8	(13)
Exchange differences	(133)	58
Income taxes	(1)	(4)
Other comprehensive (expense)/income for the year	(126)	41
Total comprehensive (expense)/income for the year	(52)	58
Total comprehensive (expense)/income attributable to:		
Owners of the Company	(50)	59
Non-controlling interests	(2)	(1)
	(52)	58

ICAP GROUP HOLDINGS PLC

Consolidated and Company balance sheet as at 31 March 2014

Company Number: 06694512

	Note	Group As at 31 March 2014 £m	As at 31 March 2013 £m	Company As at 31 March 2014 £m	As at 31 March 2013 £m
Assets					
Non-current assets					
Intangible assets arising on consolidation	12	921	1,066	–	–
Intangible assets arising from development expenditure	11	101	79	–	–
Investments in subsidiary companies	18	–	–	3,682	3,644
Property and equipment	21	36	42	–	–
Investments in associates	19	60	54	–	–
Deferred tax assets	5	10	13	–	–
Trade and other receivables	15	4	2	1	–
Available-for-sale investments	20	17	27	–	–
Amounts owed by affiliates		70	70	–	–
		1,219	1,353	3,683	3,644
Current assets					
Trade and other receivables	15	23,200	16,986	338	527
Available-for-sale investments	20	–	–	–	–
Restricted funds	9	32	30	–	–
Cash and cash equivalents	9	660	549	247	49
		23,892	17,565	585	576
Total assets		25,111	18,918	4,268	4,220
Liabilities					
Current liabilities					
Trade and other payables	16	(23,114)	(17,007)	(1,076)	(933)
Borrowings	8	(247)	(71)	(246)	(71)
Tax payable		(57)	(120)	–	–
Provisions	13	(10)	(1)	–	–
		(23,428)	(17,199)	(1,322)	(1,004)
Non-current liabilities					
Trade and other payables	16	(8)	(23)	–	–
Borrowings	8	(288)	(256)	(288)	(256)
Amounts owed to affiliates		(872)	(700)	(699)	(699)
Deferred tax liabilities	5	(73)	(76)	–	–
Retirement benefit obligations		(4)	(2)	–	–
Provisions	13	(8)	(6)	–	–
		(1,253)	(1,063)	(987)	(955)
Total liabilities		(24,681)	(18,262)	(2,309)	(1,959)
Net assets		430	656	1,959	2,261
Equity					
Capital and reserves					
Called up share capital	22	233	233	233	233
Other reserves	23	307	299	–	(1)
Translation		98	231	–	–
Retained earnings		(247)	(157)	1,726	2,029
Equity attributable to owners of the Company		391	606	1,959	2,261
Non-controlling interests		39	50	–	–
Total equity		430	656	1,959	2,261

Approved by the board on 19 June 2014 and were signed on its behalf by

David Ireland
Director

ICAP GROUP HOLDINGS PLC

Consolidated statement of changes in equity for the year ended 31 March 2014

Year ended 31 March 2014	Share capital £m	Other reserves (note 23) £m	Translation £m	Retained earnings £m	Attributable to owners of the Company £m	Non - controlling interests £m	Total £m
Balance at 31 March 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 tax	-	-	-	(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

Year ended 31 March 2013

Balance at 1 April 2012	233	312	173	(177)	541	39	580
Profit for the year	-	-	-	18	18	(1)	17
Other comprehensive income/(expense)							
Cash flow hedges	-	(13)	-	-	(13)	-	(13)
Net deferred tax recognised in other comprehensive income	-	-	-	(4)	(4)	-	(4)
Exchange differences	-	-	58	-	58	-	58
Total comprehensive income/(expense) for the year	-	(13)	58	14	59	(1)	58
Share-based payments in the year	-	-	-	1	1	-	1
Other movements in non-controlling interests	-	-	-	5	5	12	17
Balance at 31 March 2013	233	299	231	(157)	606	50	656

ICAP GROUP HOLDINGS PLC

Company statement of changes in equity for the year ended 31 March 2014

	Share capital £m	Hedging reserve £m	Retained earnings £m	Total £m
Year ended 31 March 2014				
Balance at 31 March 2013	233	(1)	2,029	2,261
Loss for the year	-	-	(136)	(136)
Hedging movement	-	1	-	1
Total comprehensive loss for the year	-	1	(136)	(135)
Dividend paid	-	-	(167)	(167)
Balance as at 31 March 2014	233	-	1,726	1,959

Year ended 31 March 2013				
Balance at 1 April 2012	233	(1)	2,619	2,851
Loss for the year	-	-	(590)	(590)
Total comprehensive loss for the year	-	-	(590)	(590)
Balance at 31 March 2013	233	(1)	2,029	2,261

ICAP GROUP HOLDINGS PLC
Consolidated and Company statement of cash flow

		Group		Company	
		Year ended 31 March 2014 £m	Year ended 31 March 2013 £m	Year ended 31 March 2014 £m	Year ended 31 March 2013 £m
	Note				
Net cash flows from operating activities	9	179	81	272	(33)
Cash flows from investing activities					
Dividends received from associates		3	1	–	–
Other equity dividends received		4	6	–	–
Payments to acquire property and equipment		(13)	(6)	–	–
Intangible development expenditure		(52)	(32)	–	–
Net receipts on available-for-sale investments		1	5	–	–
Proceeds from disposal of interest in subsidiaries		3	23	–	–
Acquisition of interests in subsidiaries		–	(4)	(192)	(6)
Acquisition of associates and joint ventures		(5)	(7)	–	–
Net cash flows from investing activities		(59)	(14)	(192)	(6)
Cash flows from financing activities					
Receipt relating to non-controlling interest		–	–	–	–
Dividends paid to non-controlling interest		(9)	–	–	–
Dividends paid to the owner of the Company		(167)	–	(167)	–
Dividends received		–	–	68	90
Repayment of borrowings		(71)	(225)	(71)	(227)
Funds received from borrowing, net of fees		288	195	288	195
Net cash flows from financing activities		41	(30)	118	58
FX adjustments		(50)	18	–	–
Net increase in cash and cash equivalents		111	55	198	19
Cash and cash equivalents at beginning of the year		549	494	49	30
Cash and cash equivalents at the end of the year	9	660	549	247	49

ICAP GROUP HOLDINGS PLC

Basis of preparation

Preparation of financial statements

The consolidated financial statements of the Group and the separate financial statements of ICAP Group Holdings plc have been prepared in accordance with IFRSs as issued by the IASB and as endorsed by the EU. IFRSs comprise accounting standards issued by the IASB and its predecessor body as well as interpretations issued by the IFRS Interpretations Committee and its predecessor body. In publishing the parent company financial statements here together with the Group financial statements, the Group 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 Company are included within the notes to which they relate.

Where the Group acquires entities from within the ICAP Group, these business combinations are under common control (in this case ICAP plc), they are outside the scope of IFRS3 'Business Combinations'. For such business combinations under common control, the Group has elected to apply predecessor basis of accounting. Under this method, the consolidated financial statements are prepared as if all the entities had always been combined. Therefore, the Group did not revalue the newly acquired companies' balance sheets at the date of acquisition to fair value and did not recognise any new separately identifiable intangible assets. The impact of the change on the consolidated income statement for the year ended 31 March 2014 is £nil (2012/13 – £nil). The impact on the consolidated balance sheet as at 31 March 2014 is £nil (2012/13 – £nil).

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 12) 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 in 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, ICAP adopted amendments to IAS 32 Financial Instruments: Presentation – Offsetting Financial Assets and Financial Liabilities and amendments to IFRS 7 Financial Instruments: Disclosures and made the necessary disclosures in Note 15 – Trade and other receivables. The Group also adopted other new standards, interpretations and amendments to standards that did not have a significant impact on the financial statements. They include IFRS 13 Fair Value Measurement, amendments to IAS 1 Presentation of Financial Statements and amendments to IAS 19 Employee Benefits.

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.

An entity is regarded as a subsidiary if 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 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.

ICAP GROUP HOLDINGS PLC

Basis of preparation continued

Basis of consolidation continued

On consolidation, the accounting policies of the 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.

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. Joint ventures are proportionately consolidated, whereby the Group's consolidated income statement and balance sheet include the Group's share of the income and assets on a line-by-line basis.

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.

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 exchanges, 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 2014, a number of standards and amendments to standards had been issued by the IASB which are not effective for these consolidated financial statements. In addition to the standards and amendments to standards described below, the IASB is also continuing to work on projects on insurance, revenue recognition and lease accounting, which together with the following could represent significant changes to accounting requirements in the future.

- IFRS 10 'Consolidated Financial Statements' requires a parent to present consolidated financial statements as those of a single economic entity, replacing the requirements previously contained in IAS 27 'Consolidated and Separate Financial Statements' and SIC-12 'Consolidation – Special Purpose Entities'. The standard has been endorsed by the EU for annual periods beginning on or after 1 January 2014.
- IFRS 11 'Joint Arrangements' replaces IAS 31 'Interests in Joint Ventures' and requires a party to a joint arrangement to determine the type of joint arrangement in which it is involved by assessing its rights and obligations and then account for those rights and obligations in accordance with that type of joint arrangement. The standard has been endorsed by the EU for annual periods beginning on or after 1 January 2014.

ICAP GROUP HOLDINGS PLC

Basis of preparation continued

Future accounting developments continued

- IFRS 12 'Disclosure of Interests in Other Entities' requires the extensive disclosure of information that enables users of financial statements to evaluate the nature of, and risks associated with, interests in other entities and the effects of those interests on its financial position, financial performance and cash flows. The standard has been endorsed by the EU for annual periods beginning on or after 1 January 2014.
- IAS 27 (2011) 'Separate Financial Statements' carries forward the existing accounting and disclosure requirements of IAS 27 (2008) for separate financial statements, with some minor clarifications. The requirements of IAS 28 (2008) and IAS 31 for separate financial statements have been incorporated into IAS 27 (2011). The revised standard has been endorsed by the EU for annual periods beginning on or after 1 January 2014.
- IAS 28 (2011) 'Associates and Joint Ventures' includes the requirements for joint ventures and associates to be equity accounted following the issue of IFRS 11 Joint Arrangements. The revised standard has been endorsed by the EU for annual periods beginning on or after 1 January 2014.

The impact on the Group financial statements of adopting IFRS 11 and IAS 28 (2011) is disclosed in note 18 to the financial statements. Adoption of the other standards will have an immaterial impact on the Group financial statements.

In November 2013, the IASB announced the completion of phase III (hedge accounting) of the IFRS 9 Financial Instruments project. In an announcement made on 19 November 2013 the IASB postponed the previously targeted mandatory effective date of 1 January 2015, citing that the impairment phase (phase II) of the project had not yet been completed. The IASB also noted that a new date will be decided on when the entire IFRS 9 project is closer to completion. The impact on the Group financial statements of adopting phase I (classification and measurement) and phase III (hedge accounting) is currently under review, but the Group will only adopt IFRS 9 as a complete standard.

ICAP GROUP HOLDINGS PLC

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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 ICAP plc Group board. The Group considers the executive members of the ICAP plc Group board to be the Chief Operating Decision Maker (CODM).

The ICAP Group reviews the composition of the operating segments at the beginning of each fiscal year to determine whether they remain appropriate.

In September 2012, ICAP created the Global Broking division, an amalgamation of ICAP's three regional voice broking businesses, to streamline the management of Global Broking businesses around the Group. Reporting of information to the CODM under the new structure took effect in June 2013, when Global Broking was reported as one segment in addition to Electronic Markets and Post Trade Risk and Information, which continue to be the other two operating segments. The change is reflected in the segmental information table below, where the prior year comparatives have been re-presented.

The change in the reporting structure also resulted in a change in identification of cash generating units for the purposes of goodwill impairment testing.

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 business.

Electronic Markets

The Group acts as a broker for FX, interest rate derivatives, fixed income products and CDS 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 value added tax, 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.

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, value added tax and other sales taxes and is recognised in full on the date of the trade. Amounts receivable at the year end are reported as other trade receivables within trade and other receivables.

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, value added tax 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 reported as other trade receivables within trade and other receivables.

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 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 2014				
	Electronic Markets £m	Post Trade Risk and Information £m	Global Broking £m	Total £m
Revenue per the ICAP Group	265	212	920	1,397
Adjustment for non IGHP subsidiary companies				(119)
Revenue per the IGHP Group				1,278
Operating profit before acquisition and disposal costs and exceptional items per the ICAP Group	107	96	92	295
Adjustment for non IGHP subsidiary companies				(6)
Adjustment for acquisition and disposal costs				(79)
Adjustment for exceptional items				(76)
Operating profit per the IGHP Group				134
Year ended 31 March 2013				
	Electronic Markets £m	Post Trade Risk and Information £m	Global Broking £m	Total £m
Revenue per the ICAP Group	268	207	997	1,472
Adjustment for non IGHP subsidiary companies				(129)
Revenue per the IGHP Group				1,343
Operating profit before acquisition and disposal costs and exceptional items per the ICAP Group	113	90	105	308
Adjustment for non IGHP subsidiary companies				(13)
Adjustment for acquisition and disposal costs				(157)
Adjustment for exceptional items				(58)
Operating profit per the IGHP Group				80

ICAP GROUP HOLDINGS PLC

Notes to the financial statements continued

1 Segmental information continued

Revenue earned by asset class is disclosed below

	Year ended 31 March 2014 £m	Year ended 31 March 2013 £m*
Rates	570	587
FX and money markets	306	327
Commodities	169	191
Emerging markets	164	160
Equities	115	108
Credit	73	99
Adjustment for non IGHP subsidiary companies	(119)	(129)
Total revenue	1,278	1,343

* During the current year the allocation of asset class has been amended to improve the accuracy of revenue allocated to each asset. The prior year asset classes have been re-presented to enable comparability.

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

The Group earned revenue of £471m (2012/13 – £518m) and £518m (2012/13 – £507m) from entities in the UK and US respectively. The remainder of £289m (2012/13 – £318m) came from various entities from outside the UK and US.

2 FX exposures

The table below shows the actual impact on the Group's 2013/14 results of the movement during the year of the dollar and euro exchange rates in terms of transactional and translational exposure.

	Dollar £m	Euro £m	Total £m
Operating profit	-	(7)	(7)
Equity	103	5	108

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

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

	Closing rate as at 31 March 2014	Closing rate as at 31 March 2013	Average rate year ended 31 March 2014	Average rate year ended 31 March 2013
Dollar	1.67	1.52	1.59	1.58
Euro	1.21	1.18	1.19	1.22

The table below shows the anticipated impact on the Group's 2013/14 results of a 10 cent strengthening, 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
Operating profit	19	5	24

ICAP GROUP HOLDINGS PLC

Notes to the financial statements continued

3 Operating expenses

	Year ended 31 March 2014 £m	Year ended 31 March 2013 £m
Group operating profit is stated after charging:		
Amortisation and impairment of intangible assets arising on consolidation	64	150
Amortisation and impairment of intangible assets arising from development expenditure	27	36
Depreciation and impairment of property and equipment	16	26
Operating lease rentals – minimum lease payments	21	21
Exchange adjustments	2	2

The operating expenses include fees paid to PricewaterhouseCoopers LLP for the statutory audit of the Company of £40,000 (2012/13 £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 significant items of a non-recurring nature and considered material in both size and nature. These are disclosed separately to enable a full understanding of the Group's financial performance. Transactions which may give rise to exceptional items are principally gains and losses on disposal of investments and other large gains and losses not attributable to the normal course of the Group's activities. These costs are not separately presented on the face of the income statement, but instead this note sets out those costs that would be so presented as exceptional items if the Group were to present its income statement in a columnar format in line with the ICAP Group financial statements.

	Year ended 31 March 2014 £m	Year ended 31 March 2013 £m
Exceptional items before tax		
Regulatory matters including associated legal and professional fees	76	12
Staff termination and property exits	–	28
Information technology	–	18
Total exceptional items before tax	76	58
Tax	(12)	(12)
Total exceptional items after tax	64	46

During the year, ICAP Europe Limited (IEL) reached settlement agreements with the CFTC and the FCA relating to the involvement of certain former brokers in the attempted manipulation of yen Libor by bank traders between October 2006 and January 2011. Under the terms of the settlements, IEL paid penalties of \$65m to the CFTC and £14m to the FCA, totalling £55m. See note 14.

A provision of £9m was recorded during the year with respect to a potential settlement by Link with the SEC. See note 13.

The remaining £12m exceptional costs relate to legal and professional fees associated with the investigations noted above.

ICAP GROUP HOLDINGS PLC

Notes to the financial statements continued

5 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

Group	Year ended 31 March 2014 £m	Year ended 31 March 2013 £m
Current tax		
Current year	53	70
Adjustment to prior years	(44)	(12)
	9	58
Deferred tax		
Current year	(12)	(44)
Adjustment to prior years	19	3
Impact of changes in tax rates	(1)	3
	6	(38)
Total tax charged to income statement	15	20

The Group's share of profit of associates in the consolidated income statement is shown net of tax of £2m (2012/13 – £3m).

ICAP GROUP HOLDINGS PLC

Notes to the financial statements continued

5 Tax continued

Group	Year ended 31 March 2014 £m	Year ended 31 March 2013 £m
Profit before tax	89	37
Tax on profit at the standard rate of Corporation Tax in the UK of 23% (2012/13–24%)	21	9
Reconciling items		
Expenses not deductible for tax purposes	14	16
Non-taxable income	(3)	–
Impact of overseas tax rates and bases	9	6
Prior year adjustment to current and deferred tax	(25)	(9)
Impact of change in rates	(1)	(5)
Deferred tax assets not recognised	–	3
Tax charge for the year	15	20

Tax credited to equity in the year

Group	Year ended 31 March 2014 £m	Year ended 31 March 2013 £m
Current tax credit on share-based payments	–	–
Net current tax on items recognised in equity	–	–

Legislation to reduce the main rate of Corporation Tax from 23% to 21% from 1 April 2014 was included in the Finance Act 2013. Further reductions to the main rate have been enacted reducing it to 20% by 1 April 2015. These latter changes have been substantially enacted at the balance sheet date and are therefore included in the tax charge. Deferred tax will unwind at a rate of 21% in the period to 31 March 2015 but this is not expected to have a material impact on the deferred tax balances.

Deferred tax balances recognised on the balance sheet

	As at 31 March 2014 £m	As at 31 March 2013 £m
Deferred tax assets	10	13
Deferred tax liabilities	(73)	(76)
Net balances	(63)	(63)

ICAP GROUP HOLDINGS PLC

Notes to the financial statements continued

5 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 31 March 2013	(47)	(50)	20	6	3	5	(63)
Tax credit/(charge)	(19)	19	2	(2)	(1)	(5)	(6)
Reserves	–	–	–	–	–	–	–
FX adjustments	5	3	(2)	–	–	–	6
Net balances as at 31 March 2014	(61)	(28)	20	4	2	–	(63)

	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 31 March 2012	(38)	(85)	22	9	2	(4)	(94)
Tax (charge)/credit	(7)	37	–	(2)	1	9	38
Reserves	–	–	(3)	(1)	–	–	(4)
FX adjustments	(2)	(2)	1	–	–	–	(3)
Net balances as at 31 March 2013	(47)	(50)	20	6	3	5	(63)

Deferred tax assets of £15m (2012/13 – £6m) 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.

ICAP GROUP HOLDINGS PLC

Notes to the financial statements continued

6 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 2014 £m	Year ended 31 March 2013 £m
Salaries (including bonuses)	627	675
Social security costs	52	51
Share-based payments	–	2
Defined contribution pension costs	7	5
	686	733

(b) Number of employees

	Average		Year end	
	Year ended 31 March 2014	Year ended 31 March 2013	As at 31 March 2014	As at 31 March 2013
Electronic Markets	511	484	538	485
Post Trade Risk and Information	529	507	556	510
Global Broking	2,384	2,533	2,317	2,516
Infrastructure	708	722	712	719
	4,132	4,246	4,123	4,230

A charge of £nil (2012/13 – £1m) 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.

ICAP GROUP HOLDINGS PLC

Notes to the financial statements continued

7 Net finance expense

Group	Year ended 31 March 2014 £m	Year ended 31 March 2013 £m
Finance income:		
Interest receivable and similar income		
Bank deposits	1	2
	1	2
Other finance income		
Dividends received on equity investments	3	6
Revaluation of deferred considerations	2	—
Other	4	—
	9	6
Total finance income	10	8
Finance costs		
Interest payable and similar charges		
Bank loans and overdrafts	(28)	(32)
Interest payable to affiliates	(29)	(23)
Total finance costs	(57)	(55)
Net finance expense	(47)	(47)

Interest rate risk exposure

Group

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 and Japanese yen debt drawn on fixed and floating rate terms. The Group's objective is to minimise interest cost and the impact of interest 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.

At 31 March 2014, after taking into account cross currency and FX swaps of the euro denominated five-year senior notes, the Group had £388m of cash, £164m of floating rate debt and £288m of fixed rate debt denominated in pound sterling, £197m of cash and £nil debt denominated in dollars (or currencies closely related to the dollar) and £75m of cash and £83m 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 £2.1m with a similar movement in dollar rates impacting profit after tax and other comprehensive income by £2.0m. 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 £3.9m and £2.0m respectively.

The details of the external interest rate bearing financial liabilities are disclosed in note 8. 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.

Company

The Company had £224m of cash denominated in pound sterling, £20m of cash denominated in dollars and £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.

ICAP GROUP HOLDINGS PLC

Notes to the financial statements continued

8 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 year ended 31 March 2014 £m	Group year ended 31 March 2013 £m	Company year ended 31 March 2014 £m	Company year ended 31 March 2013 £m
As at 1 April	256	254	256	254
New long-term borrowings	288	–	288	–
Reclassified as short-term borrowings	(246)	–	(246)	–
Exchange adjustment	(6)	5	(6)	5
Fair value hedging adjustment	(4)	(3)	(4)	(3)
As at 31 March	288	256	288	256
Analysis of long-term borrowings				
Five-year senior notes repayable 2019	288	–	288	–
Five-year senior notes repayable 2014	–	256	–	256
As at 31 March	288	256	288	256

a) Long-term borrowings continued

In March 2014, the Group issued €350m five year senior notes with a coupon of 3.125% and a maturity in 2019. These senior notes were issued at a re-offer price of 99.654 and 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 €250m of the notes 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 2014 have a fair market value of £1m and they offset the effect of FX on the notes. This resulted in a £nil charge (2012/13 – £nil) being recognised in the consolidated income statement and a £nil charge (2012/13 – £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.

In June 2013, the Group refinanced its \$880m RCF with a £425m RCF provided by eight banks. This new 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 drawings under the RCF as at 31 March 2014 were £nil (2012/13 – £nil). The weighted average effective interest rate for the year was 2.5% (2012/13 – 2.2%).

The fair value of the five-year senior notes repayable 2019 at 31 March 2014 was £289m. The fair values have been measured using level 1 fair value measurement inputs.

The Group's bank facilities contain a number of customary financial and operational covenants. The Group and Company remained in compliance with the terms of all its covenants throughout the year ended 31 March 2014.

At 31 March 2014, the Group had committed headroom under its core credit facilities of £425m (2012/13 – £580m).

ICAP GROUP HOLDINGS PLC

Notes to the financial statements continued

8 Borrowings continued

Committed facilities

	As at 31 March 2014 Drawn £m	As at 31 March 2014 Undrawn* £m	As at 31 March 2013 Drawn £m	As at 31 March 2013 Undrawn* £m
Less than one year	246	–	71	–
Between one and two years	–	425	256	580
Between two and five years	288	–	–	–
More than five years	–	–	–	–
	534	425	327	580

* The undrawn balance has been classified based on the maturity date of the facility as at 31 March

At 31 March 2014, the ICAP Group's long-term issuer ratings were Baa2 (negative) by Moody's and BBB (stable) by Fitch. The outcome of a review with Moody's, completed in June 2013, was an unchanged rating. In June 2013, Fitch downgraded its rating from BBB+ following its regular peer review of the ICAP plc Group and other interdealer broker firms.

b) Short-term borrowings

	Fair value as at 31 March 2014 £m	Group as at 31 March 2014 £m	Group as at 31 March 2013 £m	Company as at 31 March 2014 £m	Company as at 31 March 2013 £m
Five-year senior notes repayable 2014	252	246	–	246	–
Japanese yen loan	–	–	71	–	71
Overdrafts	1	1	–	–	–
	253	247	71	246	71

Since October 2012, the Group has entered into a series of JPY10bn term loans with The 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 2014.

In September 2013, the Group entered into a one year term loan agreement of £50m. This loan was drawn down in September 2013 and repaid in March 2014.

The carrying value of the five year senior notes of £246m (2012/13 – £255m) has been reclassified as short-term borrowings at 31 March 2014 as they mature in July 2014. The carrying value of the notes includes a fair value hedging adjustment to decrease the carrying value by £9m (2012/13 – £3m increase). On issuance, the Group entered into a number of cross-currency swaps to convert its obligations over the life of the notes from euros to pound sterling at an FX rate of 1.16. €100m of the notes was swapped to fixed and these swaps have been accounted for as a cash flow hedge and at 31 March 2014 have a fair market value of £4m liability (2012/13 – £2m liability). These swaps resulted in a £nil charge (2012/13 – £nil) being recognised in the consolidated income statement and a £nil credit (2012/13 – £nil) in other comprehensive income during the year. €200m of the notes was swapped to floating and these swaps have been treated as a fair value hedge, have a fair market value of £6m liability (2012/13 – £2m) at 31 March 2014 and resulted in £nil (2012/13 – £nil) being recognised in the consolidated income statement during the year. The impact on the consolidated and company income statement relating to the fair value movement on the notes is £nil (2012/13 – £nil).

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

ICAP GROUP HOLDINGS PLC

Notes to the financial statements continued

9 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 profit before tax to net cash flow from operating activities

	Group		Company	
	Year ended 31 March 2014 £m	Year ended 31 March 2013 £m	Year ended 31 March 2014 £m	Year ended 31 March 2013 £m
Profit/(loss) before tax	89	37	(153)	(608)
Operating exceptional items	76	58		
Income from investments in subsidiary companies	–	–	(68)	(90)
Share of operating profits of associates after tax	(3)	(4)	–	–
Impairment of investments in subsidiaries	–	–	154	607
Amortisation and impairment of intangible assets arising on consolidation	75	150	–	–
Amortisation and impairment of intangible assets arising from development expenditure	27	26	–	–
Depreciation and impairment of property and equipment	16	18	–	–
Other acquisition and disposal costs	4	1	–	–
Loss on disposal of associates	–	5	–	–
Loss on disposal of assets	–	2	–	–
Increase in provisions	1	–	–	–
Share-based payments	(1)	1	–	–
Net finance expense	47	47	58	57
Operating cash flows before movements in working capital	331	341	(9)	(34)
(Increase)/decrease in trade and other receivables	49	(331)	188	(231)
(Increase)/decrease in restricted funds	(2)	13	–	–
Increase/(decrease) in trade and other payables	(5)	167	144	259
Cash generated by operations before exceptional items	373	190	323	(6)
Operating exceptional items paid	(72)	(34)	–	–
Cash generated by operations	301	156	323	(6)
Interest received	1	2	1	–
Interest paid	(54)	(27)	(52)	(27)
Tax paid	(69)	(50)	–	–
Net cash flow from operating activities	179	81	272	(33)

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 IAS 7 '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. The movement for the year ended 31 March 2014 is an outflow of £8m (2012/13 – outflow of £7m)

ICAP GROUP HOLDINGS PLC

Notes to the financial statements continued

9 Cash continued

(b) Net cash/ (debt)

	As at 31 March 2014 £m	As at 31 March 2013 £m
Group		
Gross debt	(535)	(327)
Cash and cash equivalents	660	549
Net cash/(debt)	125	222

(c) Total net cash

	As at 31 March 2014 £m	As at 31 March 2013 £m
Group		
Cash and cash equivalents	660	549
Overdrafts	(1)	–
Net cash and cash equivalents	659	549
Restricted funds	32	30
Total net cash	691	579

(d) Client money

At 31 March 2014 the Group held client money of £13m (2012/13 – £18m). 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 with a CCP clearing house or a financial institution providing the Group with access to a CCP. The balance fluctuates based on business events around the year end and increased by £2m during the year to £32m.

10 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. As principal trades are executed as matched principal they give rise to 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 which 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.

ICAP GROUP HOLDINGS PLC

Notes to the financial statements continued

10 Capital and liquidity planning and management continued

Liquidity continued

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 broking business, ICAP provides clearing services to customers and is required to deposit margin with the FICC and NSCC. Following the introduction of a new clearing arrangement for US Treasuries in the prior year (February 2013) US margin requirements have been significantly reduced and deposits averaged \$15m during the year (compared with \$36m in the prior year). 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 GRACC, the ICAP plc Board regularly reviews the liquidity demands of the Group and the financial resources available to meet these demands. The GRACC ensures that the ICAP plc Group, in totality, sub-consolidations and by subsidiary, has sufficient liquidity available in order to provide constant access, even in periods of market turmoil, to an appropriate level of cash, other forms of marketable securities and committed funding lines to enable it to finance its ongoing operations, proposed acquisitions and other reasonable unanticipated events on cost-effective and attractive terms. 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.

At 31 March 2014, the Group had gross debt of £535m (2012/13 – £327m), the maturity analysis of which is set out in note 8, and cash and cash equivalents of £660m (2012/13 – £549m) (see note 9(b)). Cash has increased from 31 March 2013 due to funds raised as a result of the issue of the €350m senior notes in advance of the maturity in July 2014 of the £246m senior notes. 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 (see note 9(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. Counterparty limits applied are reviewed by the GRACC in conjunction with the Risk function.

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.

Capital management

The Group's capital strategy 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 (see note 8) and equity, including share capital (see note 22), other reserves (see note 23) 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 Group has regulated subsidiaries in approximately 40 countries, most notably the UK and the US, and is subject to consolidated supervision by the FCA. On 1 January 2014 the provisions of CRD IV came into force. The rules preserved the derogation for the FCA to waive the application of the consolidated capital requirements. The FCA has confirmed the grandfathering of our existing waivers which falls due for renewal in April 2016. The requirements of the waiver are equivalent under CRD IV to the pre-existing BIPRU rules which prevent the Group from taking proprietary positions. The Group continues to comply with these requirements.

The waiver modifies the calculation of the Group regulatory capital position, in effect excluding goodwill adjustments from the capital computation and, in so doing, allows the Group to undertake acquisitions using debt rather than equity finance. 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.

ICAP GROUP HOLDINGS PLC

Notes to the financial statements continued

10 Capital and liquidity planning and management continued

Capital management continued

Pillar 1 headroom is approximately £0.9bn (2012/13 – £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

11 Intangible assets arising from development expenditure

Development expenditure on software is recognised as an intangible asset in accordance with the provisions of IAS 38 '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.

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

Group	Intangible assets arising from software development expenditure £m
Cost	
As at 1 April 2013	203
Additions	52
Disposals	(8)
Reclassifications	35
FX adjustments	(16)
As at 31 March 2014	266
Accumulated amortisation and impairment	
As at 1 April 2013	124
Amortisation charge for the year	27
Disposals	(6)
Reclassifications	30
FX adjustments	(10)
As at 31 March 2014	165
Net book value	
As at 31 March 2014	101
Cost	
At 1 April 2012	181
Additions	32
Disposals	(31)
Reclassifications	14
FX adjustments	7
As at 31 March 2013	203
Accumulated amortisation and impairment	
As at 1 April 2012	116
Amortisation charge for the year	26
Impairment in the year	10
Disposals	(29)
FX adjustments	1
As at 31 March 2013	124
Net book value	
As at 31 March 2013	79

ICAP GROUP HOLDINGS PLC

Notes to the financial statements continued

12 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 and joint ventures, 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 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 19.

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.

ICAP GROUP HOLDINGS PLC

Notes to the financial statements continued

12 Intangible assets arising on consolidation continued

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

a) Intangible assets arising on consolidation

	Goodwill £m	Other £m	Total £m
Cost			
As at 1 April 2013	1,027	627	1,654
Disposals	(2)	(1)	(3)
Exchange adjustments	(57)	(10)	(67)
As at 31 March 2014	968	616	1,584
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	817	104	921
Cost			
As at 1 April 2012	993	615	1,608
Additions	6	1	7
Reclassifications	(4)	4	–
Exchange adjustments	32	7	39
As at 31 March 2013	1,027	627	1,654
Amortisation and impairment			
As at 1 April 2012	109	325	434
Amortisation charge for the year	–	69	69
Impairment in the year	31	50	81
Reclassification	–	4	4
As at 31 March 2013	140	448	588
Net book value			
As at 31 March 2013	887	179	1,066

b) Impairment testing of intangible assets arising on consolidation

Analysis of significant intangible assets

The Group recognises £921m of intangible assets arising on consolidation, with £817m relating to goodwill and £104m relating to other intangible assets. The other intangible assets at 31 March 2014 all represent customer relationships, and have varying remaining amortisation periods across CGUs.

During the year, goodwill and other intangible assets formerly attributed to 20 smaller Global Broking businesses were aggregated and reviewed for impairment at a single Global Broking CGU level. This change in the identification of CGU reflects the creation of Global Broking division to enable the Group to execute a global strategy for all voice broking businesses and is in line with the change in the reporting structure as discussed in note 1. The rationale for the aggregation of goodwill was presented to the ICAP plc Audit Committee, where the appropriateness was debated and approved.

Prior to the aggregation, individual goodwill balances in Global Broking were reviewed for impairment indicators, which resulted in an £7 m impairment losses recognised in the year. The remaining £4m of impairment losses relate to the writing off of goodwill attributable to two small Electronic Markets businesses.

ICAP GROUP HOLDINGS PLC

Notes to the financial statements continued

12. Intangible assets arising on consolidation continued

b) Impairment testing of intangible assets arising on consolidation continued

As at 31 March 2014					
		% of total goodwill and other intangibles	Goodwill £m	Other £m	Net book value £m
	Business segment				
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	85	4	89
Total		100	817	104	921

As at 31 March 2013					
	Business segment	% of total goodwill and other intangibles	Goodwill £m	Other £m	Net book value £m
BrokerTec	Electronic Markets	14	148	–	148
EBS	Electronic Markets	40	337	88	425
Reset	Post Trade Risk and Information	13	138	–	138
TriOptima	Post Trade Risk and Information	10	60	44	104
Traiana	Post Trade Risk and Information	13	100	37	137
Information	Post Trade Risk and Information	–	3	–	3
Global Broking	Global Broking	10	101	10	111
Total		100	887	179	1,066

* As a result of the change in the identification of CGUs during the year, the prior year allocation of goodwill and other intangible assets have been re-presented to enable comparability

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 2013/14 annual impairment testing, management's cash flow projections for the year ended 31 March 2015 were used.

As a result of the sale of a stake in Traiana during the year, the business was subject to a full external valuation which was in excess of the net book value. For this reason, an annual impairment review of Traiana was not conducted.

Key assumptions

	Discount rate %		Long-term growth rate %	
	2014	2013	2014	2013
BrokerTec	9.3	11	4.8	3
EBS	9.6	11	4.6	2
Reset	9.7	11	4.5	2
TriOptima	9.4	11	4.1	3
Global Broking	9.6	n/a	0	n/a

ICAP GROUP HOLDINGS PLC

Notes to the financial statements continued

12 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 9.3% (2012/13 – 10.7%), reflecting a downward revision of the market risk premium estimate. The Group WACC is a function of 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, which are subject to annual reviews. 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 GDP growth and inflation for the countries within which the CGUs operate. The rates are based on the International Monetary Fund's medium term forecast growth rates as they are deemed to be reliable estimates 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.

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 are largely predicated on continued growth of the UST Actives market and forecasted improvement in the volume of UST off-the-run trading. The key challenges to the cash flow projections arise from potential increased competition in the UST Active market space 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 new initiatives and growth areas including EBS Direct will continue to drive revenue in 2014/15 and the projections are also based on EBS Market's growing market share in emerging market currencies. 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 predicated on expected positive changes to the macroeconomic environment in 2014/15, specifically some sporadic or small increase in volatility expectations. Our ability to achieve the budgeted cash flow for Reset could be challenged if central banks continued their policy of quantitative easing and low and stable interest rates.

TriOptima

The key assumption included in the cash flow projections for TriOptima reflect continued growth anticipated in triResolve revenues as new subscribers continue to join the service in response to significant changes in our customers' regulatory requirements. The key risk to our cash flow projections is a worse than expected performance in triReduce as the market migrates to CCPs where the compression value proposition is lesser than for bilateral trades.

Global Broking

The cash flow projections for Global Broking are based on management's assumption that the challenging market conditions experienced in many asset classes in 2013/14 will continue in 2014/15. The trading activity levels in the last quarter of the financial year indicate that while ICAP continues to hold significant market share, the decline in revenue is consistent with general market trends. The key risk to the 2014/15 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.

ICAP GROUP HOLDINGS PLC

Notes to the financial statements continued

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 CGUs

13 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

Group	Regulatory matters £m	Other £m	Total £m
As at 1 April 2013	–	7	7
Amounts recognised in the income statement	13	–	13
Released to the income statement	–	(1)	(1)
Exchange adjustment	–	(1)	(1)
As at 31 March 2014	13	5	18

Group	Other £m	Total £m
As at 1 April 2012	9	9
Amounts reclassified to accruals	1	1
Released to the consolidated income statement	(3)	(3)
As at 31 March 2013	7	7

	Group as at 31 March 2014 £m	Group as at 31 March 2013 £m
Included in current liabilities	10	1
Included in non-current liabilities	8	6
	18	7

In October 2012, four former cash equity brokers of Linkbrokers Derivatives LLC, one of Global Broking subsidiaries, were charged with wrongdoing by the SEC and DOJ, in respect of conduct that largely pre-dates ICAP's acquisition of Link in April 2008. Since then Link has continued to cooperate with the SEC's investigation. Link closed its cash desk in 2010, and ceased all commercial operations in April 2013.

Regulatory matters include a provision of £9m recorded at 31 March 2014 in respect of any potential settlement by Link with the SEC as a result of the former brokers' conduct.

The remaining £4m regulatory matters provision made during the year relates to estimated professional services fees to comply with the orders in the undertakings that were agreed with the CFTC, as part of reaching settlement on the Libor investigations.

Legal provisions represent amounts for certain claims brought against subsidiaries of the Group in relation to certain tax matters and the provisions have been acquired by the Group on the acquisition of subsidiary undertakings. Based on the developments in the year, management determined that as at 31 March 2014 the probability of an economic outflow relating to certain legal provisions were less than remote, hence released £3m to the income statement.

At the present time the timing of any payment is uncertain and the matters are reviewed by the Group on a regular basis. It is unlikely that the outcome of these legal claims will give rise to any significant loss beyond the amounts provided at 31 March 2014.

ICAP GROUP HOLDINGS PLC

Notes to the financial statements continued

14 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 settlement is remote.

Contingent liability

On 25 September 2013, ICAP Europe Limited (IEL), one of ICAP's Global Broking division's subsidiaries, reached settlement agreements with the FCA and the CFTC relating to the involvement of certain brokers in the attempted manipulation of yen Libor by bank traders. ICAP continues to respond to requests from several government agencies in relation to the setting of yen Libor, including on-going investigations being conducted by the Competition Directorate of the European Commission. IEL does not believe that it has breached EU competition laws, however it is not practicable to predict the ultimate outcomes of these investigations or to provide an estimate of any potential financial impact on the Group. IEL continues to work closely and co-operate fully with an ongoing investigation by the US Department of Justice relating to the Libor matters. The US Department of Justice has not taken action against IEL nor any other ICAP company to date. Based on ICAP's present assessment of this matter, no provision has been made. In addition, ICAP plc is a named defendant in three civil litigations against various Libor and Tibor setting banks in the US. It is not practicable to predict the ultimate outcomes of these litigations or to provide an estimate of any potential financial impact on the Group, but the Company intends to defend the claims vigorously.

ICAP continues to co-operate with the CFTC's inquiries into the setting of USD ISDAFIX rates. ICAP Capital Markets LLC was the collection agent for ISDAFIX panel bank submissions in dollar up until January 2014, when the collection process was changed by ISDA. It is not practicable to predict the ultimate outcome of this investigation or 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. It is also frequently required or requested to retain and/or provide transaction records and other information to regulators and other government agencies as part of informal and formal inquiries or market reviews. It is not practicable to quantify the extent of any potential liabilities in litigation, nor identify the purpose or outcome of any regulatory requests, but currently there are none expected to have a material adverse impact on the Group's consolidated results or net assets.

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 2014 £m	As at 31 March 2013 £m
Within one year	22	13
Between one and five years	66	79
After five years	30	41
	118	133

No amounts were expected to be received under non-cancellable sub-leases as at 31 March 2014 (2012/13 – £nil). Operating lease commitments relate to the rental of premises for office space in the UK, US, Israel and Asia Pacific, in the locations that the Group operates.

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. As at 31 March 2014, the Group has given £123m (2012/13 – £87m) of guarantees to counterparties.

ICAP GROUP HOLDINGS PLC

Notes to the financial statements continued

14 Contingent liabilities, contractual commitments and guarantees continued

Guarantees continued

Company

The Company guarantees all moneys, debts and liabilities of ICAP do Brasil Corretora de Titulos Mobiliarios Ltda to Banco Citibank up to the value of BRL 150m

The Company has issued a letter of undertaking to the value of SGD 10m to the Monetary Authority of Singapore regarding the operations of ICAP Financial Products Pte Limited and ICAP AP (Singapore) Pte Limited, both subsidiary companies

The Company guarantees all transactions under the Global Credit Card Agreement with the Bank of America Merrill Lynch up to the value of \$9m

The Company guarantees the leases on one and two Broadgate, London to B L C T (PHC 2) Limited to the value of £40 9m

15 Trade and other receivables

Trade receivables are recognised initially at fair value and subsequently held at amortised cost less any provision 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 the currency risk management note (note 25).

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 (notes 15 and 16), 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 (notes 15 and 16).

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

15 Trade and other receivables continued

	Group as at 31 March 2014 £m	Group as at 31 March 2013 £m	Company as at 31 March 2014 £m	Company as at 31 March 2013 £m
Non-current receivables				
Deposits	1	–	–	–
Derivative financial instruments	1	–	–	–
Other receivables	2	2	1	–
	4	2	1	–
Current receivables				
Matched principal trade receivables	21 762	15,417	–	–
Deposits paid for securities borrowed	795	919	–	–
Other trade receivables	178	186	–	–
Impairment of other trade receivables	(3)	(3)	–	–
Derivative financial instruments	4	3	4	3
Amounts owed by affiliates	343	311	192	360
Amounts owed by subsidiaries	–	–	108	134
Tax receivable	–	–	18	17
Amounts owed by associates	2	2	–	–
Other receivables	67	65	12	13
Prepayments	52	86	4	–
	23,200	16,986	338	527

As at 31 March 2014 the fair value of trade and other receivables is not materially different from their book values

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 counterparts or markets

The risk in respect of name give-up, 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 credit control function, the exposure to credit loss is limited to the value of the receivable

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 setting appropriate credit limits for all counterparts which are stringently monitored by the regional credit risk teams to restrict any potential loss through counterparty default

ICAP GROUP HOLDINGS PLC

Notes to the financial statements continued

15 Trade and other receivables continued

a) Credit risk management continued

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 GRACC 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 financial institutions rated 'A' or better by the major credit rating agencies. Approximately 85% of the Group's counterparty exposure at any given point throughout the year is to investment grade counterparts (rated BBB-/Baa3 or above). The Group's potential stressed counterparty credit risk calculated in the ICAAP is less than 5% of the total Group capital. The maximum exposure to credit risk for the Group is represented by the total fair value of the financial assets plus other off-balance sheet items as disclosed below.

	As at 31 March 2014 £m	As at 31 March 2013 £m
Financial assets of the Group	23,930	17,577
Guarantees given to counterparties	123	87
	24,053	17,664

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.

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 2014, £3m of other trade receivables remain impaired (2012/13 – £3m). There has 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 creditworthiness of the counterparty, hence not impaired. In the prior reporting periods, receivables past a 'normal settlement date' were considered past due and were reported on that basis. As of 1 April 2013, the Group realigned the age grouping of receivables to reflect better how management monitors aged receivables internally.

As at 31 March 2014 the following trade and other receivables were past due but not impaired

Group	As at 31 March 2014 £m	As at 31 March 2013 £m
Less than 30 days overdue	99	113
Over 30 days, but less than 90 days overdue	55	50
Over 90 days, but less than 180 days overdue	10	12
Over 180 days overdue	14	11
	178	186

ICAP GROUP HOLDINGS PLC

Notes to the financial statements continued

15 Trade and other receivables continued

c) Offsetting financial assets and liabilities

Under a clearing arrangement for certain US matched principal transactions on a fully disclosed clearing basis, the Group has 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 were recorded on a net basis.

Group	As at 31 March 2014 £m	As at 31 March 2013 £m
Gross recognised receivable	128,545	329,220
Gross recognised payable	128,151	328,571
Gross amounts that are netted	128,151	328,571
Gross amounts subject to netting arrangements that are not offset	394	649
Deposit securities paid (collateral)	10	9

d) Trade receivables by currency

The table below gives an indication of the concentration of the Group's trade receivables by currency.

As at 31 March 2014

Group	Pound sterling £m	Dollar £m	Euro £m	Yen £m	Other £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

As at 31 March 2013

Group	Pound sterling £m	Dollar £m	Euro £m	Yen £m	Other £m	Total £m
Matched principal trade receivables	3,865	7,474	3,301	–	777	15,417
Deposits paid for securities borrowed	–	919	–	–	–	919
Other trade receivables (net)	36	117	19	3	8	183
	3,901	8,510	3,320	3	785	16,519

ICAP GROUP HOLDINGS PLC

Notes to the financial statements continued

16 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 15).

Details of the accounting policy relating to derivative financial instruments is included within the currency risk management note (note 25).

	Group as at 31 March 2014 £m	Group as at 31 March 2013 £m	Company as at 31 March 2014 £m	Company as at 31 March 2013 £m
Current payables				
Matched principal trade payables	21,709	15,394	–	–
Deposits received for securities loaned	836	922	–	–
Other trade payables	8	17	–	–
Amounts owed to affiliates	287	356	108	92
Amounts owed to subsidiaries	–	–	931	812
Amounts owed to associates	1	4	–	–
Derivative financial instruments	15	10	15	10
Accruals	207	261	22	19
Other tax and social security	15	13	–	–
Deferred income	18	2	–	–
Other payables	15	24	–	–
Contingent deferred consideration	2	1	–	–
Deferred consideration	1	3	–	–
	23,114	17,007	1,076	933
Non-current payables				
Accruals	4	7	–	–
Contingent deferred consideration	3	5	–	–
Derivative financial instruments	–	1	–	–
Deferred income	1	10	–	–
Other payables	–	–	–	–
Total	8	23	–	–

As at 31 March 2014 the fair value of trade and other payables is not materially different from their book values.

The table below shows the maturity profile of the Group's financial liabilities included within trade and other payables, amounts owed to affiliates and provisions based on the contractual amount payable on the date of repayment.

Group	As at 31 March 2014				Total £m
	Less than three months £m	Three months to one year £m	One to five years £m	Greater than five years £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 associates	1	–	–	–	1
Other payables	11	3	1	–	15
Contingent deferred consideration	–	2	3	–	5
Deferred consideration	–	1	–	–	1
Accruals	67	140	2	2	211
Amounts owed to affiliates	287	–	872	–	1,159
Total	22,917	163	878	2	23,960

ICAP GROUP HOLDINGS PLC

Notes to the financial statements continued

16 Trade and other payables continued

As at 31 March 2013					
Group	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	15,394	–	–	–	15,394
Deposits received for securities loaned	922	–	–	–	922
Other trade payables	2	15	–	–	17
Derivative financial instruments	10	–	1	–	11
Amounts owed to associates	3	1	–	–	4
Other payables	20	4	–	–	24
Contingent deferred consideration	–	1	5	–	6
Deferred consideration	–	3	–	–	3
Accruals	50	211	7	–	268
Amounts owed to affiliates	356	–	700	–	1,056
	16,757	235	713	–	17,705

Company

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

As at 31 March 2014					As at 31 March 2013			
	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	246	–	288	534	–	71	256	327
Accruals	–	21	–	21	–	19	–	19
Derivative financial instruments	15	–	–	15	10	–	–	10
Amounts owed to Group companies	1,040	–	699	1,739	904	–	700	1,604
	1,301	21	987	2,309	914	90	956	1,960

ICAP GROUP HOLDINGS PLC

Notes to the financial statements continued

17 Financial assets and liabilities

a) Financial assets and liabilities

The carrying value less impairment of trade receivables and payables are assumed to approximate to their fair values due to their short-term nature. As at 31 March 2014 and 2013, the fair values of financial assets are not materially different from their book values.

Classification of financial assets as at 31 March 2014:

Group	Hedging instrument £m	Available- for-sale £m	Loans and receivables £m	Total £m
Cash and cash equivalents	–	–	660	660
Restricted funds	–	–	32	32
Available-for-sale financial assets	–	17	–	17
Amounts owed by affiliates	–	–	413	413
Matched principal trade receivables	–	–	21,762	21,762
Deposits paid for securities borrowed	–	–	796	796
Other trade receivables (net)	–	–	175	175
Derivative financial instruments	5	–	–	5
Amounts owed by associates	–	–	2	2
Other receivables	–	–	68	68
	5	17	23,908	23,930

Classification of financial assets as at 31 March 2013:

Group	Hedging instrument £m	Available- for-sale £m	Loans and receivables £m	Total £m
Cash and cash equivalents	–	–	549	549
Restricted funds	–	–	30	30
Available-for-sale financial assets	–	27	–	27
Amounts owed by affiliates	–	–	381	381
Matched principal trade receivables	–	–	15,417	15,417
Deposits paid for securities borrowed	–	–	919	919
Other trade receivables (net)	–	–	183	183
Derivative financial instruments	3	–	–	3
Amounts owed by associates	–	–	2	2
Other receivables	–	–	66	66
	3	27	17,547	17,577

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

Group	As at 31 March 2014 £m	As at 31 March 2013 £m
Trade and other receivables		
– current receivables (note 15)	23,200	16,986
– non-current receivables (note 15)	4	2
Amounts owed by affiliates	70	70
Available-for-sale financial assets (note 20)	17	27
Restricted funds (note 9)	32	30
Cash and cash equivalents (note 9)	660	549
Excluded		
– non-financial other receivables	(1)	(1)
– prepayments	(52)	(86)
	23,930	17,577

Prepayments and certain items included within other receivables are not defined as financial assets under IAS39. During the year, ICAP's £9m investment in Corretaje e Informacion Monetaria y de Divisas SA (CIMD) was reclassified from an available-for-sale investment to associate (see note 20).

ICAP GROUP HOLDINGS PLC

Notes to the financial statements continued

17 Financial assets and liabilities continued

As at 31 March 2014 and 31 March 2013, the fair values of financial liabilities are not materially different from their book values

Classification of financial liabilities as at 31 March 2014:

Group	Hedging instrument £m	Amortised cost £m	Total £m
Matched principal trade payables	–	21,709	21,709
Deposits received for securities loaned	–	836	836
Other trade payables	–	8	8
Derivative financial instruments	15	–	15
Amounts owed to associates	–	1	1
Other payables	–	15	15
Contingent deferred consideration	–	5	5
Deferred consideration	–	1	1
Accruals	–	211	211
Borrowings and overdrafts	–	535	535
Amounts owed to affiliates	–	1,159	1,159
	15	24,480	24,495

Classification of financial liabilities as at 31 March 2013:

Group	Hedging instrument £m	Amortised cost £m	Total £m
Matched principal trade payables	–	15,394	15,394
Deposits received for securities loaned	–	922	922
Other trade payables	–	17	17
Derivative financial instruments	11	–	11
Amounts owed to associates	–	4	4
Other payables	–	24	24
Contingent deferred consideration	–	6	6
Deferred consideration	–	3	3
Accruals	–	268	268
Borrowings and overdrafts	–	327	327
Amounts owed to affiliates	–	1,056	1,056
	11	18,021	18,032

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

Group	As at 31 March 2014 £m	As at 31 March 2013 £m
Trade and other payables		
– current payables (note 16)	23,114	17,007
– non-current payables (note 16)	8	23
Borrowings and overdrafts (note 8)	535	327
Provisions (note 13)	18	7
Amounts owed to affiliates	872	700
Excluded		
– non-financial other provisions	(18)	(7)
– non-financial other payables	–	–
– other tax and social security	(15)	(13)
– deferred income	(19)	(12)
	24,495	18,032

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

17 Financial assets and liabilities continued

Company

The Company's financial assets and liabilities are analysed below

Classification of financial assets and liabilities as at 31 March 2014 and 2013

	31 March 2014			31 March 2013		
	Derivative £m	Loans and receivables £m	Total £m	Derivative £m	Loans and receivables £m	Total £m
Financial assets						
Cash and cash equivalents	–	247	247	–	49	49
Amounts owed by Group companies	–	300	300	–	494	494
Derivative financial instruments	4	–	4	3	–	3
Other receivables	–	34	34	–	30	30
	4	581	585	3	573	576

	31 March 2014			31 March 2013		
	Derivative £m	Amortised cost £m	Total £m	Derivative £m	Amortised cost £m	Total £m
Financial liabilities						
Borrowings	–	534	534	–	327	327
Accruals	–	22	22	–	19	19
Derivative financial instruments	15	–	15	10	–	10
Amounts owed to Group companies	–	1,738	1,738	–	1,604	1,604
	15	2,294	2,309	10	1,950	1,960

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

ICAP GROUP HOLDINGS PLC

Notes to the financial statements continued

18 Principal subsidiaries, joint ventures and associates

a) Investment in 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 £m	2013 £m
As at 1 April	3,644	4,245
Additions	192	6
Impairment	(270)	(607)
Reversal of impairment	116	–
As at 31 March	3,682	3,644

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 £192m in IGHP's overall investment in subsidiaries.

During the year, an impairment charge of £270m (2012/13 - £607m) was recognised against investments in ICAP Securities Ltd and ICAP Europe Ltd by £268m and £2m respectively. These impairments resulted from downward revisions of management's outlook for the subsidiaries, which were driven by continued headwinds in the industry. Should there be significant changes in the estimates in a future reporting period, the carrying amount of an investment in a subsidiary will be increased to its recoverable amount. Such a gain recorded in a future reporting period will not exceed the impairment charges recorded against the investment in subsidiaries. As a result a reversal of previous year impairment charges of £116m has been reported against investments in ICAP America Investments Ltd and iSwap Ltd of £105m and £11m respectively.

Principal subsidiaries, joint ventures and associates continued

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 Global Derivatives Limited	100
	ICAP Energy Limited	100
	ICAP Europe Limited	100
	ICAP Management Services Limited	100
	ICAP Securities Limited	100
	iSwap Limited	50.1
Japan	ICAP Totan Securities Co Limited	60
Singapore	Reset Pte Limited	100
Sweden	TriOptima AB	100
Switzerland	EBS Service Company Limited	100
United States	EBS Dealing Resources Inc	100
	ICAP Capital Markets LLC	100
	ICAP Corporates LLC	100
	ICAP Electronic Broking LLC	100
	ICAP Energy LLC	100
	ICAP Securities USA LLC	100
	ICAP Services North America LLC	100
	Traiana Inc	86.7

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

ICAP GROUP HOLDINGS PLC

Notes to the financial statements continued

18 Principal subsidiaries, joint ventures and associates continued

a) Investment in subsidiaries continued

All companies operate in their country of incorporation, except ICAP Europe Limited, ICAP Securities Limited, ICAP Energy Limited, EBS Service Company Limited, ICAP Securities USA LLC and ICAP Corporates LLC which also operate outside their country of incorporation, and EBS Dealing Resources International Limited which operates worldwide

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

b) Joint ventures

The Group's principal joint ventures and their country of incorporation are listed below. All joint ventures have a 31 December year end

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

Summary financial information for joint ventures

The Group's share of joint ventures' assets and liabilities included in the balance sheet and their results included in the consolidated income statement is given below

	As at 31 March 2014 £m	As at 31 March 2014 £m
Assets	9	10
Liabilities	(3)	(4)
Net assets	6	6
Goodwill included in the Group's balance sheet	–	1
Net investment in joint ventures	6	7

	Year ended 31 March 2013 £m	Year ended 31 March 2013 £m
Revenue	9	6
Administrative expenses	(6)	(3)
Profit before tax	3	3
Tax	(1)	(1)
Profit for the year	2	2
Attributable to		
Equity holders of the Company	2	2

As noted in the future accounting developments section on page 14, the Group will adopt IFRS 11 Joint Arrangements and IAS 28 Associates and Joint Ventures for the financial year beginning 1 April 2014. The Group determined that as a result of these adoptions the joint ventures' results will not be proportionately consolidated in the Group financial statements but will be treated under the equity accounting method.

If IFRS 11 and amendments to IAS 28 were applied in the current year, Group's revenue and operating expenses would have been £9m and £6m lower respectively. Group's profit before tax and tax charge would have both been £1m lower. However, there would be no impact on the Group's profit for the year as £2m income from joint ventures (net of tax) would have recorded after the Group's operating profit.

ICAP GROUP HOLDINGS PLC

Notes to the financial statements continued

19 Investments in associates

	Year ended 31 March 2014 £m	Year ended 31 March 2013 £m
Cost		
As at 1 April	62	59
Additions	14	7
Disposals	–	(3)
Transfer to joint venture	–	(2)
Share of profit for the year	3	4
Dividends	(4)	(1)
Exchange adjustments	(7)	(2)
As at 31 March	68	62
Amortisation and impairment		
As at 1 April	8	8
As at 31 March	8	8
Net book value		
As at 31 March	60	54

Summary financial information for associates

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

	As at 31 March 2014 £m	As at 31 March 2013 £m
Assets	55	34
Liabilities	(25)	(7)
Net assets	30	27
Goodwill and intangible assets arising on consolidation	30	27
Net investment in associates	60	54

	Year ended 31 March 2014 £m	Year ended 31 March 2013 £m
Revenue	28	34
Operating expenses	(23)	(27)
Profit before tax	5	7
Tax	(2)	(3)
Share of profit of associates after tax	3	4

During the year, the Group acquired 22.9% interest in Enso LP, provider of innovative portfolio reporting and data analytics services, for a cash consideration of \$6.5m (£4m) with the investment classified as an associate.

During the year, the Group reclassified its £9m available-for-sale investment in Corretaje e Informacion Monetaria y de Divisas SA (CIMD) as an associate. The reclassification was a result of establishing ICAP's significant influence through increased representation on CIMD's board of directors.

ICAP GROUP HOLDINGS PLC

Notes to the financial statements continued

19 Investments in associates continued

Summary financial information for associates continued

As at 31 March 2014, the Group held a 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 principal associates and their country of incorporation are listed below:

		% held	Principal activity
England	BSN Capital Partners Limited	25.1	Global Broking
Hong Kong	Capital Shipbrokers Limited	49.0	Global Broking
Japan	Totan ICAP Co Limited	40.0	Global Broking
	Central Totan Securities Co Limited	20.0	Global Broking
Jersey	Enso LP	22.9	Post Trade Risk and Information
Malaysia	Amanah Butler Malaysia Sdn Bhd	32.1	Global Broking
Spain	CIMD	19.9	Global Broking
United States	CLS Aggregation Services LLC	42.5	Post Trade Risk and Information
	OpenGamma Inc	15.2	Post Trade Risk and Information

All share holdings are in ordinary shares except 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

20 Available-for-sale investments

	Year ended 31 March 2014 £m	Year ended 31 March 2013 £m
As at 1 April	27	29
Additions	1	2
Disposals	(1)	(5)
Transfer to associates	(9)	–
Exchange adjustments	(1)	1
As at 31 March	17	27
Non-current		
– listed	1	1
– unlisted	16	26
	17	27
Current		
– listed	–	–
	–	–
Total	17	27

Available-for-sale investments include the following

Listed securities		
Equities listed in the US	–	–
Equities listed in the rest of the world	1	1
Total listed securities	1	1
Unlisted securities		
Equity investments	14	24
Other	2	2
Total unlisted securities	16	26
Total	17	27

Available-for-sale financial assets are denominated in the following currencies

	Pound sterling £m	Dollar £m	Euro £m	Other currencies £m	Total £m
As at 31 March 2014	8	3	1	5	17
As at 31 March 2013	8	2	9	8	27

ICAP GROUP HOLDINGS PLC

Notes to the financial statements continued

21 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	Short leasehold property improvements £m	Furniture, fixtures and equipment £m	Total £m
Cost			
As at 1 April 2013	27	122	149
Additions	1	12	13
Disposals	–	(9)	(9)
Reclassification	16	(19)	(3)
Exchange adjustments	(3)	(13)	(16)
As at 31 March 2014	41	93	134
Accumulated depreciation			
As at 1 April 2013	13	94	107
Charge for the year	3	13	16
Disposals	–	(9)	(9)
Reclassification	14	(17)	(3)
Exchange adjustments	(1)	(12)	(13)
As at 31 March 2014	29	69	98
Net book value			
As at 31 March 2014	12	24	36
	Short leasehold property improvements £m	Furniture, fixtures and equipment £m	Total £m
Cost			
As at 1 April 2012	26	182	208
Additions	–	6	6
Disposals	–	(55)	(55)
Reclassifications	1	(15)	(14)
Exchange adjustments	–	4	4
As at 31 March 2013	27	122	149
Accumulated depreciation			
As at 1 April 2012	11	125	136
Charge for the year	2	16	18
Impairment in the year	–	8	8
Disposals	–	(55)	(55)
As at 31 March 2013	13	94	107
Net book value			
As at 31 March 2013	14	28	42

No assets are held under finance leases. Short leasehold property improvements includes £1m (2012/13 – £1m) of property held as freehold.

ICAP GROUP HOLDINGS PLC

Notes to the financial statements continued

22 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

	As at 31 March 2014 £m	As at 31 March 2013 £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 2014 and 2013 there were 233,478,001 shares in issue.

23 Other reserves

Group	Merger reserve £m	Hedging reserve £m	Revaluation reserve £m	Other reserves £m
As at 1 April 2013	259	(6)	46	299
Gain unrealised in the year	–	8	–	8
As at 31 March 2014	259	2	46	307

Group	Merger reserve £m	Hedging reserve £m	Revaluation reserve £m	Other reserves £m
As at 1 April 2012	259	7	46	312
Gain unrealised in the year	–	(13)	–	(13)
As at 31 March 2013	259	(6)	46	299

24 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.

ICAP GROUP HOLDINGS PLC

Notes to the financial statements continued

24 Acquisitions continued

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 19).

b) Contingent deferred consideration in respect of acquisitions

A number of acquisitions made by the Group are satisfied in part by contingent deferred consideration. The Group has re-estimated the amounts due where necessary, with any corresponding adjustments being made to goodwill for acquisition made prior to the adoption of IFRS3 (revised) 'Business Combinations'. For acquisitions made since the adoption of IFRS3 (revised), any adjustments made to the contingent deferred consideration are made through the acquisition and disposals costs column of the consolidated income statement.

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 2014 a contingent deferred consideration of £5m (2012/13 – £6m) was outstanding.

c) Acquisition and disposal costs before tax

	Year ended 31 March 2014 £m	Year ended 31 March 2013 £m
Acquisition and disposal costs before tax comprises:		
Amortisation of intangibles recognised on consolidation	(64)	(69)
Impairment of intangible assets arising on consolidation	(11)	(81)
Other	(4)	(7)
Recognised in operating expenses	(79)	(157)
Impact on operating profit	(79)	(157)
Finance income	2	–
Finance cost	–	(1)
Tax	26	38
Acquisition and disposal costs	(51)	(120)

25 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.

ICAP GROUP HOLDINGS PLC

Notes to the financial statements continued

25 Currency risk management continued

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. 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 pounds sterling and conducts business in a number of other currencies, principally the dollar and the euro. Consequently the Group is exposed to FX risk due to exchange rate movements which affect the Group's transactional revenues 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.

ICAP GROUP HOLDINGS PLC

Notes to the financial statements continued

25 Currency risk management continued

(i) 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 17% of its forecast dollar and 28% of its forecast euro transactional exposures for the year to 31 March 2015. These contracts are at average rates of \$1.5955/£ and €1.1717/£ respectively.

(ii) 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. Cross currency swaps have therefore been used to hedge both the FX and the interest rate risks of the Group in relation to the €300m of five-year senior notes (note 8).

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 2014 the Group has €100m of the 2019 five-year senior notes designated as hedging instruments against the underlying euro exposures. As at 31 March 2014 these exposures were \$1.6bn (2012/13 – \$1.4bn) and €0.2bn (2012/13 – €0.2bn) including intangible assets arising on consolidation, but before \$nil (2012/13 – \$0.2bn) and €0.1bn (2012/13 – €nil) of hedging.

The Group disclosed in note 2 the actual impact and anticipated impact on the Group's 2013/14 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 an appropriate sensitivity measure, in the dollar and euro in terms of transactional and translational exposure.

	Dollar £m	Euro £m	Total £m
Equity	11	(2)	9

ICAP GROUP HOLDINGS PLC

Notes to the financial statements continued

25 Currency risk management continued

(iii) 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 recognition of the underlying item being hedged. The below table presents the carrying value of the Group's derivative financial instruments.

	As at 31 March 2014		As at 31 March 2013	
	Assets £m	Liabilities £m	Assets £m	Liabilities £m
Forward FX contracts – cash flow hedges	4	(5)	1	(6)
Cross currency swaps – cash flow hedges	–	(10)	–	(3)
Cross currency swaps – fair value hedges	1	–	2	–
Other	–	–	–	(1)
	5	(15)	3	(10)

Cross currency swaps relate to hedging the interest rate and FX risks of the Group for the €300m of five-year senior notes (note 8).

No amounts (2012/13 - £nil) were recognised in the consolidated income statement in the year as a result of ineffective hedges.

Company

The Company is exposed to both transactional and translational fluctuations in the value of financial instruments due to exchange rate movements. Transactional exposure arises from administrative and other expenses and remittance of funds in currencies other than the Company's functional currency (sterling), principally dollars and euros. Whilst it is the Group policy to hedge such FX exposures using derivative financial instruments at a Group level, these exposures can affect the Company's profit after tax. Translational exposure arises on the conversion of the foreign currency denominated assets and liabilities into sterling. It is estimated that a 10 cent movement in the exchange rates of the dollar and the euro would not have a material impact on the Company's income statement or equity as the Company would look to hedge these exposures.

The table below summarises the Company's exposure to concentrations of foreign currencies as at 31 March.

Assets	As at 31 March 2014				As at 31 March 2013			
	Dollar £m	Euro £m	Other £m	Total £m	Dollar £m	Euro £m	Other £m	Total £m
Cash and cash equivalents	20	–	3	23	34	–	–	34
Derivative financial instruments	3	2	–	5	–	2	1	3
Other financial assets	12	–	16	28	65	–	15	80
	35	2	19	56	99	2	16	117
Liabilities								
Derivative financial instruments	5	10	–	15	4	6	–	10
Borrowings	–	535	–	535	–	256	70	326
Other financial liabilities	459	14	25	498	398	2	37	437
	464	558	25	1,048	402	264	107	773

ICAP GROUP HOLDINGS PLC

Notes to the financial statements continued

26 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 2014		Year ended 31 March 2013	
	Interest charges	Management services provided/ (received)	Interest charges	Management services provided/ (received)
	£m	£m	£m	£m
Parent company	(10)	–	(5)	–
Affiliate companies	(17)	–	(18)	(3)

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

	As at 31 March 2014	As at 31 March 2013
	£m	£m
Parent company	119	100
Affiliate companies	(865)	(775)
	(746)	(675)

The majority of the Group 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. A number of transactions take place between IPGL and its subsidiaries and the Group and these are detailed below.

IPGL

The Group collected revenue on behalf of IPGL of £2,786 (2012/13 – £39,252). During the year, the Group charged IPGL £841 (2012/13 – £nil) in respect of employees of the Group who provided services to IPGL and its investments and £1,727 (2012/13 – £1,466) in respect of other services. As at 31 March 2014, IPGL owed the Group £6,125 (2012/13 – £771).

Exotix Holdings Ltd (Exotix)

As part of the disposal of Exotix Holdings Ltd to IPGL in 2007, the Group loaned employees of Exotix Ltd, a subsidiary of Exotix, £1.5m to enable them to purchase a shareholding. Interest of £924 (2012/13 – £2,606) has been charged on these loans during the year. The Group collected revenue of £7.0m (2012/13 – £11.6m) on behalf of Exotix and recharged Exotix £255,210 (2012/13 – £270,707) for clearing-related services and £288,435 (2012/13 – £237,845) for other services provided during the year. As at 31 March 2014, there was a balance due to Exotix from the Group of £0.4m (2012/13 – £1.6m). The Group holds £1.9m as collateral from Exotix on deposit.

City Index Ltd

During the year the Group has charged FXSolutions (an indirect subsidiary of IPGL) £15,000 (2012/13 – £0.4m) for the provision of FX data from its EBS platform. As at 31 March 2014 there was no balance outstanding with the Group (2012/13 – £nil).

ICAP GROUP HOLDINGS PLC

Notes to the financial statements continued

26 Related party transactions continued

b) TFS-ICAP LLC, TFS-ICAP Australia, TFS-ICAP Japan, TFS-ICAP Ltd and TFS-ICAP Singapore

The Group invoices and collects revenue on behalf of TFS-ICAP LLC. During the year, the Group invoiced and collected £0.1m (2012/13 – £0.3m) 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 – £123,527 (2012/13 – £nil), TFS-ICAP Ltd – £25,475 (2012/13 – £16,750). As at 31 March 2014 the outstanding balance from all the joint ventures to the Group was £1.2m (2012/13 – £2.9m due from the Group).

c) BSN Capital Partners Ltd (BSN)

The Group provides BSN Capital Partners Ltd (BSN), an associate undertaking, with office space and facility services. During the year, the Group charged BSN £144,627 (2012/13 – £159,147) for these services. The Group also has a preferred brokerage agreement with BSN and has recognised revenue of £0.2m (2012/13 – £0.1m) during the year. As at 31 March 2014 the outstanding balance was £385,822 (2012/13 – £136,994).

d) Capital Shipbrokers Ltd

The Group collected revenue on behalf of Capital Shipbrokers Ltd, an associate based in Hong Kong, of £2.0m (2012/13 – £2.7m). The Group also recharged Capital Shipbrokers Ltd £143,649 (2012/13 – £395,278) for overheads. The total outstanding balances due from the Group was £1.0m (2012/13 – £1.9m).

e) CLS Aggregation Services LLC (CLSAS)

The Group recharged CLSAS, an associate company, £3.8m (2012/13 – £4.4m) as compensation for technical services during the year. As at 31 March 2014 the total outstanding balance due to the Group was £0.7m (2012/13 – £1.3m). The Group received £6.3m (2012/13 – £5.2m) from CLSAS during the year. 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 £2.7m (2012/13 – £4.6m) relating to services performed in relation to the Group. Total compensation paid during the year to the highest earning director of the Company was £1.4m (2012/13 – £1.8m).

The key management personnel of the ICAP Group are the GEMG, whose services also relate to the Group. The aggregate remuneration for the ICAP Group key management for 2013/14 was £10m (2012/13 – £19m).

Company

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

	Year ended 31 March 2014 £m	Year ended 31 March 2013 £m
Management services expenses	17	15
Interest paid to related parties	31	25
	48	40

Amounts owed to the Company from subsidiaries are disclosed in note 14 and amounts owed by the Company to subsidiaries are disclosed in note 15.

27 Events after the balance sheet date

There are no material events subsequent to the balance sheet date.

This Supplementary Note has been prepared pursuant to section 454 of the Companies Act 2006 and regulations made pursuant thereto,

- revises in certain respects the original annual accounts of the Company and is to be treated as forming part of those accounts,
- revises the original financial statements as at the original date of 19 June 2014 and not as at the date of revision 8 December 2014 and accordingly does not deal with events between those dates or subsequent thereto

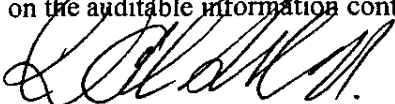
Note 28 UK subsidiaries exempt from audit requirements

The following subsidiaries have taken advantage of the exemption from having their financial statements audited on the basis that the Company has provided a guarantee of these subsidiaries' liabilities in respect of their financial year ended 31 March 2014 under section 479A to section 479C of the Companies Act 2006

Subsidiary name	Registered number	Liabilities as at 31 March 2014 under guaranteed *
ICAP Shipping Tankers Limited	02774629	£2,072,837
ICAP Shipping International Limited	06173794	£57,123,299
Capital Shipbrokers LLP	OC318682	£466,995
Midhurst Chartering Limited	07817554	£340,956
ICAP Shipping Limited	02062368	£15,367,946
ICAP Holdings (EMEA) Limited	06694601	£1,032,172
ICAP Holdings (Asia Pacific) Limited	05174354	£3,107,682
ICAP Holdings (Latin America) Limited	05162008	£384,238
ICAP Holdings Limited	06694563	£67,076,328
Garban International	01895476	£10,077,133
ICAP UK Investments No 1	05887529	£162,718
ICAP UK Investments No 2	05887539	£199,217
Godsell Astley & Pearce (Holdings) Ltd	01438662	£53,826
ICAP Holdings (UK) Limited	06505346	£15,400,000

*Total liabilities guaranteed of £172,865,348 includes £168,315,995 due to other subsidiaries of ICAP plc (the ultimate parent of IGHP and its subsidiaries) and £4,549,353 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 15 of the original IGHP financial statements

This Supplementary Note should be treated as forming part of the original financial statements The revision has no effect on the original financial statements other than the addition of the disclosure provided in the Supplemental Note Attached is a report (the "Supplemental Auditors' Report") of PricewaterhouseCoopers LLP (the Company's auditors at the time of the original financial statements who, accordingly, audited, to the relevant extent, the original financial statements) setting out their opinion on the auditable information contained in the revised financial statements



David Ireland, On behalf of the board of ICAP Group Holdings plc

The Supplementary Note was approved by the board on 8 December 2014

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

Opinions on revised financial statements

In our opinion the revised financial statements

- give a true and fair view, seen as at the date the original financial statements were approved, of the state of the group's and of the company's affairs as at 31 March 2014 and of group's profit and cash flows for the year then ended,
- have been properly prepared in accordance with International Financial Reporting Standards (IFRS) as adopted by the European Union as at the date the original financial statements were approved, and
- have been prepared in accordance with the provisions of the Companies Act 2006 as they have effect under the Companies (Revision of Defective Accounts and Reports) Regulations 2008

In our opinion, the original financial statements for the year ended 31 March 2014 failed to comply with the requirements of the Companies Act 2006 in the respects identified by the directors in Supplementary note 28

Emphasis of matter – supplementary note 28

In forming our opinion on the revised financial statements, which is not modified, we have considered the adequacy of the disclosures made in the supplementary note 28 to the revised financial statements concerning the need to provide required disclosures around certain of its UK subsidiaries being exempt from the requirement for an audit of their individual accounts for the year ended 31 March 2014, which were omitted in error. The original financial statements were approved on 19 June 2014. We have not performed a subsequent events review for the period from the date the original financial statements were approved to the date of this report.

What we have audited

The group revised financial statements and company revised financial statements (the "revised financial statements"), which are prepared by ICAP Group Holdings plc, comprise

- the Consolidated and Company balance sheets as at 31 March 2014,
- the Consolidated income statement and consolidated statement of comprehensive income for the year then ended,
- the Consolidated and Company statement of cash flow the year then ended,
- the Company statement of changes in equity for the year then ended, and
- the notes to the revised financial statements, which include explanatory information

The financial reporting framework that has been applied in their preparation of the Group financial statements is applicable law and IFRS as adopted by the European Union. The financial reporting framework that has been applied in their preparation of the Company financial statements is applicable law and IFRS as adopted by the European Union and as applied in accordance with the provisions of the Companies Act 2006. The revised financial statements replace the original financial statements approved by the directors on 19 June 2014.

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

The revised financial statements have been prepared under the Companies (Revision of Defective Accounts and Reports) Regulations 2008 and accordingly do not take account of events which have taken place after the date on which the original financial statements were approved.

What an audit of revised financial statements involve

We conducted our audit in accordance with International Standards on Auditing (UK and Ireland) ("ISAs (UK & Ireland)"). An audit involves obtaining evidence about the amounts and disclosures in the revised financial statements sufficient to give reasonable assurance that the revised 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 revised financial statements

In addition, we read all the financial and non-financial information in the [describe the annual report] to identify material inconsistencies with the revised 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.

The audit of revised financial statements includes the performance of procedures to assess whether the revisions made by the directors are appropriate and have been properly made.

Opinion on other matter 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 revised financial statements are prepared is consistent with the revised 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 revised financial statements are not in agreement with the accounting records and returns

We have no exceptions to report arising from this responsibility.

Directors' remuneration

Under the Companies Act 2006 we are required to report to you if, in our opinion, certain disclosures of directors' remuneration specified by law are not made. We have no exceptions to report arising from this responsibility.

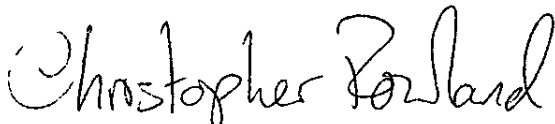
Responsibilities for the revised financial statements and the audit

Our responsibilities and those of the directors

As explained more fully in the Statement of Directors' Responsibilities set out on page 1-3 the directors are responsible for the preparation of the revised 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 revised financial statements in accordance with applicable law and ISAs (UK and 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 the Companies (Revision of Defective Accounts and Reports) Regulations 2008 and for no other purpose. We do not, in giving these opinions, accept or assume responsibility for any other purpose or to any other person to whom this report is shown or into whose hands it may come save where expressly agreed by our prior consent in writing.



Christopher Rowland (Senior Statutory Auditor)
For and on behalf of PricewaterhouseCoopers LLP
Chartered Accountants and Statutory Auditors
London
8 December 2014

ICAP GROUP HOLDINGS PLC

Other information

Definitions and glossary

Acquisition and disposal costs	as defined in the ICAP plc 2014 Annual report, 'Basis of Preparation' section
BrokerTec	see ICAP Electronic Broking below
CCP	Central Counterparty
CDS	Credit Default Swaps
CFTC	US Commodity Futures Trading Commission
Clearing house	a central risk-bearing and administrative facility in certain exchange-based markets which often acts as the counterparty to both the buyer and the seller of a contract, or as a central processor and/or guarantor of settlement of the trade protecting each party from the risk of the other party defaulting on the trade. Trades are also processed and settled through the clearing house
CLSAS	CLS Aggregation Services LLC, a joint venture between Traiana Inc and CLS Group
Companies Act	Companies Act 2006 (as amended)
CRD	Capital Requirements Directive
Derivatives	financial instruments whose performance is calculated by reference to the value of an underlying asset, including interest rates, bonds, currencies, equities and commodities. Credit derivatives are based on bonds, loans and other types of credit
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
EU	European Union
Exotix or Exotix business	Exotix Holdings Limited and its subsidiaries
FCA	Financial Conduct Authority, a successor to the Financial Services Authority
FICC	Fixed Income Clearing Corporation
Fitch	Fitch Ratings Limited
FX	foreign exchange
GEMG	ICAP Global Executive Management Group
GRACC	ICAP Group Risk And Capital Committee
ICAAP	Internal Capital Adequacy Assessment Process
ICAP Electronic Broking	the businesses of ICAP Electronic Broking LLC and ICAP Electronic Broking Limited
IFRS	International Financial Reporting Standards
IPGL	IPGL Limited
Libor	London Interbank Offered Rate
Link	the businesses of The Link Asset and Securities Company Limited, Link Securities Hong Kong Limited and Linkbrokers Derivatives LLC
Liquidity	liquid markets are those with enough buyers and sellers for financial instruments to be traded quickly in significant volumes without sudden major shifts in price
Moody's	Moody's Investors Services

ICAP GROUP HOLDINGS PLC

Other information continued

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
Pillar 1	sets out the rules by which regulatory capital can be calculated for the three major components of risk that a bank faces: credit risk, operational risk and market risk
Reset	Reset Holdings Private Limited and its subsidiaries
RCF	Revolving Credit Facility
SEF	Swap Execution Facility, a type of organised trading venue in the US
SEC	Securities and Exchange Commission, a US regulator
Tibor	Tokyo Interbank Offered Rate
Traiana	Traiana Inc and subsidiaries
TnOptima	TnOptima AB and its subsidiaries