

**Company Number: 6444051**

**ICAP EQUITIES LIMITED**  
**FINANCIAL STATEMENTS**  
**FOR THE YEAR ENDED**  
**31 MARCH 2010**



# **ICAP EQUITIES LIMITED**

## **Directors' Report for the year ended 31 March 2010**

The directors present their report and the audited financial statements of the company for the year ended 31 March 2010

### **PRINCIPAL ACTIVITY**

For the period to 21 March 2010, the company's principal activity was the introduction of equity dealers to fellow group subsidiaries, providing a full service from research to execution

However, on 15 February 2010 the Group announced that it was undertaking a strategic review of its cash equities business and on 22 March 2010, announced that it was going to discontinue its European and Asia Pacific integrated full service agency cash equities business

The company is incorporated and domiciled in the United Kingdom ("UK") The registered office is 2 Broadgate, London, EC2M 7UR.

### **BUSINESS REVIEW AND FUTURE DEVELOPMENTS**

In accordance with IFRS 5, "Non-current assets held for sale and discontinued operations", this business has been classified as discontinued and prior periods have been restated on a consistent basis

As a result of the decision to discontinue the full service cash equities business, the company is no longer a trading entity The company will seek to settle all outstanding balances at which point a decision will be made about the future requirement of the entity

### **RESULTS AND DIVIDENDS**

The results of the company are set out in the income statement on page 4

No dividends were paid during the year (2009 £nil) The loss for the year of £44,142,000 (2009 profit of £1,060,000) has been transferred to reserves

### **FINANCIAL RISK MANAGEMENT**

The company's risk profile and financial risk management policies are disclosed in note 2 to the financial statements

### **KEY PERFORMANCE INDICATORS**

The directors of ICAP plc manage the group's operations on a divisional basis ICAP's considerable investment in technology is essential to keep both the electronic and voice broking business competitive The measure which ICAP can benchmark itself against competitors is technology spend as a percentage of revenue The development, performance and position of ICAP plc, which includes the company, are discussed in its annual report which does not form part of this report

### **DIRECTORS AND DIRECTORS' INTERESTS**

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

D Bowden	(resigned 26 July 2010)
D Casterton	(appointed 19 August 2009)
D Pearson	(appointed 19 August 2009)
P Johnson	(resigned 20 July 2010)
P O'Toole	(resigned 26 July 2010)
G Poulter	(resigned 22 July 2010)
G Smith	(resigned 16 February 2010)
D Wales	(resigned 18 January 2010)
J Dawson	(appointed 18 January 2010)
T Merryweather	(appointed 17 February 2010)

None of the directors had any interests in the shares of the company during the year

### **STATEMENT OF DIRECTORS' RESPONSIBILITIES IN RESPECT OF THE FINANCIAL STATEMENTS**

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

# **ICAP EQUITIES LIMITED**

## **Directors' Report for the year ended 31 March 2010**

Company law requires the directors to prepare financial statements for each financial year. Under that law the directors have elected to prepare the financial statements in accordance with International Financial Reporting Standards (IFRSs) as adopted by the European Union. In preparing these financial statements, the directors have also elected to comply with IFRSs, issued by the International Accounting Standards Board (IASB). 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 of the profit or loss of the company for that period. In preparing these financial statements, the directors are required to

- select suitable accounting policies and then apply them consistently,
- make judgements and accounting estimates that are reasonable and prudent,
- state whether applicable International Financial Reporting Standards (IFRSs) as adopted by the European Union have been followed and whether the directors have also elected to comply with IFRSs, issued by the International Accounting Standards Board, subject to any material departures disclosed and explained in the financial statements,
- prepare the financial statements on the going concern basis unless it is inappropriate to presume that the company will continue in business.

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

### **GOING CONCERN**

The company's financial statements have been prepared on the going concern basis because the company's parent, Intercapital Ltd, has indicated that it will provide financial support to the company until at least twelve months from the date of signing the accounts.

### **CREDITOR PAYMENT POLICY**

The company has no external trade creditors.

### **INDEPENDENT AUDITORS**

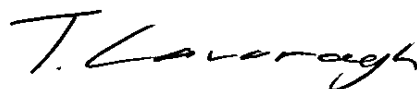
The company's incumbent auditors, PricewaterhouseCoopers LLP, have indicated their willingness to continue in office and are deemed reappointed in the next financial year.

### **PROVISION OF INFORMATION TO THE AUDITORS**

So far as the directors are aware, there is no relevant audit information of which the company's auditors are unaware.

The directors have taken all the steps they ought to have taken as directors 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



T Cavanagh

Company Secretary

10 November 2010

# **ICAP EQUITIES LIMITED**

## **Auditors' Report to the members of ICAP Equities Limited**

We have audited the financial statements of ICAP Equities Limited for the year ended 31 March 2010 which comprise the Income Statement, the Statement of Comprehensive Income, the Balance Sheet, the Statement of Changes in Equity, the Statement of Cash Flow and the related notes. The financial reporting framework that has been applied in their preparation is applicable law and International Financial Reporting Standards (IFRSs) as adopted by the European Union.

### **Respective responsibilities of directors and auditors**

As explained more fully in the Statement of Directors' Responsibilities set out on pages 1-2, the directors are responsible for the preparation of the financial statements and for being satisfied that they give a true and fair view. Our responsibility is to audit the financial statements in accordance with applicable law and International Standards on Auditing (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 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.

### **Scope of the audit of the financial statements**

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 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.

### **Opinion on financial statements**

In our opinion the financial statements

- give a true and fair view of the state of the company's affairs as at 31 March 2010 and of its loss and cash flows for the year then ended,
- have been properly prepared in accordance with IFRSs as adopted by the European Union, and
- have been prepared in accordance with the requirements of the Companies Act 2006.

### **Opinion on other matter prescribed by the Companies Act 2006**

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

### **Matters on which we are required to report by exception**

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

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



Carl Sizer (Senior Statutory Auditor)  
for and on behalf of PricewaterhouseCoopers LLP  
Chartered Accountants and Statutory Auditors  
London  
Date 10 November 2010

## ICAP EQUITIES LIMITED

### Income Statement for the year ended 31 March 2010

		<u>Year</u> <u>ended</u> <u>31/3/2010</u> £'000	<u>Period</u> <u>ended</u> <u>31/3/2009</u> £'000
	<u>Note</u>		
Administrative expenses	4	(60,704)	(13,639)
Other operating income	6	16,372	14,200
<b>Operating (loss) / profit</b>		<u>(44,332)</u>	<u>561</u>
Finance income	8	237	1,055
<b>(Loss) / profit before taxation</b>		<u>(44,095)</u>	<u>1,616</u>
Taxation	9	(47)	(556)
<b>(Loss) / profit for the year</b>		<u><u>(44,142)</u></u>	<u><u>1,060</u></u>

All amounts relate to activities that ceased during the year and prior year balances have been represented as a discontinued business

### Statement of Comprehensive (Loss) / Income for the year ended 31 March 2010

	<u>Year</u> <u>ended</u> <u>31/3/2010</u> £'000	<u>Period</u> <u>ended</u> <u>31/3/2009</u> £'000
(Loss) / profit for the year	(44,142)	1,060
<b>Total comprehensive (loss) / income for the year</b>	<u><u>(44,142)</u></u>	<u><u>1,060</u></u>

The notes on pages 8 to 17 are an integral part of these financial statements

**ICAP EQUITIES LIMITED**  
**Balance Sheet as at 31 March 2010**

	<u>Note</u>	<u>As at</u> <u>31/3/2010</u> <u>£'000</u>	<u>As at</u> <u>31/3/2009</u> <u>£'000</u>
<b>Non-current assets</b>			
Investment in subsidiary undertaking	10	1,500	12,017
		<u>1,500</u>	<u>12,017</u>
<b>Current assets</b>			
Trade and other receivables	11	-	12,191
Cash and cash equivalents	12	1	6
		<u>1</u>	<u>12,197</u>
Total assets		<u>1,501</u>	<u>24,214</u>
<b>Current liabilities</b>			
Trade and other payables	13	(25,363)	(2)
Tax payable		-	(532)
		<u>(25,363)</u>	<u>(534)</u>
<b>Non-current liabilities</b>			
Trade and other payables	13	-	(3,400)
Total liabilities		<u>(25,363)</u>	<u>(3,934)</u>
<b>Net (liabilities) / assets</b>		<u>(23,862)</u>	<u>20,280</u>
<b>Equity</b>			
Share capital	14	19,220	19,220
Retained (deficit) / earnings		(43,082)	1,060
<b>Total equity</b>		<u>(23,862)</u>	<u>20,280</u>

The notes on pages 8 to 17 are an integral part of these financial statements

The financial statements on pages 4 to 17 were approved by the board of directors on 10 November 2010 and were signed on its behalf by



**D Pearson**  
**Director**

## ICAP EQUITIES LIMITED

### Statement of Changes in Equity as at 31 March 2010

	<u>Share capital</u> (note 14) £'000	<u>Retained earnings</u> £'000	<u>Total</u> £'000
As at 4 December 2007	-	-	-
Issue of ordinary shares	19,220	-	19,220
Profit for the period	-	1,060	1,060
As at 31 March 2009	<u>19,220</u>	<u>1,060</u>	<u>20,280</u>
Loss for the year	-	(44,142)	(44,142)
As at 31 March 2010	<u>19,220</u>	<u>(43,082)</u>	<u>(23,862)</u>

The notes on pages 8 to 17 are an integral part of these financial statements

# ICAP EQUITIES LIMITED

## Statement of Cash Flow for the year ended 31 March 2010

	<u>Note</u>	<u>Year ended 31/3/2010 £'000</u>	<u>Period ended 31/3/2009 £'000</u>
<b>Cash flows from operating activities</b>			
(Loss) / profit before taxation		(44,095)	1,616
Adjustments for			
Impairment charges		10,517	-
Net finance income		(237)	(1,055)
<i>Operating cash flows before movements in working capital</i>		<u>(33,815)</u>	<u>561</u>
Decrease / (increase) in trade and other receivables		12,427	(19,780)
Increase in trade and other payables		24,782	2
Decrease in provisions		(3,400)	-
Net cash used in operating activities		<u>(6)</u>	<u>(19,217)</u>
<b>Cash flows from investing activities</b>			
Interest received		1	3
Net cash from investing activities		<u>1</u>	<u>3</u>
<b>Cash flows from financing activities</b>			
Proceeds from issue of ordinary shares		-	19,220
Net cash generated by financing activities		<u>-</u>	<u>19,220</u>
Net (decrease) / increase in cash and cash equivalents		<u>(5)</u>	<u>6</u>
Net cash and cash equivalents at beginning of year	12	6	-
Net cash and cash equivalents at end of year	12	<u>1</u>	<u>6</u>

The notes on pages 8 to 17 are an integral part of these financial statements

The payment of interest is partly settled through the netting of related party balances. Similarly, tax is paid to the authorities on behalf of the company by a fellow subsidiary undertaking of ICAP plc, and is settled through the netting of related party balances.

Therefore, in the absence of the use of cash or cash equivalents, interest and tax paid through intercompany settlements have been excluded from the cash flow statement.



# ICAP EQUITIES LIMITED

## Notes to the financial statements for the year ended 31 March 2010

### 1 PRINCIPAL ACCOUNTING POLICIES

#### a) Basis of preparation

The financial statements have been prepared in accordance with IFRS adopted by the EU, IFRIC interpretations and with those parts of the Companies Act 2006 applicable to companies reporting under IFRS and therefore comply with Article 4 of the EU IAS Regulation. The financial statements have also been prepared under the historical cost convention, as modified to include the fair value of certain financial instruments in accordance with IFRS. The financial statements are prepared in pound sterling, which is the functional currency of the company and presented in thousands.

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

#### b) Recent accounting developments

The following new standards and amendments to standards are mandatory for the first time for the financial year beginning 1 April 2009 and are considered relevant to the company.

IAS1 (revised), "Presentation of financial statements", allows entities to choose whether to present one performance statement (the statement of comprehensive income) or two statements and income statement and a statement of comprehensive income. The company has elected to present the latter. Comparative information has been re-presented so that it also conforms with the revised standard.

Amendments to IFRS2, "Share-based payment" clarifies the vesting and service conditions of certain employee share option schemes, whereby the cancellations of share options by employees are treated in the same way as a cancellation by the company. This amendment has not had a material effect on the results and net assets of the company.

Amendments to IFRS7, "Financial instruments: Disclosures", which requires enhanced disclosure about fair value measurement and liquidity risk. In particular, the amendment requires disclosure of fair value measurements by a level of a fair value hierarchy. The amendment has had no impact on the results of the company. The company has chosen to take the exemption not to present the comparative assets and liabilities held at fair value by level of a fair value hierarchy.

The following new standards and amendments to standards and interpretations have been issued, but are not effective for the financial year beginning 1 April 2009 and have not been early adopted, but are considered relevant to the company.

IFRS9, "Financial Instruments" addresses clarification and measurement of financial assets, as the first phase of the replacement of IAS39 "Financial Instruments: Recognition and Measurement" and is effective for annual periods beginning after 1 January 2013, subject to EU endorsement. The impact on the company's financial statements of the future adoption of this standard is still under review.

#### c) Taxation

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 income statement, except when it relates to items charged or credited directly to equity, in which case the deferred tax is also dealt with in equity.

Current tax is the expected tax payable on the taxable income for the year, using tax rates enacted, or substantively enacted by the Balance Sheet date.

Deferred tax is recognised in respect of all temporary differences between the carrying value of assets and liabilities for reporting purposes and the amounts charged or credited for tax purposes. 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 only recognised to the extent that it is probable that future taxable profits will be available against which the asset can be utilised. 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.

# ICAP EQUITIES LIMITED

## Notes to the financial statements for the year ended 31 March 2010

### 1 PRINCIPAL ACCOUNTING POLICIES (CONTINUED)

d) 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 company'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

e) Trade receivables

Trade receivables are recognised on invoice date and measured at amortised cost

f) Debt provisioning

Provisions are made for specific debts when it is considered that the creditworthiness of the debtor has deteriorated such that the recovery of all or part of a debt is in serious doubt

A provision is made in respect of potential losses which are judged to be present in debtor balances at the Balance Sheet date, but which will not be identified as such until some time in the future. The level of provision is based upon the previous experience of such losses in the company and is reviewed on a periodic basis. The appropriateness of the provision is periodically assessed against any actual losses that have arisen. All provisions are recorded within administrative expenses in the income statement

g) Cash and cash equivalents

Cash equivalents includes all investments readily convertible to a known amount of cash and subject to an insignificant risk of changes in value when it has a maturity of three months or less from the date of acquisition

h) Share capital

Ordinary shares are classified as equity. Dividends are recognised as deductions from retained earnings in the year in which they are declared

i) Impairment of assets

An impairment review of the recoverable amounts of assets is undertaken at each Balance Sheet date or when such events or changes in circumstances indicate that an impairment loss may have occurred

### 2. FINANCIAL RISK MANAGEMENT

#### *Financial risk factors*

The company's activities expose it to a variety of financial risks, including liquidity, interest rate, foreign exchange and credit risk. The overall financial risk management framework, strategy and policies of the company are determined by the board of its ultimate parent company, ICAP plc (the "Group"). It does this through two board committees, the Group Risk and Finance Committees, and also by regional and market risk committees. The company does not manage its own financial risk framework

#### *Financial assets and liabilities*

The company's financial assets are classified as loans and receivables. None of the company's financial liabilities are held for trading

a) Market risk

Foreign exchange risk

The company operates principally in the United Kingdom and therefore has no exposure to foreign exchange risk

# ICAP EQUITIES LIMITED

## Notes to the financial statements for the year ended 31 March 2010

### 2. FINANCIAL RISK MANAGEMENT (CONTINUED)

#### Interest rate risk

The company's interest rate risk arises from cash and cash equivalents where changes in market rates can have an adverse impact on cash flows and income streams. Interest rate risk is monitored at a Group level by the Finance Committee. Risks are hedged using derivative financial instruments where appropriate. In terms of cash and other interest bearing investments, the company must comply with the Group Investment Policy. Limits are in place to restrict the amount that can be invested at one institution and all investments must be credit rated AA or above and be for less than 18 months, unless approved by the Finance Committee.

The company estimates that an increase of 1% in interest rates would have an immaterial impact on the company's income statement and equity.

As at 31 March 2010 there were no instruments with a contracted maturity or re-pricing date in excess of 18 months. The company's interest rate profile as at 31 March 2010 was as follows:

	<u>As at 31 March 2010</u>			<u>Total</u> £'000
	<u>None</u> £'000	<u>Fixed</u> £'000	<u>Variable</u> £'000	
<b>Assets</b>				
Cash and cash equivalents	-	-	1	1
Trade and other receivables	-	-	-	-
	<u>-</u>	<u>-</u>	<u>1</u>	<u>1</u>
<b>Liabilities</b>				
Trade and other payables	<u>(25,363)</u>	<u>-</u>	<u>-</u>	<u>(25,363)</u>

The company's interest rate profile as at 31 March 2009 was as follows:

	<u>As at 31 March 2009</u>			<u>Total</u> £'000
	<u>None</u> £'000	<u>Fixed</u> £'000	<u>Variable</u> £'000	
<b>Assets</b>				
Cash and cash equivalents	-	-	6	6
Trade and other receivables	12,191	-	-	12,191
	<u>12,191</u>	<u>-</u>	<u>6</u>	<u>12,197</u>
<b>Liabilities</b>				
Trade and other payables	<u>(2)</u>	<u>-</u>	<u>-</u>	<u>(2)</u>

# ICAP EQUITIES LIMITED

## Notes to the financial statements for the year ended 31 March 2010

### 2. FINANCIAL RISK MANAGEMENT (CONTINUED)

#### Interest rate risk (continued)

The table below shows the effective annual interest rate for each category of financial asset

	<u>Year ended 31/3/2010</u>		<u>Period ended 31/3/2009</u>	
	<u>Fixed</u> %	<u>Variable</u> %	<u>Fixed</u> %	<u>Variable</u> %
<b>Assets</b>				
Cash at bank	-	-	-	2.25

#### Price risk

The company has no exposure to price risk

#### *b) Credit risk*

Credit risk arises from the potential that a counterparty is unable or unlikely to perform on an obligation resulting in a loss for the company. The company's exposure to credit risk is limited since it acts as an intermediary whereby business is transacted on an agency or matched principal basis. All counterparties are subject to regular review and assessment by regional credit officers and credit limits are set and approved by the appropriate credit committee as overseen by the Group Risk Committee. Limits are set based on Group parameters determining the maximum loss any one company (within the Group) can suffer as a result of counterparty default. Typically the company's counterparties are highly credit rated large financial institutions.

The company has no significant concentrations of credit risk and the maximum exposure is limited to trade and other receivables (note 11). The Group policy is to limit exposure by netting balances.

#### *c) Liquidity risk*

Prudent liquidity risk management implies maintaining sufficient cash and marketable securities and ensuring the availability of funding through an adequate amount of committed credit. This is important to ensure that the company can meet all present and future financial obligations as they fall due and comply with regulatory requirements. The Finance Committee monitors free cash resources ensuring that all companies within the Group maintain sufficient resources to finance their operations and that all investments comply with the Group Investment Policy. This dictates borrowing and investing limits based on an institution's credit rating and the nature of financial instruments that can be held.

The company's exposure to liquidity risk is not significant.

#### *d) Fair value*

Fair value is the amount for which an asset could be exchanged, or a liability settled, between knowledgeable, willing parties in an arms length transaction.

As at 31 March 2010 there are no assets or liabilities whose carrying value was not a reasonable approximation of its fair value due to their short term nature.

# ICAP EQUITIES LIMITED

## Notes to the financial statements for the year ended 31 March 2010

### 3. KEY ACCOUNTING JUDGEMENTS AND SOURCES OF ESTIMATION UNCERTAINTY

The company makes various judgements in applying its accounting policies and various assumptions and estimates, including about the future, when determining the carrying value of certain assets and liabilities. As at 31 March 2010 there were no such judgements or assumptions that had a significant effect on the amounts recognised in the financial statements, or a significant risk of causing material adjustment to the carrying amounts of assets and liabilities in the next financial year.

### 4. ADMINISTRATIVE EXPENSES

	<u>Year ended 31/3/2010</u> £'000	<u>Period ended 31/3/2009</u> £'000
Management recharge (note 15)	53,587	13,639
Impairment of investment (note 10)	7,117	-
	<u>60,704</u>	<u>13,639</u>

The company's administrative expenses include the auditors' remuneration in the UK of £15,000 (2009 £15,000).

Fees paid to the company's auditor, PricewaterhouseCoopers LLP, and its associates for services other than the statutory audit of the company are not disclosed in the company's accounts since the consolidated accounts of the company's ultimate parent, ICAP plc, are required to disclose non-audit fees on a consolidated basis.

### 5. STAFF COSTS

Staff costs comprise

	<u>Year ended 31/3/2010</u> £'000	<u>Period ended 31/3/2009</u> £'000
Employee costs		
Wages and salaries	23,996	9,646
Social security costs	1,974	1,179
Other pension costs	12	-
Termination costs	16,077	-
	<u>42,059</u>	<u>10,825</u>

All staff costs were borne by fellow subsidiary undertakings of ICAP plc and were charged to the company by way of the management charge referred to in note 4.

The average number of persons employed by the company during the year was 53 (2009 21).

### 6. OTHER OPERATING INCOME

The company is an appointed representative of ICAP Securities Limited and as such introduces clients and transactions to ICAP Securities Limited. Other operating income includes management fees from ICAP Securities Limited for the introduction of trades.

Exchange differences arising on transactions in foreign currencies during the year and on the translation at the Balance Sheet date of assets and liabilities denominated in foreign currencies is also included.

## ICAP EQUITIES LIMITED

### Notes to the financial statements for the year ended 31 March 2010

#### 7. DIRECTORS' REMUNERATION

Remuneration payable to the directors in respect of their services to the company and its subsidiary undertakings was as follows

	<u>Year ended</u> <u>31/3/2010</u>		<u>Period ended</u> <u>31/3/2009</u>	
	Total	Highest paid director	Total	Highest paid director
	£'000	£'000	£'000	£'000
Aggregate emoluments	4,325	2,391	3,515	1,563
Contributions to defined contribution pension schemes	32	-	-	-
	<u>4,357</u>	<u>2,391</u>	<u>3,515</u>	<u>1,563</u>

As at 31 March 2010, retirement benefits are accruing to 3 directors (2009 3 directors) under money purchase pension schemes

#### 8. FINANCE INCOME

	<u>Year ended</u> <u>31/3/2010</u>	<u>Period ended</u> <u>31/3/2009</u>
	£'000	£'000
Interest receivable from bank deposits	-	3
Interest receivable from group undertakings	237	1,052
	<u>237</u>	<u>1,055</u>

# ICAP EQUITIES LIMITED

## Notes to the financial statements for the year ended 31 March 2010

### 9. TAXATION

	<u>Year ended 31/3/2010 £'000</u>	<u>Period ended 31/3/2009 £'000</u>
a) Analysis of charge for the year		
Current taxation		
- UK corporation tax	-	556
- Adjustment in respect of prior periods	47	-
	<u>47</u>	<u>556</u>
b) Factors affecting the taxation charge for the year		
(Loss) / profit before taxation	<u>(44,095)</u>	<u>1,616</u>
(Loss) / profit before taxation multiplied by standard rate of corporation tax in the UK of 28% (2009 28%)	(12,346)	452
Effects of		
Group relief transferred to fellow group undertakings	12,346	
Expenses not deductible for tax purposes	-	104
Adjustment in respect of prior periods	47	-
	<u>12,393</u>	<u>104</u>
Tax charge for the year	<u>47</u>	<u>556</u>
Effective tax rate	0.1%	34%

### 10. INVESTMENT IN SUBSIDIARIES

	<u>As at 31/3/2010 £'000</u>	<u>As at 31/3/2009 £'000</u>
<b>Cost and net book value</b>		
As at 1 April	12,017	-
Additions	-	12,017
Impairment of investment	(10,517)	-
As at 31 March	<u>1,500</u>	<u>12,017</u>

# ICAP EQUITIES LIMITED

## Notes to the financial statements for the year ended 31 March 2010

### 10. INVESTMENT IN SUBSIDIARIES (CONTINUED)

At 31 March 2010, the company's principal subsidiary undertaking was as follows

<u>Name</u>	<u>Country of incorporation and operation</u>	<u>Class of share and percentage held</u>
ICAP Equities Asia Limited	Hong Kong	Ordinary £1 shares 100% held

All subsidiaries are involved in the provision of inter-dealer brokerage to equity dealers

The investment in ICAP Equities Asia Limited has been impaired due to the closure of the cash equities business  
This amount includes £3,400,000 relating to deferred consideration (note 13)

In the opinion of the directors, the value of the company's interest in its subsidiary undertakings is not less than the amount stated on the Balance Sheet

### 11. TRADE AND OTHER RECEIVABLES

	<u>As at 31/3/2010 '000</u>	<u>As at 31/3/2009 '000</u>
Amounts owed by group undertakings	-	12,191

### 12. CASH AND CASH EQUIVALENTS

	<u>As at 31/3/2010 £'000</u>	<u>As at 31/3/2009 £'000</u>
Cash in hand and at bank	1	6

The effective interest rates are disclosed in note 2

### 13. TRADE AND OTHER PAYABLES

	<u>As at 31/3/2010 £'000</u>	<u>As at 31/3/2009 £'000</u>
<b>Non-current liabilities</b>		
Deferred consideration	-	3,400
<b>Current liabilities</b>		
Amounts owed to group undertakings	16,530	-
Provision for restructuring	7,702	-
Accruals	1,131	-
Other taxation and social security	-	2
	<u>25,363</u>	<u>2</u>

The provision for restructuring balance included above relates to the closure of the cash equities business



# ICAP EQUITIES LIMITED

## Notes to the financial statements for the year ended 31 March 2010

### 14. CALLED UP SHARE CAPITAL

	<u>As at</u> <u>31/3/2010</u> £'000	<u>As at</u> <u>31/3/2009</u> £'000
Authorised		
15,020,000 Ordinary A shares of £1 each	15,020	15,020
4,000,000 Ordinary B shares of £1 each	4,000	4,000
980,000 Ordinary C shares of £1 each	980	980
	<u>20,000</u>	<u>20,000</u>
Allotted and fully paid		
15,020,000 Ordinary A shares of £1 each	15,020	15,020
4,000,000 Ordinary B shares of £1 each	4,000	4,000
200,000 Ordinary C shares of £1 each	200	200
	<u>19,220</u>	<u>19,220</u>

### 15. RELATED PARTY TRANSACTIONS

#### Parent undertakings

The company's immediate parent is Intercapital Limited, which does not prepare consolidated financial statements

The company's ultimate parent is ICAP plc, which is incorporated in the United Kingdom and heads the largest group of companies of which the company is a member. ICAP plc prepares consolidated financial statements in accordance with IFRS and copies may be obtained from the Company Secretary, ICAP plc, 2 Broadgate, London, EC2M 7UR

#### Related Party Transactions

During the year ended 31 March 2010, the company entered into transactions with related parties who are members of the group

	Management fees £'000	Costs of management services received £'000
Fellow subsidiary undertakings	<u>16,371</u>	<u>53,587</u>

During the period ended 31 March 2009, the company entered into transactions with related parties who are members of the group

	Management fees £'000	Costs of management services received £'000
Fellow subsidiary undertakings	<u>14,200</u>	<u>13,639</u>

All UK domiciled group undertakings are party to a netting agreement

All balances are unsecured, non-interest bearing and have no fixed terms of repayment

## ICAP EQUITIES LIMITED

### Notes to the financial statements for the year ended 31 March 2010

#### 15. RELATED PARTY TRANSACTIONS (CONTINUED)

Administrative expenses arise from management charges from fellow subsidiary undertakings, ICAP Management Services Limited. Details relating to this cost can be found in note 4.

The company had the following outstanding balances owed by / (to) related parties who are members of the group

	<u>As at</u> <u>31/3/2010</u> £'000	<u>As at</u> <u>31/3/2009</u> £'000
Parent undertaking	6,539	11,876
Fellow subsidiary undertakings	(23,069)	1,678
Subsidiary undertaking	-	(1,363)
	<u>(16,530)</u>	<u>12,191</u>

#### Remuneration of key management personnel

There are no key management personnel other than the directors of the company. Director's remuneration is disclosed in note 7.