

**Company Number: 6482635**

**ICAP IEB Z LIMITED**  
**FINANCIAL STATEMENTS**  
**FOR THE YEAR ENDED**  
**31 MARCH 2011**



# **ICAP IEB Z LIMITED**

## **Directors' Report for the year ended 31 March 2011**

Company Number 6482635

The directors present their report and the audited financial statements of the company for the year ended 31 March 2011

### **PRINCIPAL ACTIVITY**

The company's principal activity is to provide strategic advice on analysis of European government bond markets, analysis of macroeconomic factors, competitor analysis, business planning & forecasting, reviewing of existing and anticipated British and European legislation and lobbying at government and supra government level. At no point shall such strategic advice include any client contact or any activities which are regulated by the FSA. It is anticipated that the company will continue its present business activities next year.

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**

The directors consider that the year end financial position was satisfactory and do not anticipate any changes to the principal activities.

### **RESULTS AND DIVIDENDS**

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

The profit for the year of £712,000 (2010: £329,000) has been transferred to reserves.

The directors do not recommend the payment of a dividend (2010: £nil).

### **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 their annual report which does not form part of this report.

### **DIRECTORS**

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

J Edwards	(appointed 17 Dec 2010)
S Caplen	(appointed 17 Dec 2010)
I Chicken	(resigned 17 Dec 2010)

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

### **CREDITOR PAYMENT POLICY**

The company has no external trade creditors.

# ICAP IEB Z LIMITED

**Directors' Report for the year ended 31 March 2011**

Company Number 6482635

## STATEMENT OF DIRECTORS' RESPONSIBILITIES

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

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

## POST BALANCE SHEET EVENTS

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

## 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  
Secretary

Friday, June 24<sup>3</sup>, 2011

# **ICAP IEB Z LIMITED**

## **Independent Auditors' Report to the members of ICAP IEB Z Limited**

We have audited the financial statements of ICAP IEB Z Limited for the year ended 31 March 2011 which comprise the Income Statement, the Statement of Comprehensive Income, the Statement of Changes in Equity, the Balance Sheet, 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 page 2, the directors are responsible for the preparation of the financial statements and for being satisfied that they give a true and fair view. Our responsibility is to audit and express an opinion on the financial statements in accordance with applicable law and International Standards on Auditing (UK and Ireland). 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 2011 and of its results 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 matters prescribed by the Companies Act 2006**

In our opinion the information given in the Directors' Report for the financial year for which the parent company 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 Auditors)  
for and on behalf of PricewaterhouseCoopers LLP  
Chartered Accountants and Statutory Auditors  
London  
Date Friday, June 24, 2011

# ICAP IEB Z LIMITED

## Income Statement for the year ended 31 March 2011

	<u>Note</u>	<u>Year ended</u> <u>31/03/2011</u> £'000	<u>Year ended</u> <u>31/03/2010</u> <u>(Restated)</u> £'000
Revenue	1	1,608	1,079
Administrative expenses	4	(619)	(622)
Profit before tax		<u>989</u>	<u>457</u>
Tax	7	(277)	(128)
Profit for the year		<u><u>712</u></u>	<u><u>329</u></u>

The operating profit of the company for the year is derived from continuing operations

The notes on pages 9 to 16 are an integral part of these financial statements

# ICAP IEB Z LIMITED

## Statement of Comprehensive Income for the year ended 31 March 2011

	<u>Year ended</u> <u>31/03/2011</u> £'000	<u>Year ended</u> <u>31/03/2010</u> <u>(Restated)</u> £'000
Profit for the year	712	329
Total comprehensive income for the year	<u>712</u>	<u>329</u>

The notes on pages 9 to 16 are an integral part of these financial statements


**ICAP IEB Z LIMITED**  
**Balance Sheet as at 31 March 2011**

Company Number 6482635

	<u>Note</u>	<u>As at</u> <u>31/03/2011</u> £'000	<u>As at</u> <u>31/03/2010</u> <u>(Restated)</u> £'000
<b>Current assets</b>			
Trade and other receivables	8	1,358	587
<b>Total assets</b>		<u>1,358</u>	<u>587</u>
<b>Current liabilities</b>			
Tax payable		(187)	(128)
<b>Total liabilities</b>		<u>(187)</u>	<u>(128)</u>
<b>Net assets</b>		<u>1,171</u>	<u>459</u>
<b>Equity</b>			
Called up share capital	9	1	1
Retained earnings		1,170	458
<b>Total equity</b>		<u>1,171</u>	<u>459</u>

The notes on pages 9 to 16 are an integral part of these financial statements

The financial statements on pages 4 to 16 were approved by the board of directors on <sup>23</sup>~~24~~ June 2011 and were signed on its behalf by

  
S Caplen  
Director

## ICAP IEB Z LIMITED

### Statement of Changes in Equity as at 31 March 2011

	<u>Share capital (note 9)</u>	<u>Retained earnings (Restated)</u>	<u>Total</u>
	£'000	£'000	£'000
As at 1 April 2009	-	129	129
Profit for the year	-	329	329
Issue of ordinary shares	1	-	1
As at 31 March 2010	<u>1</u>	<u>458</u>	<u>459</u>
Profit for the year	-	712	712
As at 31 March 2011	<u>1</u>	<u>1,170</u>	<u>1,171</u>

The notes on pages 9 to 16 are an integral part of these financial statements

#### Share capital

The balance classified as share capital includes the nominal value of the proceeds on issue of the company's equity share capital, comprising £1 ordinary shares



# ICAP IEB Z LIMITED

## Statement of Cash Flow for the year ended 31 March 2011

	<u>Note</u>	<u>Year ended</u> <u>31/03/2011</u> £'000	<u>Year ended</u> <u>31/03/2010</u> <u>(Restated)</u> £'000
<b>Cash flows from operating activities</b>			
Profit before tax		989	457
<i>Operating cash flows before movements in working capital</i>		<u>989</u>	<u>457</u>
Increase in trade and other receivables		(1,048)	(631)
Increase in tax payable		59	174
Net cash used in operating activities		<u>-</u>	<u>-</u>
		<u>-</u>	<u>-</u>
		<u>-</u>	<u>-</u>

The notes on pages 9 to 16 are an integral part of these financial statements

Shares issued to ICAP Electronic Broking Limited during the year ended 31 March 2010 were 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. Therefore, in the absence of the use of cash and cash equivalents proceeds received from the issue of shares and tax paid on behalf of the company have been excluded from the cash flow statement.

# ICAP IEB Z LIMITED

## Notes to the financial statements for the year ended 31 March 2011

### 1. PRINCIPAL ACCOUNTING POLICIES

#### a) Basis of preparation

The financial statements have been prepared in accordance with International Financial Reporting Standards as adopted by the EU, the Companies Act 2006 and under the historical cost convention

#### Prior year adjustment

The comparative results for the year ended 31 March 2010 have been restated to reflect bonuses previously included in a fellow group undertaking. Administrative expenses have increased by £321,000 and this has resulted in a tax decrease of £90,000. Trade and other receivables decreased by £321,000 and tax payable decreased by £90,000. Prior year balance sheets were not affected by this adjustment.

#### 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 2010 and are considered relevant to the company:

IFRS3 (revised), 'Business Combinations' and consequential amendments to IAS27, 'Consolidated and Separate Financial Statements', IAS28, 'Investments in Associates', and IAS31, 'Interests in Joint Ventures'. These changes apply to the company prospectively for business combinations enacted on or after 1 April 2010. The revised standard continues to apply the acquisition method to business combinations, with some significant changes. For example, all payments to purchase a business are recorded at fair value at the acquisition date, with contingent payments classed as debt subsequently remeasured through the consolidated income statement. There is a choice on an acquisition-by-acquisition basis to measure the non-controlling interest in the acquiree either at fair value or at the non-controlling interest's proportionate share of the acquiree's net assets.

All acquisition-related costs should be expensed. The company expects that the impact on results will depend on the nature of transactions undertaken by the company. Contingent deferred consideration payable arising from acquisitions enacted before 1 April 2010 will be remeasured in accordance with IFRS3 as movements to goodwill and not through the consolidated income statement as required by IFRS3 (revised).

A number of other interpretations and amendments to existing standards have been made by the IASB and IFRIC but are not considered relevant to the company's operations.

The following new standards and amendments to standards and interpretations have been issued, but are not effective for the financial year beginning 1 April 2010 and have not been early adopted:

– Revised IAS24 'Related Party Disclosures' was issued in November 2009 and is required to be applied for accounting periods on or after 1 January 2011. It supersedes IAS24 'Related Party Disclosures' issued in 2003.

– 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 the standard is still under review.

#### c) Revenue

Revenue comprises an allocation of commission and brokerage income derived from providing strategic advice on analysis of European government bond markets, analysis of macro economic factors, competitor analysis, business planning & forecasting, reviewing of existing and anticipated British and European legislation and lobbying at government and supra government level.

# ICAP IEB Z LIMITED

## Notes to the financial statements for the year ended 31 March 2011

### 1. PRINCIPAL ACCOUNTING POLICIES (CONTINUED)

#### d) Financial assets

Financial assets are classified as "loans and receivables" on initial recognition

Loans and receivables loans and receivables are non-derivative financial instruments which have a fixed or easily determined value They are recognised at cost, less any provisions for impairment in their value These assets are included in trade and other receivables (note 8)

Financial assets 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 carrying value and the present value of any expected future cash flows, with any impairment being recognised in the income statement Subsequent recovery of amounts previously impaired are credited to the income statement

#### e) 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 income statement, except when it relates to items charged or credited directly to equity, in which case the current and 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 substantially 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

#### f) Share capital

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

# ICAP IEB Z LIMITED

## Notes to the financial statements for the year ended 31 March 2011

### 2. FINANCIAL RISK MANAGEMENT

#### *Financial risk factors*

The company's activities expose it to a variety of financial risks, including liquidity, interest rate, currency 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 the board committee, the Group Risk and Capital Committee, 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.

#### *Market risk*

##### Foreign exchange risk

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

##### Interest rate risk

The company's financial assets are non interest bearing.

##### Price Risk

The company's activities do not expose it to price risk.

#### *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 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 and Capital 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 receivables (note 8).

# ICAP IEB Z LIMITED

## Notes to the financial statements for the year ended 31 March 2011

### 2. FINANCIAL RISK MANAGEMENT (CONTINUED)

#### *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 Group Risk and Capital 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. The company's financial liabilities have no fixed term of repayment and are repayable upon demand.

#### *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. The fair values of financial instruments are determined as per the company's accounting policies.

As at 31 March 2011 there are no assets or liabilities whose carrying value was not a reasonable approximation of its fair value (2010: none), due to their short term nature.

### 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 2011 there were no such judgements or assumptions that had a significant effect on the amounts recognised in the financial statements. None of these items give rise to a significant risk of causing material adjustment to the carrying amounts of assets and liabilities in the next financial year.

# ICAP IEB Z LIMITED

## Notes to the financial statements for the year ended 31 March 2011

### 4. ADMINISTRATIVE EXPENSES

	<u>Year ended</u> <u>31/03/2011</u>	<u>Year ended</u> <u>31/03/2010</u> (Restated)
	£'000	£'000
Management recharge	619	622

The company's administrative expenses includes auditors' remuneration in the UK of £ 3,000 (2010 £ 3,000 )

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 its parent, ICAP plc, disclose these fees on a consolidated basis For the same reason the details of SAYE share option are not disclosed in the company's accounts

### 5. STAFF COSTS

Staff costs borne by the company and included within the management recharge comprise

	<u>Year ended</u> <u>31/03/2011</u>	<u>Year ended</u> <u>31/03/2010</u> (Restated)
	£'000	£'000
Employee costs		
Wages and salaries	536	542
Social security costs	64	62
Other pension costs	5	5
	605	609

The average number of persons employed by the company during the year was 2 (2010 3)

All staff costs were borne by a fellow subsidiary undertaking of ICAP plc and were charged to the company by way of the group management charges referred to in note 4

# ICAP IEB Z LIMITED

## Notes to the financial statements for the year ended 31 March 2011

### 6. DIRECTORS' REMUNERATION

Remuneration payable to the directors in respect of their services to the company was as follows

	<u>Year ended</u> <u>31/03/2011</u>		<u>Year ended</u> <u>31/03/2010</u>	
	Total	Highest paid director	Total	Highest paid director
	£'000	£'000	£'000	£'000
Aggregate emoluments	59	43	26	26
Contributions to defined contribution pension schemes	1	-	2	2
	<u>60</u>	<u>43</u>	<u>28</u>	<u>28</u>

As at 31 March 2011, retirement benefits are accruing to 2 directors (2010 1 director) under defined contribution schemes sponsored by ICAP plc

### 7. TAX

	<u>Year ended</u> <u>31/03/2011</u>	<u>Year ended</u> <u>31/03/2010</u> <u>(Restated)</u>
	£'000	£'000
a) Analysis of charge for the year		
Current taxation		
UK Corporation tax	277	128
	<u>277</u>	<u>128</u>
b) Factors affecting the taxation charge for the year		
Profit before taxation	989	457
Profit before taxation multiplied by standard rate of corporation tax in the UK of 28% (2010 28%)	277	128
Tax charge for the year	<u>277</u>	<u>128</u>
Effective tax rate	28%	28%

# ICAP IEB Z LIMITED

## Notes to the financial statements for the year ended 31 March 2011

### 8. TRADE AND OTHER RECEIVABLES

	<u>As at</u> <u>31/03/2011</u> £'000	<u>As at</u> <u>31/03/2010</u> <u>(Restated)</u> £'000
<b>Current</b>		
Amounts owed by group undertakings (note 10)	1,358	587
	<u>1,358</u>	<u>587</u>

### 9. CALLED UP SHARE CAPITAL

	<u>As at</u> <u>31/03/2011</u> £'000	<u>As at</u> <u>31/03/2010</u> £'000
<b>Authorised:</b>		
750 Ordinary A shares of £1 each	0 75	0 75
250 Ordinary B shares of £1 each	0 25	0 25
	<u>1</u>	<u>1</u>
<b>Allotted and fully paid:</b>		
750 Ordinary A shares of £1 each	0 75	0 75
250 Ordinary B shares of £1 each	0 25	0 25
	<u>1</u>	<u>1</u>



# ICAP IEB Z LIMITED

## Notes to the financial statements for the year ended 31 March 2011

### 10. RELATED PARTY TRANSACTIONS

#### Parent undertakings

The company's immediate parent is ICAP Electronic Broking 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

The company entered into the following transactions with related parties who are members of the group

	<u>Year ended</u> <u>31/03/2011</u>	<u>Year ended</u> <u>31/03/2010</u> <u>(Restated)</u>
	£'000	£'000
Costs of management services received		
Fellow subsidiary undertakings	619	622
	<u>619</u>	<u>622</u>

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

The company had the following outstanding net balances owed by related parties who are members of the group

	<u>As at</u> <u>31/03/2011</u>	<u>As at</u> <u>31/03/2010</u> <u>(Restated)</u>
	£'000	£'000
Fellow subsidiary undertakings	1,358	587
	<u>1,358</u>	<u>587</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

#### Remuneration of key management personnel

There are no key management personnel other than the directors of the company Directors' remuneration is disclosed in note 6