

Company Number: 6482635

ICAP IEB Z LIMITED ✓
FINANCIAL STATEMENTS
FOR THE YEAR ENDED
31 MARCH 2012

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ICAP IEB Z LIMITED

Directors' Report for the year ended 31 March 2012

Company Number 6482635

The directors present their report and the audited financial statements of ICAP IEB Z Limited (the 'Company') for the year ended 31 March 2012

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 England and Wales. 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 £1,633,000 (2011: £712,000) has been transferred to reserves.

The directors do not recommend the payment of a dividend (2011: £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
S Caplen

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 2012

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
Company secretary

Monday, July 2, 2012

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 2012 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 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. In addition, we read all the financial and non-financial information in the directors' report to identify material inconsistencies with the audited financial statements. If we become aware of any apparent material misstatements or inconsistencies we consider the implications for our report.

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 2012 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

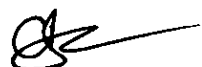
Opinion on other matters prescribed by the Companies Act 2006

In our opinion the information given in the Directors' Report for the financial year for which the 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
Wednesday, 4 July, 2012

ICAP IEB Z LIMITED

Income Statement for the year ended 31 March 2012

	<u>Note</u>	<u>Year ended</u> <u>31/03/2012</u> £'000	<u>Year ended</u> <u>31/03/2011</u> £'000
Revenue	1	2,874	1,608
Administrative expenses	4	(667)	(619)
Profit before tax		<u>2,207</u>	<u>989</u>
Tax	7	(574)	(277)
Profit for the year		<u><u>1,633</u></u>	<u><u>712</u></u>

The 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 2012

	<u>Year ended</u> <u>31/03/2012</u> £'000	<u>Year ended</u> <u>31/03/2011</u> £'000
Profit for the year	1,633	712
Total comprehensive income for the year	<u>1,633</u>	<u>712</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 2012

Company Number 6482635

	<u>Note</u>	<u>As at</u> <u>31/03/2012</u> £'000	<u>As at</u> <u>31/03/2011</u> £'000
Current assets			
Trade and other receivables	8	3,380	1,358
Total assets		<u>3,380</u>	<u>1,358</u>
Current liabilities			
Tax payable		(576)	(187)
Total liabilities		<u>(576)</u>	<u>(187)</u>
Net assets		<u>2,804</u>	<u>1,171</u>
Equity			
Called up share capital	9	1	1
Retained earnings		2,803	1,170
Total equity		<u>2,804</u>	<u>1,171</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 2 July 2012 and were signed on its behalf by


S Caplen
Director

ICAP IEB Z LIMITED

Statement of Changes in Equity as at 31 March 2012

	<u>Share capital (note 9) £'000</u>	<u>Retained earnings £'000</u>	<u>Total £'000</u>
As at 1 April 2010	1	458	461
Profit for the year	-	712	712
As at 31 March 2011	<u>1</u>	<u>1,170</u>	<u>1,171</u>
Profit for the year	-	1,633	1,633
As at 31 March 2012	<u>1</u>	<u>2,803</u>	<u>2,804</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 2012

	<u>Note</u>	<u>Year ended</u> <u>31/03/2012</u> £'000	<u>Year ended</u> <u>31/03/2011</u> £'000
Cash flows from operating activities			
Profit before tax		2,207	989
<i>Operating cash flows before movements in working capital</i>		<u>2,207</u>	<u>989</u>
Increase in trade and other receivables		(2,207)	(1,048)
Increase in tax payable		-	59
Net cash used in operating activities		<u>-</u>	<u>-</u>
Net cash and cash equivalents at beginning of year		<u>-</u>	<u>-</u>
Net cash and cash equivalents at end of year		<u><u>-</u></u>	<u><u>-</u></u>

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

Tax is paid to the authorities on behalf of the Company by a fellow subsidiary company of ICAP plc. Therefore, in the absence of the use of cash and cash equivalents tax paid on behalf of the Company has been excluded from the cash flow statement

ICAP IEB Z LIMITED

Notes to the financial statements for the year ended 31 March 2012

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.

b) Recent accounting developments

The following amendment is mandatory for the first time for the financial year beginning 1 April 2011 and is considered relevant to the Company:

- Revised IAS24 'Related party disclosures' issued in November 2009 supersedes IAS24 'Related party disclosures' issued in 2003. The adoption of this standard will not have a material impact on the Company.

The following new standards and amendments to standards and interpretations have been issued, but are not effective for the financial year beginning 1 April 2011 and have not been early adopted:

- IFRS9 'Financial instruments' addresses classification 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 2015, subject to EU endorsement. The impact on the Company's financial statements of the future adoption of the standard is still under review.
- IFRS10 'Consolidated financial statements' requires a parent to present consolidated financial statements as those of a single economic entity, replacing the requirements previously contained in IAS27 'Consolidated and separate financial statements' and SIC-12 'Consolidation – special purpose entities'. The standard becomes effective for annual periods beginning on or after 1 January 2013.
- IFRS11 'Joint arrangements' replaces IAS31 '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 becomes effective for annual periods beginning on or after 1 January 2013.
- IFRS12 '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 becomes effective for annual periods beginning on or after 1 January 2013.
- IFRS13 'Fair value measurement' replaces the guidance on fair value measurement in existing IFRS accounting literature with a single standard. The standard becomes effective for annual periods beginning on or after 1 January 2013.
- IAS27 'Consolidated and separate financial statements' – reissued as IAS27 'Separate financial statements' (as amended in 2011). This standard is an amended version of IAS27 'Consolidated and separate financial statements' which now deals only with the requirements for separate financial statements, which have been carried over largely unchanged from IAS27 'Consolidated and separate financial statements'. Requirements for consolidated financial statements are now contained in IFRS10 'Consolidated financial statements'. The standard becomes effective for annual periods beginning on or after 1 January 2013.

The impact on the Company's financial statements of adopting IFRS10, IFRS11, IFRS12, IFRS13 and IAS27 is currently under review. However the adoption of these standards is not expected to have a material impact.

ICAP IEB Z LIMITED

Notes to the financial statements for the year ended 31 March 2012

1. PRINCIPAL ACCOUNTING POLICIES (CONTINUED)

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

d) Financial assets

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 2012

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. It does this through 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.

The Company has no significant concentrations of credit risk and the maximum exposure is limited to receivables (note 8).

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.

ICAP IEB Z LIMITED

Notes to the financial statements for the year ended 31 March 2012

2. FINANCIAL RISK MANAGEMENT (CONTINUED)

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 2012 there are no assets or liabilities whose carrying value was not a reasonable approximation of its fair value (2011: none).

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 2012 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 2012

4 ADMINISTRATIVE EXPENSES

	<u>Year ended</u> <u>31/03/2012</u> £'000	<u>Year ended</u> <u>31/03/2011</u> £'000
Management recharge (note 10)	667	619

The Company's administrative expenses includes auditors' remuneration in respect of statutory audit in the UK of £ 3,000 (2011 £ 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 financial statements since the consolidated financial statements of its parent, ICAP plc, include these fees on a consolidated basis

5. STAFF COSTS

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

	<u>Year ended</u> <u>31/03/2012</u> £'000	<u>Year ended</u> <u>31/03/2011</u> £'000
Employee costs		
Wages and salaries	538	536
Social security costs	69	64
Other pension costs	5	5
	<u>612</u>	<u>605</u>

The average number of persons employed by the Company during the year was 2 (2011 2)

All staff costs were borne by a fellow subsidiary company 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 2012

6. DIRECTORS' REMUNERATION

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

	<u>Year ended</u> <u>31/03/2012</u>		<u>Year ended</u> <u>31/03/2011</u>	
	Total	Highest paid director	Total	Highest paid director
	£'000	£'000	£'000	£'000
Aggregate emoluments	94	66	59	43
Contributions to defined contribution pension schemes	6	6	1	-
	<u>100</u>	<u>72</u>	<u>60</u>	<u>43</u>

There were no retirement benefits accruing to directors as at 31 March 2012 under defined contribution schemes sponsored by ICAP plc (2011 2 directors)

7 TAX

	<u>Year ended</u> <u>31/03/2012</u> £'000	<u>Year ended</u> <u>31/03/2011</u> £'000
a) Analysis of charge for the year		
Current taxation		
UK Corporation tax	574	277
	<u>574</u>	<u>277</u>
b) Analysis of charge for the year		
Profit before tax	2,207	989
Profit before tax multiplied by standard rate of corporation tax in the UK of 26% (2011 28%)	574	277
Tax charge for the year	<u>574</u>	<u>277</u>
Effective tax rate	26%	28%

Legislation to reduce the main rate of Corporation Tax in the UK from 26% to 24% from 1 April 2012 was passed by Parliament on 26 March 2012. Further reductions to the main rate are proposed to reduce the rate to 22% from 1 April 2014. These latter changes had not been substantively enacted at the balance sheet date and, therefore, are not included in the tax charge for the year. The reduction to 22% is not expected to have a material impact on the deferred tax balances.

ICAP IEB Z LIMITED

Notes to the financial statements for the year ended 31 March 2012

8. TRADE AND OTHER RECEIVABLES

	<u>As at</u> <u>31/03/2012</u> £'000	<u>As at</u> <u>31/03/2011</u> £'000
Current		
Amounts owed by Group companies (note 10)	3,380	1,358
	<u>3,380</u>	<u>1,358</u>

9. CALLED UP SHARE CAPITAL

	<u>As at</u> <u>31/03/2012</u> £'000	<u>As at</u> <u>31/03/2011</u> £'000
Authorised:		
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>
Allotted and fully paid:		
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 2012

10. RELATED PARTY TRANSACTIONS

Parent company

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 England and Wales, 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>31/03/2012</u> £'000	<u>Year ended</u> <u>31/03/2011</u> £'000
Costs of management services received		
Fellow subsidiary companies	<u>667</u>	<u>619</u>
	<u>667</u>	<u>619</u>

Administrative expenses arise from management charges from fellow subsidiary company 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>31/03/2012</u> £'000	<u>As at</u> <u>31/03/2011</u> £'000
Fellow subsidiary companies	<u>3,380</u>	<u>1,358</u>
	<u>3,380</u>	<u>1,358</u>

All UK domiciled Group companies 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