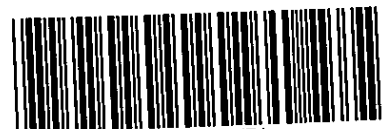


**Company Number: 6482635**

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

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# **ICAP IEB Z 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**

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.

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 £560,000 (2009: £129,000) has been transferred to reserves.

The directors do not recommend the payment of a dividend (2009: £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 AND DIRECTORS' INTERESTS**

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

I Chicken

### **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.

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;

## **ICAP IEB Z LIMITED**

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

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

- 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.

#### **CREDITOR PAYMENT POLICY**

The company has no external trade creditors.

#### **EVENTS AFTER THE BALANCE SHEET DATE**

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

#### **AUDITORS**

The company's incumbent auditors, PricewaterhouseCoopers LLC, 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

25 August 2010

Secretary

# **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 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 Directors' Responsibilities Statement 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 profit 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

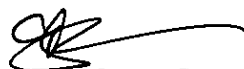
### **Opinion on other matter prescribed by the Companies Act 2006**

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  
25 August 2010

# ICAP IEB Z LIMITED

## Income Statement for the year ended 31 March 2010

	<u>Note</u>	<u>Year</u> <u>ended</u> <u>31/3/2010</u> <u>£'000</u>	<u>Period</u> <u>ended</u> <u>31/3/2009</u> <u>£'000</u>
Revenue	1c)	1,079	244
Administrative expenses	4	(301)	(64)
Profit before taxation		<u>778</u>	<u>180</u>
Taxation charge	7	(218)	(51)
Profit for the year		<u><u>560</u></u>	<u><u>129</u></u>

The profit for the year is derived from continuing activities

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

	<u>Year</u> <u>ended</u> <u>31/3/2010</u> <u>£'000</u>	<u>Period</u> <u>ended</u> <u>31/3/2009</u> <u>£'000</u>
Profit for the year	560	129
Total comprehensive income for the year	<u><u>560</u></u>	<u><u>129</u></u>

The notes on pages 8 to 13 are an integral part of these financial statements

**ICAP IEB Z 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>Current assets</b>			
Other receivables	8	908	173
<b>Total assets</b>		<u>908</u>	<u>173</u>
<b>Current liabilities</b>			
Income tax payable		(218)	(44)
<b>Total Liabilities</b>		<u>(218)</u>	<u>(44)</u>
<b>Net assets</b>		<u>690</u>	<u>129</u>
<b>Equity</b>			
Share capital	9	1	-
Retained earnings		689	129
<b>Total equity</b>		<u>690</u>	<u>129</u>

The notes on pages 8 to 13 are an integral part of these financial statements

The financial statements on pages 4 to 13 were approved by the board of directors on 25 August 2010 and were signed on its behalf by



**I Chicken**  
**Director**

**ICAP IEB Z LIMITED****Statement of Changes in Equity for the financial year ended 31 March 2010**

	<u>Share capital (note 9)</u> £'000	<u>Share premium reserve</u> £'000	<u>Retained earnings</u> £'000	<u>Total</u> £'000
As at 24 January 2008	-	-	-	-
Profit for the period	-	-	129	129
As at 31 March 2009	<u>-</u>	<u>-</u>	<u>129</u>	<u>129</u>
Issue of ordinary shares	1	-	-	1
Profit for the year	-	-	560	560
As at 31 March 2010	<u><u>1</u></u>	<u><u>-</u></u>	<u><u>689</u></u>	<u><u>690</u></u>

The notes on pages 8 to 13 are an integral part of these financial statements

# ICAP IEB Z LIMITED

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

	<u>Note</u>	<u>Year ended</u> <u>31/3/2010</u> £'000	<u>Period ended</u> <u>31/3/2009</u> £'000
<b>Cash flows from operating activities</b>			
Profit before taxation		778	180
<i>Operating cash flows before movements in working capital</i>		<u>778</u>	<u>180</u>
Increase in other receivables		(778)	(173)
Decrease in other payables		-	(7)
<b>Net cash used in operating activities</b>		<u>-</u>	<u>-</u>
Net increase in cash and cash equivalents		-	-
Net cash and cash equivalents at beginning of year		-	-
<b>Net cash and cash equivalents at end of year</b>		<u>-</u>	<u>-</u>

The notes on pages 8 to 13 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 2010

### 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

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 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 years 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) 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) 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 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

# ICAP IEB Z LIMITED

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

### 1. PRINCIPAL ACCOUNTING POLICIES

e) Financial assets

Financial assets are classified as loans and receivables on initial recognition

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 other receivables (note 8)

f) Share capital

Ordinary and non-mandatory redeemable preference shares are classified as equity. Dividends are recognised as deductions from retained earnings in the year in which they are declared.

### 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.

Interest rate risk

The company's financial assets are non interest bearing.

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 has no significant concentrations of credit risk and the maximum exposure is limited to other receivables (note 8). The Group policy is to limit exposure by netting balances. All UK group domiciled undertakings are party to a netting agreement.

# ICAP IEB Z LIMITED

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

### 2. FINANCIAL RISK MANAGEMENT (CONTINUED)

#### 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 institutions 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.

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

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 either their short term nature or the associated interest rate being variable.

### 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</u> <u>31/3/2010</u> £'000	<u>Period ended</u> <u>31/3/2009</u> £'000
Management recharges (note 10)	<u>301</u>	<u>64</u>

The company's administrative expenses, including the auditors' remuneration of £3,000 (2009 £5,000), have been borne by other group undertakings of ICAP plc.

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 ICAP IEB Z Limited's accounts since the consolidated accounts of ICAP IEB Z Limited's ultimate parent, ICAP plc, disclose these fees on a consolidated basis.

# ICAP IEB Z LIMITED

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

### 5. STAFF COSTS

Staff costs comprise

	<u>Year ended</u> <u>31/3/2010</u> £'000	<u>Period ended</u> <u>31/3/2009</u> £'000
Wages and salaries	251	56
Social security costs	26	6
Other pension costs	5	1
	<u>282</u>	<u>63</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 fellow subsidiary undertakings of ICAP plc whose costs are charged to the company during the year was 3 (2009 1)

### 6. DIRECTORS' REMUNERATION

Remuneration payable to the directors in respect of services to the company 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	26	26	-	-
Pension	2	2	-	-
	<u>28</u>	<u>28</u>	<u>-</u>	<u>-</u>

# ICAP IEB Z LIMITED

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

### 7. TAXATION

	Year ended 31/3/2010 £'000	Period ended 31/3/2009 £'000
a) Analysis of charge for the year		
Current taxation	218	51
b) Factors affecting the taxation charge for the year		
Profit before taxation	778	180
Profit before taxation multiplied by standard rate of corporation tax in the UK of 28% (2009 28%)	218	51
Tax charge for the year	218	51
Effective tax rate	28%	28%

### 8. OTHER RECEIVABLES

	As at 31/3/2010 £'000	As at 31/3/2009 £'000
Amounts owed by group undertakings (note 10)	908	173

### 9. CALLED UP SHARE CAPITAL

	As at 31/3/2010 £	As at 31/3/2009 £
Authorised		
750 Ordinary A shares of £1 each	750	750
250 Ordinary B shares of £1 each	250	250
	1,000	1,000
Allotted and fully paid		
750 Ordinary A shares of £1 each	750	2
250 Ordinary B shares of £1 each	250	-
	1,000	2

# ICAP IEB Z LIMITED

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

### 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

#### Related Party Transactions

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

	<u>Year ended 31/3/2010 £'000</u>	<u>Period ended 31/3/2009 £'000</u>
Costs of management services received		
Fellow subsidiary undertakings	<u>301</u>	<u>64</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

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 from related parties who are members of the group

	<u>As at 31/3/2010 £'000</u>	<u>As at 31/3/2009 £'000</u>
Fellow subsidiary undertakings	<u>908</u>	<u>173</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 6