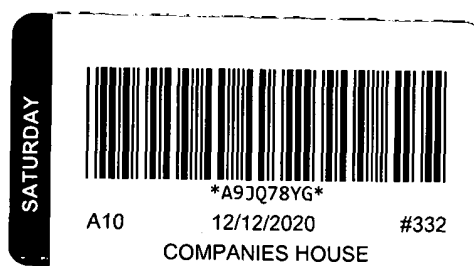


**Company Number 02189561**

**ICAP Management Services Limited**

**Annual Report and Financial Statements - 31 December 2019**



**ICAP Management Services Limited**  
**Strategic report**  
**31 December 2019**

**STRATEGIC REPORT FOR THE YEAR ENDED 31 DECEMBER 2019**

The directors present their Annual Report and the audited financial statements of ICAP Management Services Limited (the "Company") for the year ended 31 December 2019.

**BUSINESS REVIEW AND FUTURE DEVELOPMENTS**

The Company is a private limited company, incorporated in England and Wales, and is a wholly owned subsidiary within the TP ICAP plc group (the "Group").

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

The Company's principal activity continues to be to provide administrative services to other companies within the Group.

**RESULTS**

The results of the Company are set out in the Statement of profit or loss on page 10.

The Profit after income tax for the financial year of £2,664,000 (2018: £4,441,000) has been transferred to Retained profits.

The Net assets of the Company are £55,498,000 (2018: £51,682,000).

## **PRINCIPAL RISKS AND UNCERTAINTIES**

The key risks in the Company's day to day operations can be categorised as Market, Credit, Operational, Liquidity, Strategic and business risk.

Market risk is the vulnerability of the Company to movements in the value of financial instruments. The risk in such situations is restricted to movements in foreign exchange and interest rates.

Credit risk is the risk of financial loss to the Company in the event of non-performance by a client or counterparty of its contractual obligations to the Company.

Operational risk is the risk of loss resulting from inadequate or failed internal processes, people, systems or external events. Operational risk covers a wide and diverse range of risk types. The overall objective of the Company's operational risk management is not to avoid all potential risks but to proactively identify and assess risks and risk situations and manage them in an efficient and informed manner.

Liquidity risk is the risk that the Company, in periods of corporate or market volatility, will not have access to an appropriate level of cash or funding to enable it to finance ongoing operations or any reasonable unanticipated events at cost effective terms. Cash and cash equivalent balances are held with the principal objective of capital security and availability and with a secondary objective of generating return. Funding requirements and cash and cash equivalent exposures are monitored by Group Finance and Operations.

Strategic and Business risk is the risk that the Company's ability to do business might be damaged through its failure to adapt to changing market dynamics or customer requirements.

Ensuring that we were prepared for all Brexit eventualities has been a critical focus for TP ICAP.

While the UK left the EU on the 31 January 2020 we are yet to know what the terms of leaving are and how that will impact our business. In the meantime, we continue to liaise with our clients to understand what plans they have so that we can continue to provide them with a high quality service. Ultimately, the distribution of our brokers between the UK and EU will depend on our clients' requirements. However, we continue to expect the UK to remain a major centre for financial, energy and commodities markets.

Management have the day-to-day responsibility for ensuring that the Company operates in accordance with the Enterprise Risk Management Framework. The Group has approved policies and procedures to manage key risks. Further details of the Enterprise Risk Management Framework are outlined in the Group's Annual Report, which does not form part of this report.

Subsequent to year end, the World Health Organization declared the outbreak of a novel coronavirus (COVID-19) as a pandemic, which continues to spread throughout the world. As at the date of this report, the outbreak of a novel COVID-19 virus is resulting in governments around the world, including the United Kingdom, being at various stages of managing restrictions regarding the movement of people, leading to widespread disruption and significant market volatility. This has impacted the global financial markets severely. In response, the Group, including the Company, has activated its Business Continuity Planning strategies, which include the introduction of measures to allow a significant proportion of our employees to work remotely, to safeguard their wellbeing and to continue Company operations and support of our clients. The full extent of how these conditions will impact the Company is not yet known as there is uncertainty around the duration and severity. Therefore, while we expect this matter to impact our business, results of operations, and financial position, the related financial impact cannot be reasonably estimated at this time. The Company has a positive net asset value and cash reserves available to help preserve its financial flexibility.

## **SECTION 172(1) STATEMENT**

The directors provide this statement describing how they have had regard to the matters set out in Section 172(1) of the Companies Act 2006, when performing their duty to promote the success of the Company. Further details on key actions in this regard are also contained in the Group Corporate Governance Report. This statement also provides details of how the directors have engaged with and had regard to the interests of our key stakeholders.

### **Our stakeholders**

The Company believes that engagement with our shareholders and wider stakeholder groups plays a vital role throughout the business. During 2019 we increased our focus on engagement with stakeholders as well as increasing our attention on environment, social and governance ("ESG") matters. During the year the Company strengthened its risk and governance framework with the adoption of a UK Regulated Entity Governance Framework which forms part of the Group's Governance Framework. The structure and format of Company and Committee papers have been reviewed and, as a result, changes were implemented to ensure that Section 172(1) considerations are considered in Board discussion and decision making.

- **Shareholders**  
The directors believe that engagement with our shareholders is of key importance to the business. During the year, the directors considered to pay dividends as appropriate to its shareholders, taking into account the impact of a distribution on the long-term prospects of the business. Further information on the tailored engagement approach, which is adopted towards the Group's shareholders, is carried out at Group level, details of which are included in the Group's Annual Report which does not form part of this report.
- **Employees**  
Employees are central to the long-term success of the Company, and, as such the directors consider their interests in its decision-making. During the year, engagement with employees was enhanced by the introduction of a Group Board Non-executive Director Engagement programme with employees. Following the inaugural meetings, The Chief Executive Officer for the EMEA region held a townhall session to provide feedback and discuss with employees the areas they wanted to prioritise and progress. The Group's core values of honesty, integrity, respect and excellence are integral to the long-term success of the business and the directors are committed to promoting a culture which embodies the highest possible standards. The townhall meeting was therefore an opportunity to reinforce the importance of conduct and culture to employees and underline the expectations of the business. The directors received feedback from the Chief Executive Officer, EMEA region on the outcomes of the engagement and townhall meeting. In the coming year the directors will continue to ensure that it has a well-developed structure through which it engages with its employees. Plans for 2020 include extending the reach of the employee sessions to other locations to ensure that the widest possible employee views are captured. Further details of the Group-wide programme and other Group-wide employee engagement and the Group's culture and values are set out on in the Group Annual Report which does not form part of this report.
- **Clients**  
The Group Board has regular contact with our principal clients and during the year meetings were held with clients to understand what actions they were taking in relation to Brexit. Further details of engagement with clients is provided in the Group Annual Report which does not form part of this report.
- **Suppliers**  
The directors recognise the importance of engagement with our key infrastructure suppliers to monitor performance and manage risk and receives updates on Payment Practices Reporting biannually. In 2020 the directors will receive regular updates on Payment Practices initiatives regarding suppliers which will further strengthen its oversight of and engagement with suppliers. Key supplier engagement is also carried out at Group level and is discussed in detail in the Group Annual Report which does not form part of this report.

### **Environment and Community**

The directors are aware of society's increasing focus on ESG and is committed to striving to operate in a sustainable and responsible way whilst delivering value for our stakeholders. During the year the Group Board monitored the Group-wide "A Voice for All" corporate responsibility strategy, launched in 2018 which focusses on all our stakeholders including employees, clients, society and the wider environment within which we operate. Further details of the Group's key community initiatives and reporting on greenhouse gas emissions can be found in the Strategic report and Directors' report within the Group's Annual Report which does not form part of this report.

**ICAP Management Services Limited**  
**Strategic report**  
**31 December 2019**

**KEY PERFORMANCE INDICATORS**

The Company's return on assets, calculated as net profit divided by net assets, is 4.8% (2018: 8.6%). This is in line with management expectations.

The directors of TP ICAP plc manage the Group's operations on a regional basis. For this reason, the Company's directors believe that further analysis using key performance indicators for the Company is not necessary or appropriate for an understanding of the development, performance or position of the business of the Company. The key performance indicators of TP ICAP plc, which includes the Company, are discussed in the Group's Annual Report, which does not form part of this report.

This report has been approved by the board of directors and signed by order of the board.



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R Stewart  
Director

17 June 2020

**DIRECTORS' REPORT FOR THE YEAR ENDED 31 DECEMBER 2019**

**PRINCIPAL ACTIVITIES**

The Company's principal activity is to act as a service company to the subsidiary companies of TP ICAP plc. It is anticipated that the Company will continue its present business activities for the foreseeable future.

The Company is incorporated in the United Kingdom and domiciled in England and Wales. The Company is a private company limited by shares. The registered office is Floor 2, 155 Bishopsgate, London, England, EC2M 3TQ.

**BUSINESS REVIEW AND FUTURE DEVELOPMENTS**

Details of the business review and future developments can be found in the Strategic Report on page 1.

**PRINCIPAL RISKS AND UNCERTAINTIES**

Details of principal risks and uncertainties can be found in the Strategic Report on page 2.

**GOING CONCERN**

The directors have a reasonable expectation that the Company has adequate resources to continue in operational existence for the foreseeable future being at least the twelve months from the date of approval of the financial statements. Thus, they continue to adopt the going concern basis in preparing the financial statements. Further detail regarding the adoption of the going concern basis, which includes consideration of the potential impact of COVID-19, is detailed in Note 1, General information and principal accounting policies.

**DIVIDENDS**

No dividends were paid or proposed during the current or prior year nor were any dividends declared or paid up to the date of signing.

**DIRECTORS**

The following persons were directors of the Company during the financial year and up to the date of this report, unless otherwise stated:

P Price  
J Scard-Morgan  
R Stewart

**DIRECTOR'S INDEMNITIES**

The Company's ultimate parent, TP ICAP plc, has made qualifying third party indemnity provisions for the benefit of its directors which remain in force at the date of this report.

**SECTION 172(1) STATEMENT**

The Company has prepared a statement in compliance with Section 172(1) of the Companies Act 2006. Details of this statement can be found in the Strategic Report on page 3.

**ENVIRONMENTAL POLICY**

TP ICAP recognises it has a responsibility to help protect the environment and respond to the global climate crisis. This means minimising the environmental impact of our operations.

Responsibility for environmental matters rests with the Board, and is included in its terms of reference. The Chief Executive Officer is the Board member responsible for corporate social responsibility across the Group. These policies and practices are outlined in the Group's Annual Report, which does not form part of this report.

**POLITICAL CONTRIBUTIONS**

There were no political contributions made by the Company during the year (2018: £Nil).

**DISABLED EMPLOYEES**

Applications for employment by disabled persons are always fully considered, bearing in mind the abilities of the applicant concerned. In the event of members of staff becoming disabled every effort is made to ensure that their employment with the Company continues and that appropriate training is arranged. It is the policy of the Company that the training, career development and promotion of disabled persons should, as far as possible, be identical to that of other employees.

**ICAP Management Services Limited**  
**Directors' report**  
**31 December 2019**

**EMPLOYEE CONSULTATION**

The Company is committed to attracting, retaining, developing and advancing the most qualified persons without regard to their race, ethnicity, religion or belief, gender, age, sexual orientation or disability. This commitment is underpinned by policies on equal opportunities, harassment and discrimination, to which all employees are required to adhere.

The Company participates in the Group's policies and practices relating to current and prospective employees. These policies and practices are outlined in the Group's Annual Report which does not form part of this report.

**POST BALANCE SHEET EVENTS**

Subsequent to year end, the World Health Organization declared the outbreak of a novel coronavirus (COVID-19) as a pandemic, which continues to spread throughout the world. As at the date of this report, the outbreak of a novel COVID-19 virus is resulting in governments around the world, including the United Kingdom, being at various stages of managing restrictions regarding the movement of people, leading to widespread disruption and significant market volatility. This has impacted the global financial markets severely. In response, the Group, including the Company, has activated its Business Continuity Planning strategies, which include the introduction of measures to allow a significant proportion of our employees to work remotely, to safeguard their wellbeing and to continue Company operations and support of our clients. The full extent of how these conditions will impact the Company is not yet known as there is uncertainty around the duration and severity. Therefore, while we expect this matter to impact our business, results of operations, and financial position, the related financial impact cannot be reasonably estimated at this time. The Company has a positive net asset value and cash reserves available to help preserve its financial flexibility.

**INDEPENDENT AUDITOR**

The Company's incumbent auditor, Deloitte LLP, have indicated their willingness to continue in office and, in the absence of an Annual General Meeting, are deemed reappointed in the next financial year.

**PROVISION OF INFORMATION TO THE AUDITOR**

So far as each person who was a director at the date of approving this report is aware, there is no relevant audit information, being information needed by the auditor in connection with preparing its report, of which the auditor is unaware. Having made enquiries of fellow directors and the Company's auditor, each director has taken all the steps that they are obliged to take as a director in order to make themselves aware of any relevant audit information and to establish that the auditor is aware of that information.

This confirmation is given and should be interpreted in accordance with the provisions of section 418 of the Companies Act 2006.

This report is authorised for issue by the board of directors.

Approved by the board and signed on its behalf by:



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R Stewart  
Director

17 June 2020

Company number: 02189561

**ICAP Management Services Limited**  
**Directors' responsibilities statement**  
**31 December 2019**

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

Company law requires the directors to prepare financial statements for each financial year. Under that law the directors have elected to prepare the financial statements in accordance with FRS 101 "Reduced Disclosure Framework". Under company law the directors must not approve the financial statements unless they are satisfied that they give a true and fair view of the state of affairs of the Company and the profit or loss of the Company for that year.

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 FRS 101 "Reduced Disclosure Framework" has been followed, subject to any material departures disclosed and explained in the financial statements; and
- prepare the financial statements on the going concern basis unless it is inappropriate to presume that the Company will continue in business.

The directors confirm they have complied with all the above requirements in preparing the financial statements.

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.

The directors are responsible for the maintenance and integrity of the Company's website. Legislation in the United Kingdom governing the preparation and dissemination of financial statements may differ from legislation in other jurisdictions.



**ICAP Management Services Limited**  
**Independent auditor's report to the members of ICAP Management Services Limited**  
**31 December 2019**

**Report on the audit of the financial statements**

**Opinion**

In our opinion the financial statements of ICAP Management Services Limited (the "Company"):

- give a true and fair view of the state of the Company's affairs as at 31 December 2019 and of its profit for the year ended;
- have been properly prepared in accordance with United Kingdom Generally Accepted Accounting Practice, including Financial Reporting Standard 101 "Reduced Disclosure Framework"; and
- have been prepared in accordance with the requirements of the Companies Act 2006.

We have audited the financial statements of which comprise:

- the statement of profit and loss;
- the statement of other comprehensive income;
- the balance sheet;
- the statement of changes in equity; and
- the related notes 1 to 28.

The financial reporting framework that has been applied in their preparation is applicable law and United Kingdom Accounting Standards, including Financial Reporting Standard 101 "Reduced Disclosure Framework" (United Kingdom Generally Accepted Accounting Practice).

**Basis for opinion**

We conducted our audit in accordance with International Standards on Auditing (UK) (ISAs (UK)) and applicable law. Our responsibilities under those standards are further described in the auditor's responsibilities for the audit of the financial statements section of our report.

We are independent of the Company in accordance with the ethical requirements that are relevant to our audit of the financial statements in the UK, including the Financial Reporting Council's Ethical Standard, and we have fulfilled our other ethical responsibilities in accordance with these requirements. We believe that the audit evidence we have obtained is sufficient and appropriate to provide a basis for our opinion.

**Conclusions relating to going concern**

We are required by ISAs (UK) to report in respect of the following matters where:

- the directors' use of the going concern basis of accounting in preparation of the financial statements is not appropriate; or
- the directors have not disclosed in the financial statements any identified material uncertainties that may cast significant doubt about the Company's ability to continue to adopt the going concern basis of accounting for a period of at least twelve months from the date when the financial statements are authorised for issue.

We have nothing to report in respect of these matters.

**Other information**

The directors are responsible for the other information. The other information comprises the information included in the Annual report, other than the financial statements and our auditor's report thereon. Our opinion on the financial statements does not cover the other information and, except to the extent otherwise explicitly stated in our report, we do not express any form of assurance conclusion thereon.

In connection with our audit of the financial statements, our responsibility is to read the other information and, in doing so, consider whether the other information is materially inconsistent with the financial statements or our knowledge obtained in the audit or otherwise appears to be materially misstated. If we identify such material inconsistencies or apparent material misstatements, we are required to determine whether there is a material misstatement in the financial statements or a material misstatement of the other information. If, based on the work we have performed, we conclude that there is a material misstatement of this other information, we are required to report that fact.

We have nothing to report in respect of these matters.

**ICAP Management Services Limited**  
**Independent auditor's report to the members of ICAP Management Services Limited**  
**31 December 2019**

**Responsibilities of directors**

As explained more fully in the Directors' responsibilities statement, the directors are responsible for the preparation of the financial statements and for being satisfied that they give a true and fair view, and for such internal control as the directors determine is necessary to enable the preparation of financial statements that are free from material misstatement, whether due to fraud or error.

In preparing the financial statements, the directors are responsible for assessing the Company's ability to continue as a going concern, disclosing, as applicable, matters related to going concern and using the going concern basis of accounting unless the directors either intend to liquidate the Company or to cease operations, or have no realistic alternative but to do so.

**Auditor's responsibilities for the audit of the financial statements**

Our objectives are to obtain reasonable assurance about whether the financial statements as a whole are free from material misstatement, whether due to fraud or error, and to issue an auditor's report that includes our opinion. Reasonable assurance is a high level of assurance, but is not a guarantee that an audit conducted in accordance with ISAs (UK) will always detect a material misstatement when it exists. Misstatements can arise from fraud or error and are considered material if, individually or in the aggregate, they could reasonably be expected to influence the economic decisions of users taken on the basis of these financial statements.

A further description of our responsibilities for the audit of the financial statements is located on the Financial Reporting Council's website at: [www.frc.org.uk/auditorsresponsibilities](http://www.frc.org.uk/auditorsresponsibilities). This description forms part of our auditor's report

**Report on other legal and regulatory requirements**

**Opinions on other matters prescribed by the Companies Act 2006** In

our opinion, based on the work undertaken in the course of the audit:

- the information given in the Strategic Report and the Directors' report for the financial period for which the financial statements are prepared is consistent with the financial statements; and
- the Strategic Report and the Directors' report have been prepared in accordance with applicable legal requirements.

In the light of the knowledge and understanding of the Company and its environment obtained in the course of the audit, we have not identified any material misstatements in the Strategic Report or the Directors' report.

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

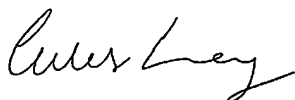
Under the Companies Act 2006 we are required to report in respect of the following matters if, in our opinion:

- 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.

We have nothing to report in respect of these matters.

**Use of our report**

This report is made solely to the Company's members, as a body, in accordance with Chapter 3 of Part 16 of the Companies Act 2006. Our audit work has been undertaken so that we might state to the Company's members those matters we are required to state to them in an auditor's report and for no other purpose. To the fullest extent permitted by law, we do not accept or assume responsibility to anyone other than the Company and the Company's members as a body, for our audit work, for this report, or for the opinions we have formed.



**Giles Lang (Senior Statutory Auditor)**  
for and on behalf of Deloitte LLP  
Statutory Auditor  
London, United Kingdom  
17 June 2020

**ICAP Management Services Limited**  
**Statement of profit or loss**  
**For the year ended 31 December 2019**

	<b>Note</b>	<b>Year ended 31 Dec 2019 £'000</b>	<b>Year ended 31 Dec 2018 £'000</b>
<b>Revenue</b>	3	63,716	86,867
Other operating income / (expense)	7	629	(1,169)
<b>Expenses</b>			
Administrative expenses	4	<u>(63,904)</u>	<u>(82,024)</u>
<b>Operating profit</b>		441	3,674
Interest receivable and similar income	8	2,909	2,276
Interest payable and similar expenses	9	<u>(455)</u>	<u>(519)</u>
<b>Profit before income tax</b>		2,895	5,431
Income tax	10	<u>(231)</u>	<u>(990)</u>
<b>Profit after income tax for the year</b>		<u><u>2,664</u></u>	<u><u>4,441</u></u>

The operating profit for the current and prior year is derived solely from continuing operations.

*The above Statement of profit or loss should be read in conjunction with the accompanying notes*

**ICAP Management Services Limited**  
**Statement of other comprehensive income**  
**For the year ended 31 December 2019**

	<b>Year ended 31 Dec 2019 £'000</b>	<b>Year ended 31 Dec 2018 £'000</b>
<b>Profit after income tax for the year</b>	2,664	4,441
<b>Other comprehensive income</b>		
<b>Items that may be reclassified subsequently to the Statement of profit or loss</b>		
Translation of overseas branches	9	13
Other comprehensive income for the year, net of tax	9	13
<b>Total comprehensive income for the year</b>	<b>2,673</b>	<b>4,454</b>

*The above Statement of other comprehensive income should be read in conjunction with the accompanying notes*

**ICAP Management Services Limited**  
**Balance sheet**  
**As at 31 December 2019**

	Note	As at 31 Dec 2019 £'000	As at 31 Dec 2018 £'000
<b>Assets</b>			
<b>Non-current assets</b>			
Intangible assets	11	12,342	20,142
Tangible assets	12	572	1,089
Right-of-use assets	13	89	-
Deferred tax asset	10	4,360	4,783
Investment in subsidiary	14	169	169
Other financial investment	15	20	20
Total non-current assets		<u>17,552</u>	<u>26,203</u>
<b>Current assets</b>			
Debtors	16	156,073	136,056
Other financial investment	17	47	22
Cash and cash equivalents	18	5,345	13,554
Tax receivable	10	-	17
Total current assets		<u>161,465</u>	<u>149,649</u>
<b>Total assets</b>		<u>179,017</u>	<u>175,852</u>
<b>Liabilities</b>			
<b>Non-current liabilities</b>			
Subordinated loan	19	-	5,000
Provisions	20	26,726	26,343
Total non-current liabilities		<u>26,726</u>	<u>31,343</u>
<b>Current liabilities</b>			
Creditors	21	95,583	92,827
Lease liabilities	22	80	-
Tax payable	10	1,130	-
Total current liabilities		<u>96,793</u>	<u>92,827</u>
<b>Total liabilities</b>		<u>123,519</u>	<u>124,170</u>
<b>Net assets</b>		<u>55,498</u>	<u>51,682</u>
<b>Equity</b>			
Issued capital	23	1	1
Retained profits		<u>55,497</u>	<u>51,681</u>
<b>Total equity</b>		<u>55,498</u>	<u>51,682</u>

The financial statements on page 10 to 32 were approved and authorised for issue by the board of directors on 17 June 2020 and were signed on its behalf by:



R Stewart  
Director

17 June 2020

Company number: 02189561

*The above Balance sheet should be read in conjunction with the accompanying notes*

**ICAP Management Services Limited**  
**Statement of changes in equity**  
**For the year ended 31 December 2019**

	<b>Issued capital £'000</b>	<b>Retained profits £'000</b>	<b>Total equity £'000</b>
Balance at 1 January 2018	1	46,466	46,467
Profit after income tax for the year	-	4,441	4,441
Other comprehensive income for the year, net of tax	-	13	13
Total comprehensive income for the year	-	4,454	4,454
Share based expenses in the year	-	761	761
Balance at 31 December 2018	<u>1</u>	<u>51,681</u>	<u>51,682</u>
	<b>Issued capital £'000</b>	<b>Retained profits £'000</b>	<b>Total equity £'000</b>
Balance at 1 January 2019	1	51,681	51,682
Profit after income tax for the year	-	2,664	2,664
Other comprehensive income for the year, net of tax	-	9	9
Total comprehensive income for the year	-	2,673	2,673
Share based expenses in the year	-	1,143	1,143
Balance at 31 December 2019	<u>1</u>	<u>55,497</u>	<u>55,498</u>

*The above Statement of changes in equity should be read in conjunction with the accompanying notes*

**ICAP Management Services Limited**  
**Notes to the financial statements**  
**31 December 2019**

**Note 1. General information and principal accounting policies**

**General information**

The Company is a private company limited by shares, incorporated in England and Wales. The registered office is Floor 2, 155 Bishopsgate, London, England, EC2M 3TQ.

The principal accounting policies adopted in the preparation of the financial statements are set out below. These policies have been consistently applied to all years presented, unless otherwise stated

**Going concern**

After consideration of the Company's business review and the risks and uncertainties; including the risks related to Brexit and the uncertainties related to the current Covid-19 pandemic as set out in the Strategic Report, and having considered the Company's forecasts and the intention and capacity of the Group to support the Company with financial assistance should such assistance be required, the directors have a reasonable expectation that the Company will have adequate resources to continue in operational existence for the foreseeable future, being at least the twelve months from the date of approval of the financial statements. Accordingly, the going concern basis continues to be used in preparing these financial statements.

**Basis of preparation**

The financial statements of the Company have been prepared in accordance with FRS 101 'Reduced Disclosure Framework' and the Companies Act 2006. As permitted, the Company has taken advantage of disclosure exemptions, including: Statement of cash flows, disclosure of new accounting standards not yet mandatory, presentation of comparative information for tangible and intangible fixed assets, key management compensation, related party transactions between wholly owned Group companies and share-based payments. Where relevant, equivalent disclosures have been given in the Group financial statements of TP ICAP plc. Items which are of a non-recurring nature and material, when considering both size and nature, are disclosed separately to give a clearer presentation of the Company's results.

The Company has exercised its entitlement not to produce consolidated financial statements since consolidated financial statements have been prepared by the ultimate parent company TP ICAP plc.

The Company's ultimate parent is TP ICAP plc (incorporated in the United Kingdom) whose consolidated financial statements are available from Companies House.

The financial statements are prepared in Pound sterling, which is the functional currency of the Company.

**Historical cost convention**

The financial statements have been prepared under the historical cost convention, as modified by financial instruments recognised at fair value.

**Revenue**

Revenue comprises of:

Service fees, charged as a subscription for the provision of data products and services. This revenue is recognised upon rendering of the services.

Information sales, which represent fees received from the sale of financial information to third parties.

The Company has applied IFRS 15, a single comprehensive model for revenue recognition. The core principal of the standard is that an entity shall recognise revenue to depict the transfer of promised goods or services to customers at an amount that reflects the consideration to which the entity expects to be entitled in exchange for those goods or services. A contract-based revenue recognition model is used, with a measurement approach that is based on an allocation of the transaction price. Revenue is recognised when it is probable that the economic benefits associated with the transaction will flow to the Company, which is recognised over the period to which the service relates. Revenue is stated net of VAT, rebates and discounts. Amounts receivable at the year end are reported in Note 16, Current assets - Debtors.

**Pension costs**

Certain employees of the Company participate in a Group defined contribution pension scheme operated by TP ICAP plc. The Company's contributions to the scheme are charged to the Statement of profit or loss on an accruals basis.

**Note 1. General information and principal accounting policies (continued)**

**Share based payments**

The ultimate parent, TP ICAP plc, issues equity-settled share-based payments to certain Company directors and employees. Equity-settled share-based payments are measured at fair value at the date of grant. Market based performance conditions for equity-settled payments are reflected in the initial fair value of the award. The fair value determined at the grant date of the equity-settled share-based payments is expensed on a straight-line basis over the vesting period, based on estimated number of shares that will eventually vest.

The fair value of share options issued is determined using appropriate valuation models. The expected life used in the model has been adjusted, based on management's best estimate for the effects of non-transferability, exercise restrictions, and behavioural considerations.

The estimated fair value of shares granted is based on the share price at grant date, reduced where shares do not qualify for dividends during the vesting period. Market based performance conditions for equity-settled payments are reflected in the initial fair value of the award.

**Interest receivable and similar income**

Interest revenue is recognised as interest and accrues using the applicable effective interest method. This is a method of calculating the amortised cost of a financial asset and allocating the interest income over the relevant period using the effective interest rate, which is the rate that exactly discounts estimated future cash receipts through the expected life of the financial asset to the net carrying amount of the financial asset.

**Interest payable and similar expenses**

Interest expenditure is recognised as interest and accrues using the applicable effective interest method. Finance costs directly attributable to Tangible assets are capitalised as part of the asset. This is a method of calculating the amortised cost of a financial liability and allocating the interest expense over the relevant period using the effective interest rate, which is the rate that exactly discounts estimated future cash receipts through the expected life of the financial liability to the net carrying amount of the financial liability. All other finance costs are expensed in the period in which they are incurred.

**Tax**

Tax on the profit for the financial year comprises both current and deferred tax as well as any adjustment in respect of prior years. Tax is charged or credited to the Statement of profit or loss, except when it relates to items charged or credited directly to equity, in which case the current and deferred tax is also recorded within 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.

Calculations of current and deferred tax liability are based on ongoing discussions with the relevant tax authorities, management's assessment of legal and professional advice, case law and other relevant guidance. Where the expected tax outcome of these matters is different from the amounts that were initially recorded, such differences will impact the current and deferred tax amounts in the year in which a reassessment of the liability is made.

**Deferred tax**

Deferred tax is recognised using the liability method, in respect of all temporary differences between the carrying value of assets and liabilities for reporting purposes and the tax bases of the assets and liabilities. Deferred tax is calculated at the rate of tax expected to apply when the liability is settled or the asset is realised. A deferred tax asset is recognised only to the extent that it is probable that future taxable profits will be available against which the asset can be utilised.

**Dividends paid**

Dividends are recognised as deductions from Retained profits in the period in which they are paid.

**Foreign currencies**

Transactions denominated in foreign currencies are translated into functional currency at the rates of exchange prevailing on the date of each transaction. At each balance sheet date, monetary assets and liabilities denominated in foreign currency are retranslated at rates prevailing on the balance sheet date. Exchange differences are taken to the Statement of profit or loss. Non-monetary assets and liabilities carried at fair value denominated in foreign currency are translated at the rates prevailing at the date when the fair value was determined.

For the purpose of presenting the financial statements, the assets and liabilities of the Company's foreign operations are translated at exchange rates prevailing on the balance sheet date. Exchange differences arising are recorded in other comprehensive income and transferred to the Company's retained earnings in equity.



**Note 1. General information and principal accounting policies (continued)**

**Cash and cash equivalents**

Cash and cash equivalents comprises of cash in hand, demand deposits and other short-term highly liquid investments which are subject to insignificant risk of change in value and are readily convertible into a known amount of cash within less than three months.

**Debtors**

Debtors are recognised at amortised cost less provision for impairment. All provisions are recorded within Administrative expenses in the Statement of profit or loss.

**Creditors**

These amounts represent liabilities for goods and services provided to the Company prior to the end of the financial year where the invoice is unpaid. Due to their short-term nature, they are measured at amortised cost and are not discounted. The amounts are unsecured and usually paid within 30 days of recognition.

**Financial instruments**

The Company has applied IFRS 9 in valuing its financial instruments. The Company had no hedging relationships as at this date or during the current reporting period. Classification of financial assets is based both on the business model within which the asset is held and the contractual cash flow characteristics of the asset. There exist three principal classification categories for financial assets that are debt instruments:

There are three principal classification categories for financial assets that are debt instruments:

- (i) fair value through other comprehensive income 'FVOCI';
- (ii) fair value through profit or loss 'FVTPL'; and
- (iii) amortised cost.

On initial recognition of an equity investment that is not held for trading, the Company may irrevocably elect to present subsequent changes in the investment's fair value in Other Comprehensive Income ("OCI"). This election is made on an investment-by-investment basis.

Equity investments in scope of IFRS 9 are measured at fair value with gains and losses recognised in the Statement of profit or loss unless an irrevocable election has been made to recognise gains or losses in OCI. Under IFRS 9, derivatives embedded in financial assets are not bifurcated but instead the whole hybrid contract is assessed for classification.

All financial assets not classified as measured at amortised cost or FVOCI are measured at FVTPL. This includes all derivative financial assets. On initial recognition, the Company may irrevocably designate a financial asset that otherwise meets the requirements to be measured at amortised cost or at FVOCI as an asset measured at FVTPL, if in doing so, it eliminates or significantly reduces an accounting mismatch that would otherwise arise.

A financial asset is measured at amortised cost only if the following conditions are met: (i) it is held within a business model whose objective is to hold assets in order to collect contractual cash flows; and (ii) the contractual terms of the financial asset represent contractual cash flows that are solely payments of principal and interest.

**Impairment of financial assets**

IFRS 9 applies the Expected Credit Loss ("ECL") model to financial assets measured at amortised cost and debt investments at FVOCI, but not to investments in equity instruments.

The financial assets at amortised cost consist of Trade and other debtors, Cash and cash equivalents and other Intercompany debtors. ECL of Trade and other debtors and Cash and cash equivalents is calculated using simplified method (lifetime ECL) while Intercompany debtors adopt the general approach (12 month ECL).

Under IFRS 9, loss allowances are measured on either of the following bases:

- 12-month ECLs: that result from expected default events within 12 months of the reporting date; and
- lifetime ECLs: that result from all default events anticipated during the expected life of a financial instrument.

**Note 1. General information and principal accounting policies (continued)**

The Company measures loss allowances at an amount equal to lifetime ECLs. The only exception is Cash and cash equivalents and Intercompany positions for which credit risk has not increased significantly since initial recognition, which is measured as 12-month ECLs. The Company has elected to measure loss allowances for Debtors at an amount equal to lifetime ECLs. When determining whether the credit risk of a financial asset has increased significantly since initial recognition and when estimating ECLs, the Company considers reasonable and supportable information that is relevant and available without undue cost or effort. This includes both quantitative and qualitative information and analysis, based on the Company's historical experience and informed credit assessment and including forward-looking information. The Company assumes that the credit risk on a financial asset has increased significantly if it is more than 30 days past due.

The Company considers a financial asset to be in default when:

- the borrower is unlikely to pay its credit obligations to the Group in full, without recourse by the Group to actions such as realising security (if any is held); or
- the financial asset is more than 90 days past due

**Measurement of Expected Credit Loss ("ECL")**

ECLs are a probability-weighted estimate of credit losses. Credit losses are measured as the present value of all cash shortfalls, representing the difference between the cash flows due to the entity in accordance with the contract and the cash flows that the Company expects to receive. ECLs are discounted at the effective interest rate of the financial asset.

**Credit-impaired financial assets**

At each reporting date, the Company assesses whether financial assets carried at amortised cost are credit impaired. A financial asset is credit impaired when one or more events have occurred that have a detrimental impact on estimated future cash flows of the financial asset.

**Intercompany current accounts**

Intercompany current accounts are shown in accordance with the netting agreement, which allows netting of bilateral intercompany balances within entities that are party to the netting agreement.

**Intercompany loan**

Intercompany loans are initially recognised at the fair value of the consideration received, net of transaction costs. They are subsequently measured at amortised cost using the effective interest method. Where there is an unconditional right to defer settlement of the liability for at least 12 months after the reporting date, the loans or borrowings are classified as non-current.

**Subordinated loans**

Subordinated Loans and borrowings are initially recognised at the fair value of the consideration received, net of transaction costs. They are subsequently measured at amortised cost using the effective interest method. Where there is an unconditional right to defer settlement of the liability for at least 12 months after the reporting date, the loans or borrowings are classified as non-current.

**Investment in subsidiaries**

Investments comprise equity shareholdings. These investments are recorded at historical cost less provision for any impairment in their values. A subsidiary is an entity over which the Company has control. Control exists where the Company has the power to govern the financial and operating policies of an entity so as to obtain benefits from its activities.

**Impairment of subsidiaries**

An impairment review is undertaken at each balance sheet date or when events or changes in circumstances indicate that an impairment loss may have occurred. An impairment loss is recognised for the amount by which the asset's carrying amount exceeds its recoverable amount. The recoverable amount is the higher of an asset's fair value less costs of disposal and its value in use. For non-financial assets, fair value is measured using the assumptions that market participants would use when pricing the asset or liability, assuming they act in their economic best interests. Valuation techniques that are appropriate in the circumstances and for which sufficient data are available to measure fair value, are used, maximising the use of relevant observable inputs and minimising the use of unobservable inputs.

**Note 1. General information and principal accounting policies (continued)**

**Intangible assets**

Development expenditure on electronic trading platforms is recognised as an intangible asset in accordance with the criteria of IAS 38. Intangible assets are stated at historical cost less provision for any impairment in its value and accumulated amortisation.

Amortisation is charged to administrative expenses in the Statement of profit or loss on a straight line basis over the expected useful economic life of the asset as follows:

Capitalised software	3-4 years
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Amortisation is charged against assets from the date at which the asset becomes available for use. Gains or losses arising from derecognition of an intangible asset are measured as the difference between the net disposal proceeds and the carrying amount of the asset and are recognised in the Statement of profit or loss when the asset is derecognised.

**Tangible assets**

The cost of tangible assets is their purchase cost, together with any incidental costs at acquisition.

Tangible assets are stated at cost less accumulated depreciation and provision for any impairment. Depreciation and impairment is charged to the Statement of profit or loss. The cost is written off in equal annual instalments based on the estimated useful lives, which are:

Plant and machinery, fixtures and fittings	2 - 5 years
Short leasehold	5 - 10 years

Leasehold improvements are depreciated over the unexpired period of the lease or the estimated useful life of the assets, whichever is shorter. Rentals under operating leases are charged to the Statement of profit or loss on a straight-line basis over the term of the lease. The gain or loss arising on the disposal or retirement of an asset is determined as the difference between the sales proceeds and the carrying amount of the asset and is recognised in the Statement of profit or loss.

**Right-of-use asset**

A right-of-use asset is recognised at the commencement date of a lease. The right-of-use asset is measured at cost, which comprises the initial amount of the lease liability, adjusted for, as applicable, any lease payments made at or before the commencement date net of any lease incentives received, any initial direct costs incurred, and, except where included in the cost of inventories, an estimate of costs expected to be incurred for dismantling and removing the underlying asset, and restoring the site or asset.

Right-of-use assets are depreciated on a straight-line basis over the unexpired period of the lease or the estimated useful life of the asset, whichever is the shorter. Where the Company expects to obtain ownership of the leased asset at the end of the lease term, the depreciation is over its estimated useful life. Right-of use assets are subject to impairment or adjusted for any remeasurement of lease liabilities.

The Company has elected not to recognise a right-of-use asset and corresponding lease liability for short-term leases with terms of 12 months or less and leases of low-value assets. Lease payments on these assets are expensed to profit or loss as incurred.

**Lease liabilities**

A lease liability is recognised at the commencement date of a lease. The lease liability is initially recognised at the present value of the lease payments to be made over the term of the lease, discounted using the interest rate implicit in the lease or, if that rate cannot be readily determined, the Company's incremental borrowing rate. Lease payments comprise of fixed payments less any lease incentives receivable, variable lease payments that depend on an index or a rate, amounts expected to be paid under residual value guarantees, exercise price of a purchase option when the exercise of the option is reasonably certain to occur, and any anticipated termination penalties. The variable lease payments that do not depend on an index or a rate are expensed in the period in which they are incurred.

Lease liabilities are measured at amortised cost using the effective interest method. The carrying amounts are remeasured if there is a change in the following: future lease payments arising from a change in an index or a rate used; residual guarantee; lease term; certainty of a purchase option and termination penalties. When a lease liability is remeasured, an adjustment is made to the corresponding right-of use asset, or to profit or loss if the carrying amount of the right-of-use asset is fully written down.

**Note 1. General information and principal accounting policies (continued)**

**Provisions**

Provisions are recognised when the Company has a present (legal or constructive) obligation as a result of a past event where it is probable that the Company will be required to settle the obligation in part or full, and a reliable estimate can be made of the obligation. The amount recognised as a provision is the best estimate of the consideration required to settle the present obligation at the reporting date, taking into account the risks and uncertainties surrounding the obligation. If the time value of money is material, provisions are discounted using a current pre-tax rate specific to the liability. The increase in the provision resulting from the passage of time is recognised as a finance cost.

**Issued capital**

Ordinary shares are classified as equity.

**IAS 17**

In the prior reporting period, the Company entered into arrangements for minimum lease payments under non-cancellable operating leases. The Company had determined, based on the evaluation of the terms and conditions of the arrangements, that the lessor retained all the significant risks and rewards of ownership of the asset and accordingly accounted for them as an operating lease. Operating lease rentals were charged to the profit and loss on a straight line basis over the lease term.

In the event that lease incentives were received to enter into operating leases, such incentives were recognised as a liability. The aggregate benefit of incentives was recognised as a reduction of rental expense on a straight line basis, except where another systematic basis was more representative of the time pattern in which economic benefits from the leased assets were consumed.

**New and revised IFRS in issue and mandatorily effective during the year**

Management have reviewed the new and revised IFRS in issue and mandatorily effective during the year. These standards have not had a material impact on the financial statements of the Company in the period of initial application.

**IFRS 16**

The Company has adopted IFRS 16 from 1 January 2019. The standard replaces IAS 17 'Leases' and for lessees eliminates the classifications of operating leases and finance leases. Except for short-term leases and leases of low-value assets, right-of-use assets and corresponding lease liabilities are recognised in the balance sheet. Straight-line operating lease expense recognition is replaced with a depreciation charge for the right-of-use assets (included in operating costs) and an interest expense on the recognised lease liabilities (included in finance costs). In the earlier periods of the lease, the expenses associated with the lease under IFRS 16 will be higher when compared to lease expenses under IAS 17. However, EBITDA (Earnings Before Interest, Tax, Depreciation and Amortisation) results improve as the operating expense is now replaced by interest expense and depreciation in profit or loss. For lessor accounting, the standard does not substantially change how a lessor accounts for leases.

The Company adopted IFRS 16 as at 1 January 2019, using the cumulative catch-up approach. Under this transition method, comparative information has not been restated and cumulative adjustments on initial application are recognised in the opening Balance sheet as at 1 January 2019. Accordingly, comparative information presented for 2018 is presented as previously reported under IAS 17 and related interpretations in Note 25, Financial commitments.

The distinction between operating leases and finance leases is removed. Under IFRS 16 the Company now recognises right-of-use assets and lease liabilities, which the Company has chosen to report separately on its Statement of financial position.

The Company used the following practical expedients when applying IFRS 16 to leases previously classified as operating leases under IAS 17:

- (i) Relied on previous assessments on whether leases are onerous;
- (ii) Excluded initial direct costs from the measuring the right-of use asset at the date of initial application; and
- (iii) Used hindsight when determining the lease term if the contract contains options to extend or terminate the lease.

*Transition as at 1 January 2019*

At transition, for leases classified as operating leases under IAS 17, lease liabilities were measured at the present value of the remaining lease payments, discounted at the Company's incremental borrowing rate as at 1 January 2019. The right-of-use assets were measured at an amount equal to the lease liability, adjusted by the amount of any prepaid or accrued lease payments, and any provisions held in respect of onerous lease contracts. The impact on transition is summarised below:

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**Note 1. General information and principal accounting policies (continued)**

	<b>1 Jan 2019</b>
Right-of-use assets	89,000
Lease liabilities	(80,000)

*Impact for the year*

During the year ended 31 December 2019, the Company, in relation to leases under IFRS 16, has recognised depreciation and interest payable, instead of IAS 17 operating lease expenses, as follows:

	<b>Year ended 31 December 2019</b>
Depreciation	171
Interest payable	(15)

**New and revised IFRS in issue but not yet effective**

Management have reviewed the new and revised IFRS in issue but not yet effective and anticipates these standards will have no material impact on the financial statements of the Company in the period of initial application.

**Change of accounting policy**

In the current year, there was a change in accounting policy for revenue recognition ("IFRS15"). Information sales, which represent fees received from the sale of financial information to third parties is now recognised as Revenue given that this is a component falling under IFRS15. In the prior year financial statements, this was recognised as Other operating income. Given the effect of the change in accounting policy was material to the prior year, the accounting policy has been applied retrospectively to restate the prior year. The effect of the change in accounting policy is that £8,122,000 (2018: £8,563,000) has now been recognised as Revenue instead of Other operating income.

**Note 2. Key accounting judgements and sources of estimation uncertainty**

The preparation of the financial statements requires management to make judgements, estimates and assumptions that affect the reported amounts in the financial statements. Management continually evaluates its judgements, estimates and assumptions in relation to assets, liabilities, contingent liabilities, revenue and expenses. Management bases its judgements, estimates and assumptions on historical experience and on other various factors, including expectations of future events that management believes to be reasonable under the circumstances. There are no critical accounting judgements, estimates, and assumptions and there are no sources of estimation uncertainty that are likely to affect the current or future financial years other than noted below:

**Deferred tax asset**

A deferred tax asset has been recognised in respect of timing differences on the basis that the asset is expected to be recoverable in the future periods. To the extent it is not profitable, we would still expect the deferred tax assets to be recoverable in the future on the basis that the Group is expected to continue to be profitable in the future and therefore will benefit from any group relief available for surrender by the Company. Judgement is required to assess whether the tax may be recovered over the foreseeable future.

**Provisions**

Provisions are established based on management's assessment of relevant information and advice available at the time of preparing the Financial Statements. Judgement is required as to whether a present obligation exists and in estimating the probability, timing and amount of any outflows.

**ICAP Management Services Limited**  
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**Note 3. Revenue**

Revenue by type:

	Year ended 31 Dec 2019 £'000	Year ended 31 Dec 2018 £'000
Service fee income	55,594	78,304
Information sales	8,122	8,563
Revenue	<u>63,716</u>	<u>86,867</u>

Revenue by geographical market:

	Year ended 31 Dec 2019 £'000	Year ended 31 Dec 2018 £'000
EMEA	<u>63,716</u>	<u>86,867</u>

**Note 4. Administrative expenses**

	Year ended 31 Dec 2019 £'000	Year ended 31 Dec 2018 £'000
Employment costs (Note 5)	39,050	46,604
Other staff costs	808	1,165
Travel and entertainment	20	1,345
Market data and telecommunications	3,976	3,514
Infrastructure costs	1,079	4,296
Professional fees	3,510	3,933
Expected credit loss	133	11
Repairs and maintenance	3,344	4,667
Operating leases	(81)	153
Amortisation of intangible assets	8,567	9,204
Depreciation of tangible assets	363	414
Depreciation of right-of-use assets	171	-
Other administrative costs	2,964	6,718
	<u>63,904</u>	<u>82,024</u>

Fees paid to the Company's auditor, Deloitte 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, TP ICAP plc, include these fees on a consolidated basis.

Fees payable for the audit of the financial statements were £76,385 (2018: £74,160).

For the year ended 31 December 2019, Administrative expenses include costs of £1,143,000 (2018: £761,000) relating to the share-based payment schemes detailed in Note 5. Further disclosures are included in the Group's consolidated financial statements.

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**Note 5. Employment costs**

All employment costs within the United Kingdom are initially borne by the Company. Employment costs are then subsequently recharged to the relevant fellow subsidiary companies, as service fee income.

Employment costs initially borne by the Company comprise:

	Year ended 31 Dec 2019 £'000	Year ended 31 Dec 2018 £'000
Wages, salaries, bonuses and incentive payments	177,387	172,448
Social security	23,715	22,662
Other pension	1,409	1,358
Total employment costs borne by the Company	<u>202,511</u>	<u>196,468</u>

For the year ended 31 December 2019, the average monthly number of employees identified as being directly involved in the operation of the Company was 630, comprising of 397 brokers and 233 support staff (2018: 641, comprising 393 brokers and 248 support staff).

Employment costs for trading staff directly recharged to fellow subsidiaries comprise:

	Year ended 31 Dec 2019 £'000	Year ended 31 Dec 2018 £'000
Wages, salaries, bonuses and incentive payments	143,385	131,576
Social security	19,448	17,801
Other pension	628	487
Total employment costs recharged to fellow subsidiaries	<u>163,461</u>	<u>149,864</u>

For the year ended 31 December 2019, the average monthly number of employees identified as being directly involved in the operation of the Company was 395, comprising of 394 brokers and 1 support staff (2018: 382, comprising 382 brokers and no support staff).

Employment costs attributable to the Company comprise:

	Year ended 31 Dec 2019 £'000	Year ended 31 Dec 2018 £'000
Wages, salaries, bonuses and incentive payments	34,002	40,872
Social security	4,267	4,861
Other pension	781	871
Total employment costs attributable to the Company	<u>39,050</u>	<u>46,604</u>

Employment costs attributable to employees of the Company are the net of those initially borne by the Company and those for trading staff directly recharged to fellow subsidiaries. For the year ended 31 December 2019, the average monthly number of persons employed by the Company during the period relating to staff costs attributable to the Company was 235, comprising of 3 brokers and 232 support staff (2018: 259, comprising of 11 brokers and 248 support staff).

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**Note 5. Employment costs (continued)**

**Share-based payments**

TP ICAP plc Bonus Plan for Senior Managers

Annual awards are made under the Group's Bonus Plan for Senior Managers that commenced in 2015.

Under this Plan, employees identified as Senior Managers have 20% of their annual discretionary bonus awarded in deferred shares. These awards will be settled with TP ICAP plc shares and are subject to the completion of service conditions and the fulfilment of other conduct requirements. The number of shares in respect of a bonus year is determined after the close period for that year at the then market price, and vest over three years from the grant. The fair value of the shares equates to the monetary value of the awards at grant date and includes the value of expected dividends that will accrue to the beneficiaries.

As part of the introduction of the Deferred Bonus Plan in 2015, a Special Award was granted to eligible employees. The Special Award will vest in May 2018.

Awards will be settled by the Tullett Prebon plc Employee Benefit Trust 2007 from shares purchased by it in the open market.

TP ICAP plc Bonus Plan for Executive Directors

The Group's Executive Directors have 50% of their annual discretionary bonus awarded in deferred shares. These awards are subject to the completion of service conditions and the fulfilment of other conduct requirements and will be settled with TP ICAP plc shares. The number of shares in respect of a bonus year is determined after the close period for that year at the market price, and vest three years from the grant. The fair value of the shares equates to the monetary value of the awards at grant date and includes the value of expected dividends that will accrue to the beneficiaries.

Awards will be settled by the Tullett Prebon plc Employee Benefit Trust 2007 from shares purchased by it in the open market.

TP ICAP plc Transformational Long Term Incentive Plan

The Transformational Long Term Incentive Plan commenced in 2017 as a one-off long-term plan aligned to the three-year integration period for Tullett Prebon and ICAP (January 2017 – December 2019). Awards are allocated between the Executive Directors and members of the Group's Global Executive Committee.

At the end of the performance period, the LTIP pool will be determined, based on absolute TSR and EPS performance, and converted into awards of shares. Shares will be subject to a holding period and will be released one-third in April 2021, one-third in April 2022 and one-third in April 2023. During the holding period, the shares cannot be sold (other than to cover the cost of any applicable taxes).

Awards will be settled by the issue of new shares.

	Year ended 31 Dec 2019 £'000	Year ended 31 Dec 2018 £'000
Charge arising from share based payment plan	<u>1,143</u>	<u>761</u>



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**Note 6. Directors Remuneration**

Remuneration payable to the directors in respect of their services to the Company comprise the following:

	Year ended 31 Dec 2019	Year ended 31 Dec 2019 Highest Paid Director	Year ended 31 Dec 2018	Year ended 31 Dec 2018 Highest Paid Director
	Total £'000	£'000	Total £'000	£'000
Aggregate emoluments	61	61	476	183
Defined contribution pension schemes	5	5	14	-
	<u>66</u>	<u>66</u>	<u>490</u>	<u>183</u>

As at 31 December 2019, retirement benefits are accruing to 1 director (2018: 1 director) under defined contribution schemes sponsored by TP ICAP plc. The Company's directors who served during the period were also directors of TP ICAP plc, the ultimate parent undertaking. Their total remuneration for the period is disclosed in the financial statements of TP ICAP plc. Directors' remuneration is based upon an allocation of time employed in the entity.

**Note 7. Other operating income / (expense)**

This represents 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.

**Note 8. Interest receivable and similar income**

	Year ended 31 Dec 2019 £'000	Year ended 31 Dec 2018 £'000
Group related company loan	2,798	2,253
Bank deposit	111	22
Securities bond	-	1
	<u>2,909</u>	<u>2,276</u>

**Note 9. Interest payable and similar expenses**

	Year ended 31 Dec 2019 £'000	Year ended 31 Dec 2018 £'000
Unwinding of provisions	393	384
Bank overdraft	-	1
Group related company loan	47	134
Lease liability	15	-
	<u>455</u>	<u>519</u>

**ICAP Management Services Limited**  
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**Note 10. Income tax**

Analysis of charge for the year/period:

	Year ended 31 Dec 2019 £'000	Year ended 31 Dec 2018 £'000
<b>Current tax</b>		
UK Corporation tax - current year	806	598
Deferred tax - current year	437	(30)
Overseas tax - current year	-	3
Adjustments recognised for prior years - current tax	(1,012)	422
Double tax relief	-	(3)
	<u>231</u>	<u>990</u>
Aggregate income tax		
Deferred tax included in income tax comprises:		
Decrease/(increase) in deferred tax assets	<u>437</u>	<u>(30)</u>
<b>Numerical reconciliation of Income tax at the statutory rate</b>		
Profit before income tax	<u>2,895</u>	<u>5,431</u>
Tax at the statutory tax rate of 19%	550	1,032
Tax effect amounts which are not deductible/(taxable) in calculating taxable income:		
Non taxable income	-	(828)
Expenses not deductible for tax purposes	200	187
Adjustments recognised for prior years – current tax	(1,012)	422
Adjustments recognised for prior years – deferred tax	489	(4)
Deferred tax at different rates	<u>4</u>	<u>181</u>
Income tax	<u>231</u>	<u>990</u>
Effective tax rate	8.0%	18.2%

In the UK, legislation to reduce the corporation tax rate from 20% to 19% from 1 April 2017 and from 19% to 17% from 1 April 2020 has been enacted. UK deferred tax will therefore unwind at a rate of 19% for periods from 1 April 2017 to 31 March 2019 and at a rate of 17% thereafter. The deferred tax balances in these financial statements reflect the legislation that was in place as at 31 December 2019. The government has subsequently announced that the reduction to 17% will not go ahead which has now been substantively enacted. The effect of the reduction to 17% is not expected to be material.

	Year ended 31 Dec 2019 £'000	Year ended 31 Dec 2018 £'000
<b>Amounts credited directly to equity</b>		
Deferred tax assets	<u>-</u>	<u>(136)</u>

**ICAP Management Services Limited**  
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**Note 10. Income tax (continued)**

	As at 31 Dec 2019 £'000	As at 31 Dec 2018 £'000
<b>Deferred tax asset</b>		
Deferred tax asset comprises temporary differences attributable to:		
Amounts recognised in profit or loss:		
Capital allowances	1,423	1,622
Other timing differences	<u>2,937</u>	<u>3,161</u>
Deferred tax asset	<u><u>4,360</u></u>	<u><u>4,783</u></u>
Movements:		
Opening balance	4,783	4,617
Credited/(charged) to profit or loss	(437)	30
Credited to equity	-	136
Rate difference	<u>14</u>	<u>-</u>
Closing balance	<u><u>4,360</u></u>	<u><u>4,783</u></u>
	As at 31 Dec 2019 £'000	As at 31 Dec 2018 £'000
Tax receivable	<u><u>-</u></u>	<u><u>17</u></u>
	As at 31 Dec 2019 £'000	As at 31 Dec 2018 £'000
Provision for income tax	<u><u>1,130</u></u>	<u><u>-</u></u>

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**Note 11. Non-current assets - Intangible assets**

	<b>Capitalised software £'000</b>	<b>Total £'000</b>
<b>Cost</b>		
As at 1 January 2019	60,901	60,901
Additions	7,845	7,845
Disposals	<u>(8,017)</u>	<u>(8,017)</u>
As at 31 December 2019	<u><u>60,729</u></u>	<u><u>60,729</u></u>
<b>Amortisation</b>		
As at 1 January 2019	(40,759)	(40,759)
Charge for the year	(8,567)	(8,567)
Amortisation on disposals	<u>939</u>	<u>939</u>
As at 31 December 2019	<u><u>(48,387)</u></u>	<u><u>(48,387)</u></u>
<b>Net book value</b>		
As at 31 December 2019	12,342	12,342
As at 31 December 2018	20,142	20,142

**Note 12. Non-current assets - Tangible assets**

	<b>Short leasehold £'000</b>	<b>Plant and machinery, fixtures and fittings £'000</b>	<b>Total £'000</b>
<b>Cost</b>			
As at 1 January 2019	425	17,056	17,481
Additions	-	200	200
Disposals	<u>-</u>	<u>(409)</u>	<u>(409)</u>
As at 31 December 2019	<u><u>425</u></u>	<u><u>16,847</u></u>	<u><u>17,272</u></u>
<b>Accumulated depreciation</b>			
As at 1 January 2019	(199)	(16,193)	(16,392)
Charge for the year	(160)	(203)	(363)
Depreciation on disposals	<u>-</u>	<u>54</u>	<u>54</u>
As at 31 December 2019	<u><u>(359)</u></u>	<u><u>(16,342)</u></u>	<u><u>(16,701)</u></u>
<b>Net book value</b>			
As at 31 December 2019	67	505	572
As at 31 December 2018	226	863	1,089

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**Note 13. Non-current assets - Right-of-use assets**

	Land and buildings £'000	Total £'000
Balance at 1 January 2019	-	-
Additions	260	260
Depreciation expense	(171)	(171)
	<u>89</u>	<u>89</u>
Balance at 31 December 2019	<u>89</u>	<u>89</u>

The Company leases land and buildings with a lease term of 17 months.

The maturity analysis of Lease liabilities is presented in Note 22.

**Note 14. Non-current assets - Investment in subsidiary**

	As at 31 Dec 2019 £'000	As at 31 Dec 2018 £'000
As at beginning and end of the year	<u>169</u>	<u>169</u>

Investment in subsidiary represents the net assets of the Garban Employee Benefit Trust 2001 and its sub-fund at the reporting date.

The Company is party to a joint venture agreement with Nasdaq, Inc. whereby it has an investment in Patshare Limited, a dormant company. The share of profits and net assets of the joint venture have not been disclosed separately on the face of the Statement of financial position, and Statement of profit or loss, on the grounds of materiality.

**Note 15. Non-current assets - Other financial investment**

	As at 31 Dec 2019 £'000	As at 31 Dec 2018 £'000
<b>Cost</b>		
As at beginning of the year	<u>120</u>	<u>120</u>
<b>Accumulated impairment</b>		
As at beginning of the year	<u>(100)</u>	<u>(100)</u>
<b>Net book value</b>		
As at end of the year	20	20

Company	Registered Address	Class of share	Indirectly held %
Automated Confirmation Services Limited	ISIS Building, Marsh Wall, London, E14 9SG, England.	Ordinary	30.30

Other financial investment represents the Company's investment in Automated Confirmation Services Limited.

As these are unlisted securities for which there is no readily available market price, the fair value is based on cost less any provision for impairment.

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**Note 16. Current assets - Debtors**

	As at 31 Dec 2019 £'000	As at 31 Dec 2018 £'000
Agency trade debtors	2,445	936
Expected credit loss	(374)	(226)
	<u>2,071</u>	<u>710</u>
Loan owed by Intermediate parent company	61,262	61,262
Amounts owed by Group related companies	79,238	52,309
Amount owed by Intermediate parent company	564	6,608
Amounts owed by Group joint venture and associate	1,444	1,362
Expected credit loss	(712)	(584)
	<u>141,796</u>	<u>120,957</u>
Prepayments and accrued income	11,774	13,215
Other debtors	432	1,174
	<u>12,206</u>	<u>14,389</u>
	<u>156,073</u>	<u>136,056</u>

The following trade debtors were unsettled:

	As at 31 Dec 2019 £'000	As at 31 Dec 2018 £'000
Less than 30 days	1,049	558
Over 30 days but less than 90 days	489	15
Over 90 days	533	137
	<u>2,071</u>	<u>710</u>

**Note 17. Current assets - Other financial investment**

	As at 31 Dec 2019 £'000	As at 31 Dec 2018 £'000
Other financial asset	<u>47</u>	<u>22</u>

Other financial asset is a Securities deposit requirement of Securities and Exchange Commission (SEC) to the Philippines branch.

**Note 18. Current assets - Cash and cash equivalents**

	As at 31 Dec 2019 £'000	As at 31 Dec 2018 £'000
Cash at bank and in hand	5,348	13,571
Expected credit loss	(3)	(17)
	<u>5,345</u>	<u>13,554</u>

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**Note 19. Non-current liabilities - Subordinated loan**

	As at 31 Dec 2019 £'000	As at 31 Dec 2018 £'000
Subordinated loan	-	5,000

The subordinated loan represented a loan from a fellow subsidiary company, with a term of no less than 5 years. The effective interest rate on the loan was 1.76%.

**Note 20. Non-current liabilities - Provisions**

Provisions consist of legal claims brought against the Company together with Provisions against obligations for certain long-term employee benefits. At present the timing and amount of any payments are uncertain and Provisions are subject to regular review. It is expected that the obligations will be discharged over the next 25 years.

	Employment £'000	Legal £'000	Total £'000
At 1 January 2019	17,370	8,972	26,342
Debit to the Statement of profit or loss	3,269	(502)	2,767
Utilisation of provisions	(2,383)	-	(2,383)
At 31 December 2019	18,256	8,470	26,726
	Employment £'000	Legal £'000	£'000
At 1 January 2018	15,135	13,278	28,413
Debit / (credit) to the Statement of profit or loss	2,358	(4,306)	(1,948)
Utilisation of provisions	(123)	-	(123)
At 31 December 2018	17,370	8,972	26,342

**Note 21. Current liabilities - Creditors**

	As at 31 Dec 2019 £'000	As at 31 Dec 2018 £'000
Trade creditors	1,420	986
Other taxation and social security	2,793	3,824
Accruals and deferred income	64,259	65,659
Other creditors	3,570	3,111
Amounts owed to Group related companies	7,900	18,920
Amounts owed to Immediate parent company	15,091	-
Amounts owed to Group joint ventures and associates (Note 26)	550	327
	95,583	92,827

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**Note 22. Current liabilities - Lease liabilities**

	As at 31 Dec 2019 £'000	As at 31 Dec 2018 £'000
Lease liability	<u>80</u>	<u>-</u>

Amounts recognised in Profit or loss relate to interest payable on lease liability of £15,000

**Note 23. Equity - Issued capital**

	As at 31 Dec 2019 Shares	As at 31 Dec 2018 Shares	As at 31 Dec 2019 £'000	As at 31 Dec 2018 £'000
Allotted, issued and fully paid ordinary shares of £1 each	<u>1,000</u>	<u>1,000</u>	<u>1</u>	<u>1</u>

**Note 24. Guarantees and contingent liabilities**

There are no individual matters which are considered to pose a significant risk of material adverse financial impact on the company's results or net assets.

**Note 25. Financial commitments**

The Company has future aggregate minimum lease payments under non-cancellable operating leases as follows:

	As at 31 Dec 2019 £'000	As at 31 Dec 2018 £'000
<b>Annual commitment on leases expiring</b>		
Within one year	<u>-</u>	<u>2,776</u>

As a result of the application of IFRS 16 for the reporting year, there are no minimum rentals payable under non-cancellable operating leases as at 31 December 2019.



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**Note 26. Related party transactions**

The Company entered into the following transactions with related companies that are not wholly owned:

	Year ended 31 Dec 2019 £'000	Year ended 31 Dec 2018 £'000
<b>Income from management services provided</b>		
Associates and joint ventures	1,414	1,414

The Company had the following net outstanding balance owed by related parties that are not wholly owned:

	Year ended 31 Dec 2019 £'000	Year ended 31 Dec 2018 £'000
Associates and joint ventures	863	1,035

Amounts due from associates and joint ventures are unsecured

**Note 27. Events after the reporting period**

Subsequent to year end, the World Health Organization declared the outbreak of a novel coronavirus (COVID-19) as a pandemic, which continues to spread throughout the world. As at the date of this report, the outbreak of a novel COVID-19 virus is resulting in governments around the world, including the United Kingdom, being at various stages of managing restrictions regarding the movement of people, leading to widespread disruption and significant market volatility. This has impacted the global financial markets severely. In response, the Group, including the Company, has activated its Business Continuity Planning strategies, which include the introduction of measures to allow a significant proportion of our employees to work remotely, to safeguard their wellbeing and to continue Company operations and support of our clients. The full extent of how these conditions will impact the Company is not yet known as there is uncertainty around the duration and severity. Therefore, while we expect this matter to impact our business, results of operations, and financial position, the related financial impact cannot be reasonably estimated at this time. The Company has a positive net asset value and cash reserves available to help preserve its financial flexibility.

**Note 28. Immediate and ultimate parent company**

The Company's immediate parent is ICAP Holdings Limited, which does not prepare consolidated financial statements.

The Company's ultimate parent and controlling party is TP ICAP plc, which is incorporated in England and Wales, and heads the largest and smallest group of companies of which the Company is a member. TP ICAP plc prepares consolidated financial statements in accordance with IFRS. Copies of TP ICAP plc financial statements are available from the registered office: Floor 2, 155 Bishopsgate, London, England, EC2M 3TQ.