Registered in England No. 2550604

INSTINET®

A NOMURA COMPANY

INSTINET GLOBAL SERVICES LIMITED

REPORT AND FINANCIAL STATEMENTS

31 MARCH 2015

Instinet Global Services Limited

Strategic report for the year ended 31 March 2015

The directors present their strategic report for Instinet Global Services Limited, ("the Company") for the year ended 31 March 2015

The principal activity of the Company is noted in the Directors' Report

Review of the Business

The Company's key performance indicators during the year were

	12 months to 31 Mar 2015	12 months to 31 Mar 2014	% Change
Turnover	£31 7m	£26 5m	19 6%
Gross Profit %	32 9%	30 4%	8 2%
Administrative expenses	£8 3m	£7 9m	5 1%

Turnover is 19 6% higher than in 2014, this is due to an increase in recharges from Instinet Europe Limited, which has reported a significant increase in turnover for the year ended March 2015 Administrative costs increased as a result of the completion of the migration of the Latency Sensitive Electronic Trading (LSET) business to the Company during the year

Principal risks and uncertainties

The management of the business and the execution of the Company's strategy are subject to a number of risks The key business risks and uncertainties affecting the Company are considered to be those that affect Instinet Europe Limited, which are market risks, competition from other brokers, system risks and employee retention These risks could impact on the Company's ability to fully recover the cost it incurs on behalf of Instinet Europe Limited

By Order of the Board

A Toms
Director
1 Angel Lane
London, EC4R 3AB

Date 01/7/2015

Directors' Report

The directors present their report and the audited financial statements for the year ended 31 March 2015

Principal activities and business review

The Company continues to trade as a service Company for other Instinet group companies engaged in matched principal broking No significant change in these activities is envisaged in the foreseeable future

Results and dividend

The profit for the period set against reserves amounted to £2,276,000 (2014 profit of £924,000)

The directors do not recommend the payment of any dividend (2014 Nil)

Financial risk management

The Directors have the responsibility for setting the risk management policies applied by the Company The policies are implemented and monitored by the treasury and operations departments to enable prompt identification of financial risks so that appropriate actions may be taken These financial risks are further disclosed in note 24

Future outlook and going concern

The Company relies on the profitability of Instinet Europe Limited in order to recharge its costs Instinet Europe Limited has continued to gain market share since the year end, which is in part driven by the overall increase in equities trading that stems from better economic news, increased business confidence and competitive pricing

The Company is expected to generate positive cash flows on its own account for the foreseeable future The Company participates in the group's centralised treasury arrangements and so shares banking arrangements with the Instinet group

The directors, having reviewed the funding arrangements have no reason to believe that a material uncertainty exists that may cast significant doubt about the ability of the Company to continue as a going concern or its ability to continue with its current financing arrangements

On the basis of their assessment of the Company's financial position, the Company's directors have a reasonable expectation that the Company will be able to continue in operational existence for the foreseeable future Thus the directors continue to adopt the going concern basis of accounting in preparing the annual financial statements

Directors

The directors of the Company during the year ended 31 March 2015 and changes since the year end were as follows

- M Rodrigues
- A Toms

Disclosure of information to auditors

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 he/she is obliged to take as a director in order to make himself/herself aware of any relevant audit information and to establish that the auditor is aware of that information

Instinet Global Services Limited

Auditors

Ernst & Young LLP, Registered Auditor, have indicated their willingness to continue in office and a resolution for their reappointment will be proposed at the forthcoming Annual General Meeting in accordance with the provisions of Section 485 of the Companies Act 2006

By Order of the Board

A Toms
Director
1 Angel Lane
London, EC4R 3AB

Date 01/7/2015

Statement of directors' responsibilities

The directors are responsible for preparing the Report and Financial Statements in accordance with United Kingdom law and International Financial Reporting Standards (IFRS) as adopted by the European Union

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 IFRS 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 for that year

In preparing these financial statements, the directors are required to

- present information, including accounting policies, in a manner that provides relevant, reliable, comparable and understandable information,
- make judgments that are reasonable,
- provide additional disclosures when compliance with the specific requirements of IFRS is not sufficient to enable users to understand the impact of particular transactions, other events and conditions on the entity's financial position and financial performance, and
- state that the Company has complied with IFRS, subject to any material departures disclosed and explained in the financial statements

The directors are responsible for keeping adequate accounting records which 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

Independent auditors' report to the members of Instinet Global Services Limited

We have audited the financial statements of Instinet Global Services Limited for the year ended 31 March 2015 which comprise the Statement of Comprehensive Income, the Statement of Financial Position, the Statement of Changes in Equity, Statement of Cash Flows and the related notes 1 to 24 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

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

Respective responsibilities of directors and auditors

As explained more fully in the Directors' Responsibilities Statement set out on page 4, the directors are responsible for the preparation of the financial statements and for being satisfied that they give a true and fair view Our responsibility is to audit and express an opinion on the financial statements in accordance with applicable law and International Standards on Auditing (UK and Ireland) Those standards require us to comply with the Auditing Practices Board's Ethical Standards for Auditors

Scope of the audit of the financial statements

An audit involves obtaining evidence about the amounts and disclosures in the financial statements sufficient to give reasonable assurance that the financial statements are free from material misstatement, whether caused by fraud or error This includes an assessment of whether the accounting policies are appropriate to the Company's circumstances and have been consistently applied and adequately disclosed, the reasonableness of significant accounting estimates made by the directors, and the overall presentation of the financial statements In addition, we read all the financial and non-financial information in the strategic report and directors' report to identify material inconsistencies with the audited financial statements and to identify any information that is apparently materially incorrect based on, or materially inconsistent with, the knowledge acquired by us in the course of performing the audit If we become aware of any apparent material misstatements or inconsistencies we consider the implications for our report

Opinion on financial statements

In our opinion the financial statements

- give a true and fair view of the state of the Company's affairs as at 31 March 2015 and of its profit 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 Strategic Report and Directors' Report for the financial period 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

Ernst & Young LLP

Manprit Dosanjh (Senior statutory auditor)
for and on behalf of Ernst & Young LLP, Statutory Auditor
London
Date: 01 July 2015

Statement of Comprehensive Income

	Notes	Year ended 31 Mar 2015	Year ended 31 Mar 2014
		£'000	£'000
Service charges		31,672	26,465
Turnover		**31,672**	**26,465**
Cost of sales		(21,239)	(18,429)
Gross Profit		**10,433**	**8,036**
Administrative expenses		(8,327)	(7,882)
Other operating income	8	36	91
Operating Profit	9	**2,142**	**245**
Interest and similar income	10	557	379
Interest and similar expense	10	(1,412)	(1,124)
Net exchange gain		989	1,424
Profit before tax from continuing operations		**2,276**	**924**
Income tax (expense)/credit	11	-	-
Profit for the year from continuing operations		**2,276**	**924**
Total comprehensive income net of tax		**2,276**	**924**

The results above relate wholly to continuing operations

The notes on pages 10 to 32 form part of these financial statements

Statement of Financial Position

	Notes	At 31 Mar 2015 £'000	At 31 Mar 2014 (Restated) £'000
Assets			
Non-current assets			
Property and equipment	13	2,263	2,862
		2,263	2,862
Current assets			
Trade and other receivables	14	149,573	149,885
Prepayments and accrued income	15	646	661
Cash and short-term deposits	16	171	95
		150,390	150,641
Total assets		**152,653**	**153,503**
Equity and liabilities			
Equity			
Issued capital	19	57,353	57,353
Retained earnings		(49,682)	(51,958)
Equity attributable to owners of the parent		**7,671**	**5,395**
Total equity		**7,671**	**5,395**
Non-current liabilities			
Provisions	21	60	51
Other liabilities	18	-	-
		60	**51**
Current liabilities			
Interest bearing loans and borrowings	17	137,149	140,419
Trade and other payables	18	6,643	6,483
Taxes and social security		1,130	1,155
		144,922	**148,057**
Total liabilities		**144,982**	**148,108**
Total equity and liabilities		**152,653**	**153,503**

The notes on pages 10 to 32 form part of these financial statements Please refer to Note 13 for an explanation of the restated prior year comparatives

A duly authorised Committee of the Board of Directors of the Company with registered number 2550604 approved these financial statements on 01 July 2015

A Toms
Director

Statement of changes in equity

For the year ended 31 March 2015

	Issued capital (note 19)	Retained Earnings	Share-based Payment Reserve (note 20)	Total equity
	£'000	£'000	£'000	£'000
As at 1 April 2014	**57,353**	**(51,958)**	-	**5,395**
Profit for the year	-	2,276	-	2,276
Total comprehensive income attributable to the owners of the parent	57,353	(49,682)	-	7,671
Effect of capital contribution relating to IFRS 2 share-based payments (see note 20)	-	-	314	314
Distribution of reserves share based payments recharged to parent Company	-	-	(314)	(314)
As at 31 March 2015	**57,353**	**(49,682)**	-	**7,671**

For the year ended 31 March 2014

	Issued capital (note 19)	Retained Earnings (note 19)	Share-based Payment reserve (note 20)	Total equity (note 19)
	£'000	£'000	£'000	£'000
As at 1 April 2013 (Restated Note 19)	**57,353**	**(52,882)**	-	**4,471**
Profit for the year		924		924
Total comprehensive income attributable to the owners of the parent	57,353	(51,958)	-	5,395
Effect of capital contribution relating to IFRS 2 share-based payments (see note 20)	-	-	144	144
Distribution of reserves share based payments recharged to parent Company	-	-	(144)	(144)
As at 31 March 2014	**57,353**	**(51,958)**	-	**5,395**

The notes on pages 10 to 32 form part of these financial statements

Instinet Global Services Limited

Statement of cash flow for the year ended 31 March 2015

	Notes	Year ended 31 Mar 2015 £'000	Year ended 31 Mar 2014 (Restated) £'000
Operating activities			
Profit/(Loss) before tax from continuing operations		2,276	924
Non-cash adjustments to reconcile profit before tax to net cash flows			
Depreciation and impairment of property and equipment		1,179	1,030
(Gain)/Loss on disposal of property and equipment		(4)	45
Share -based payment transaction expense	7	564	620
Movement in provisions		9	(748)
Finance income and expense (net)		(974)	(679)
Working capital adjustments			
Increase/(Decrease) in trade and other receivables and prepayments		328	(70,958)
(Decrease)/Increase in trade and other payables		(2,526)	69,344
Income tax received/(paid)		-	-
Net cash flows (used in)/from operating activities		**852**	**(422)**
Investing activities			
Interest received		-	328
Purchase of property and equipment	13	(668)	(2,196)
Net cash flows used in investing activities		**(668)**	**(1,868)**
Financing activities			
Interest paid		(15)	(980)
Net cash flows used in financing activities		**(15)**	**(980)**
Net decrease/(increase) in cash and cash equivalents		169	(3,270)
Net foreign exchange difference		989	1,424
Cash and cash equivalents at beginning of year		(987)	859
Cash and cash equivalents at end of year	16	**171**	**(987)**

The notes on pages 10 to 32 form part of these financial statements Two changes have been made to the comparative period cash flow statement The prior year cash flow statement has been updated to separately disclose the share based payments on the face of the cash flow statement In addition, the prior year comparative has been restated to reflect the acquisition of fixed assets Please refer to Note 13 for further information

Notes to the financial statements at 31 March 2015

1. Corporate information

The Company is a service Company for other Instinet group companies The Company, incorporated and domiciled in the United Kingdom, is a limited liability Company with its registered office 1 Angel Lane, London EC4R 3AB

The Company is a wholly owned subsidiary of Instinet International Limited and its ultimate parent undertaking is Nomura Holdings Incorporated, a Company incorporated in Japan and the largest group in which the Company's results are consolidated The smallest group to consolidate the Company's financial statements is Instinet International Limited Copies of these financial statements can be obtained from 1 Angel Lane, London EC4R 3AB

The Company's financial statements for the year ended 31 March 2015 were authorised for issue in accordance with a resolution of the directors on 01 July 2015

2. Basis of preparation

The Company's financial statements have been prepared in accordance with International Financial Reporting Standards (IFRS) as adopted by the European Union

The Company's financial statements are presented in British Sterling (GBP) which is its functional and presentational currency, and all values are rounded to the nearest thousand GBP (£'000) except where otherwise stated

These financial statements are prepared on the going concern basis, under the historical cost convention, in accordance with the Companies Act 2006 and applicable generally accepted accounting standards of the United Kingdom The principal accounting policies, which have been applied consistently throughout the year, are set out below

3. Accounting Policies

3.1 Cash and short term deposits

Cash and short-term deposits in the Statement of Financial Position comprises cash at banks and on hand and short-term deposits with a maturity of three months or less

For the purpose of the Statement of Cash Flows, cash and cash equivalents consist of cash and short-term deposits as defined above, net of outstanding bank overdrafts

3 2 Revenue recognition

Revenue is recognised to the extent that it is probable that the economic benefits will flow to the Company and the revenue can be reliably measured, regardless of when the payment is being made Revenue is measured at the fair value of the consideration received or receivable, taking into account contractually defined terms of payment and excluding taxes or duty The specific recognition criteria described below must also be met before revenue is recognised

Turnover

Turnover represents charges to fellow subsidiary undertakings of Instinet International Limited for services provided It is recognised as net of VAT, subject to maximum recharge levels in certain of the service agreements

Interest income

Interest income and expenses are recognised on an accruals basis

Rental income

Rental income from operating leases is recognised on a straight line basis over the life of the lease

Notes to the financial statements at 31 March 2015 (continued)

3. Accounting Policies (continued)

3.3 Property and Equipment

Property and equipment are stated at cost, net of accumulated depreciation and/or accumulated impairment losses, if any

Depreciation is calculated on a straight-line basis so as to write-down non-current assets to their residual values over their expected useful lives Leasehold improvements are written down over the term of the lease or useful life, whichever is shorter, computer and office equipment is written down over a period of between three and five years

The carrying values of the assets are reviewed for impairments when events or changes in circumstances indicate the carrying value may not be recoverable

The consumption pattern and method of depreciation are reviewed annually to ensure that they are still appropriate

3.4 Foreign currency translation

Monetary assets and liabilities denominated in foreign currencies are translated into sterling at the rates of exchange ruling at the end of the reporting period Foreign currency transactions are converted at the rate of exchange ruling at the transaction date All exchange differences are dealt with through the profit or loss account in the Statement of Comprehensive Income

Non-monetary items that are measured in terms of historical cost in a foreign currency are translated using the spot exchange rates as at the date of recognition Non-monetary items measured at fair value in a foreign currency are translated using the spot exchange rates at the date when the fair value was determined

3.5 Pensions

The Instinet Group Personal Pension Plan is a defined contribution scheme The cost of contributions payable by the Company in respect of the Instinet Group Personal Pension Plan for the period is charged against operating profit

3.6 Cost of Sales

Cost of sales represents the direct costs of providing support services to other Instinet group companies engaged in stock broking and other broking business Services provided include sales, marketing, settlement and technology services

3.7 Operating Leases

Operating lease rentals are charged against profit on a straight-line basis over the period of the lease Lease incentives are recognised over the shorter of the lease term and the next rent review

Rental income from leasing property to third party under an operating lease is recognised in the Statement Of Comprehensive Income on a straight line basis over the lease term and is included in Other operating income

Notes to the financial statements at 31 March 2015 (continued)

3 Accounting Policies (continued)

3.8 Financial instruments – initial recognition and subsequent measurement

i. Financial assets

Initial recognition and measurement

All financial assets are recognised initially at fair value Purchases or sales of financial assets that require delivery of assets within a time frame established by regulation or convention in the market place are recognised on settlement date The Company's financial assets include cash, trade and other receivables and unquoted financial instruments

Subsequent measurement

The subsequent measurement of financial assets depends on their classification as follows

Available-for-sale financial investments

Available for sale investments are equity investments not held for trading or designated at fair value through profit or loss

After initial measurement, available-for-sale financial investments are subsequently measured at fair value with unrealised gains or losses recognised as other comprehensive income in the asset revaluation reserve until the investment is derecognised, at which time the cumulative gain or loss is recognised in other investment income, or determined to be impaired, at which time the cumulative loss is reclassified to the profit or loss for the period and removed from the revaluation reserve

The Company evaluates its available-for-sale financial assets to determine whether the ability and intention to sell them in the near term is still appropriate

For a financial asset reclassified out of the available-for-sale category, any previous gain or loss on that asset that has been recognised in equity is amortised in the Statement of Comprehensive Income over the remaining life of the investment If the asset is subsequently determined to be impaired, then the amount recorded in equity is reclassified to the Statement of Comprehensive Income

Derecognition

A financial asset (or, where applicable, a part of a financial asset or part of a group of similar financial assets) is derecognised when

- The rights to receive cash flows from the asset have expired
- The Company has transferred its rights to receive cash flows from the asset or has assumed an obligation to pay the received cash flows in full without material delay to a third party under a 'pass-through' arrangement, and either (a) the Company has transferred substantially all the risks and rewards of the asset, or (b) the Company has neither transferred nor retained substantially all the risks and rewards of the asset, but has transferred control of the asset

Notes to the financial statements at 31 March 2015 (continued)

3. Accounting policies (continued)

3.8 Financial instruments – initial recognition and subsequent measurement (continued)

ii. Impairment of financial assets

The Company assesses at each reporting date whether there is any objective evidence that a financial asset is impaired Evidence of impairment may include indications that the debtors or a group of debtors is experiencing significant financial difficulty, default or delinquency in interest or principal payments, the probability that they will enter bankruptcy or other financial reorganisation and where observable data indicates that there is a measurable decrease in the estimated future cash flows, such as changes in arrears or economic conditions that correlate with defaults

Available-for-sale financial investments

For available-for-sale financial investments, the Company assesses at each reporting date whether there is objective evidence that an investment is impaired In the case of equity investments classified as available-for-sale, objective evidence would include a significant or prolonged decline in the fair value of the investment below its cost 'Significant' is evaluated against the original cost of the investment and 'prolonged' against the period in which the fair value has been below its original cost Where there is evidence of impairment, the cumulative loss — measured as the difference between the acquisition cost and the current fair value, less any impairment loss on that investment previously recognised in the profit or loss for the period — is removed from other comprehensive income and recognised in the profit or loss for the period Impairment losses on equity investments are not reversed through the profit or loss for the period, increases in their fair value after impairments are recognised directly in other comprehensive income

iii. Financial liabilities

Initial recognition and measurement

Financial liabilities within the scope of IAS 39 are classified as loans and borrowings The Company determines the classification of its financial liabilities at initial recognition All financial liabilities are recognised initially at fair value and, in the case of loans and borrowings, carried at amortised cost This includes directly attributable transaction costs The Company's financial liabilities include trade and other payables, bank overdrafts, loans and borrowings

Subsequent measurement

The measurement of financial liabilities depends on their classification as follows

Loans and borrowings

After initial recognition, interest bearing loans and borrowings are subsequently measured at amortised cost using the effective interest rate method Gains and losses are recognised in the Statement of Comprehensive Income when the liabilities are derecognised

Derecognition

A financial liability is derecognised when the obligation under the liability is discharged or cancelled or expires

iv. Offsetting of financial instruments

Financial assets and financial liabilities are offset and the net amount reported in the Statement of Financial Position if, and only if, there is a currently enforceable legal right to offset the recognised amounts and there is an intention to settle on a net basis, or to realise the assets and settle the liabilities simultaneously

v. Fair value of financial instruments

For financial instruments not traded in an active market, the fair value is determined using appropriate valuation techniques Such techniques may include using recent arm's length market transactions, reference to the current fair value of another instrument that is substantially the same, a discounted cash flow analysis or other valuation models

Notes to the financial statements at 31 March 2015 (continued)

3. Accounting Policies (continued)

3.9 Taxation

Current tax assets and liabilities are measured at the amount expected to be recovered from or paid to the taxation authorities, based on tax rates and laws that are enacted or substantively enacted at the Statement of Financial Position date

Deferred tax is recognised on all temporary differences arising between the tax bases of assets and liabilities and their carrying amounts in the financial statements with the following exception

- Deferred tax assets are recognised only to the extent that it is probable that future taxable profit will be available against which the deductible temporary differences, carried forward tax credits or tax losses can be utilised

Deferred tax assets and liabilities are measured on an undiscounted basis at the tax rates that are expected to apply when the related asset is realised or liability is settled, based on tax rates and laws enacted or substantively enacted at the Statement of Financial Position date The carrying amount of deferred tax assets is reviewed at each Statement of Financial Position date Deferred tax assets and liabilities are offset, only if a legally enforceable right exists to set off current tax assets against current tax liabilities, the deferred taxes relate to the same taxation authority and that authority permits the group to make a single net payment

Current and deferred tax are charged or credited to other Comprehensive Income if they relate to items that are charged or credited directly to Other Comprehensive Income Otherwise the tax is recognised in the Statement of Comprehensive Income

3.10 Share based payments

Share based payments comprise equity-settled awards and cash-settled awards

The cost of equity-settled transactions with employees is measured by reference to the share price of Nomura Holdings Inc pro-rated and is recognised as an expense over the vesting period, which ends on the date on which the relevant employees become fully entitled to the award

The cumulative expense recognised for equity-settled transactions at each Statement of Financial Position date until the vesting date reflects the extent to which the vesting period has expired and the Company's best estimate of the number of equity instruments that will ultimately vest The charge or credit to the profit and loss account for a period represents the movement in the cumulative expense recognised as at the beginning and end of that period

The Company has entered into recharge agreements with Instinet Group LLC in respect of the Nomura Stock Plan Under the terms of the recharge agreements, the Company will be charged for the benefit of share-based compensation at the date of exercise, pro-rated over the period that the employees were in the service of the Company

Where the terms of an equity-settled transaction award are modified, the minimum expense recognised is the expense as if the terms had not been modified, if the original terms of the award are met An additional expense is recognised for any modification that increases the total fair value of the share-based payment transaction, or is otherwise beneficial to the employee as measured at the date of modification

Where an equity-settled award is cancelled or settled, it is treated as if it vested on the date of cancellation or settlement, and any expense not yet recognised for the award is recognised immediately This includes any award where non-vesting conditions within the control of either the entity or the employee are not met However, if a new award is substituted for the cancelled or settled award, and designated as a replacement award on the date that it is granted, the cancelled or settled and new awards are treated as if they were a modification of the original award, as described in the previous paragraph All cancellations and settlements of equity-settled transaction awards are treated equally

Notes to the financial statements at 31 March 2015 (continued)

3. Accounting Policies (continued)

3.9 Share based payments (continued)

Certain senior management and employees receive a portion of their variable remuneration in the form of cash-settled liability awards

Cash-settled liability awards are measured at fair value at each Statement of Financial Position date until settlement and are classified as corresponding liabilities The expense of the period comprises the addition to and the reversal of the provision between two reporting dates and the dividend equivalent paid during the period

It is clear that

- where an award is modified, the liability recognised at and after the point of modification will be based on its new fair value, with the effect of any movement in the liability recognised as an expense immediately,
- where an award is cancelled the liability will be derecognised, with a credit immediately recognised in profit or loss, and
- where an award is settled, the liability will be derecognised, and any gain or loss on settlement immediately recognised in profit or loss

3.10 Provisions

Provisions are recognised when the Company has a present obligation (legal or constructive) as a result of a past event and it is probable that an outflow of resources embodying economic benefits will be required to settle the obligation and a reliable estimate can be made of the amount of the obligation The effect of the time value of money is not considered to be material and therefore the provisions are not discounted

4. Significant accounting judgments, estimates and assumptions

The preparation of the Company's financial statements requires management to make judgments, estimates and assumptions that affect the reported amounts of revenues, expenses, assets and liabilities, and the disclosure of contingent liabilities, at the end of the reporting year However, uncertainty about these assumptions and estimates could result in outcomes that require a material adjustment to the carrying amount of the asset or liability affected in future periods

Judgments

In the process of applying the Company's accounting policies, management has made the following judgments, which have the most significant effect on the amounts recognised in the financial statements

Operating lease – the Company as a lessee

The Company has entered into property lease arrangement in respect of its office accommodation The Company has determined, based on an evaluation of the terms and conditions of the arrangements, that it does not retain all the significant risks and rewards of ownership and therefore accounts for the contract as an operating lease

Estimates

Valuation of share based payments

The Company measures the cost of equity-settled transactions with employees by reference to the fair value of the equity instruments at the date at which they are granted Estimating fair value for share-based payment transactions requires determining the most appropriate valuation model, which is dependent on the terms and conditions of the grant This estimate also requires the determination of the most appropriate inputs to the valuation model The assumptions and approach used for estimating fair value for share-based payment transactions are disclosed in note 20

Notes to the financial statements at 31 March 2015 (continued)

5. Standards issued but not yet effective

Standards issued but not yet effective up to the date of issuance of the Company's financial statements are listed below This listing is of standards and interpretations issued, which the Company reasonably expects to be applicable at a future date The Company intends to adopt those standards when they become effective

IFRS 9 Financial Instruments· Classification and Measurement

The first phase of IFRS 9, which addressed classification and measurement of financial assets was published in November 2008, and was subsequently amended in October 2010 and November 2013, to include classification and measurement requirements of financial liabilities and hedge accounting requirements Tentatively, the mandatory effective date of IFRS 9 will be for annual periods beginning on or after 1 January 2018 The adoption of IFRS 9 requires all financial assets to be measured at fair value on initial recognition Debt instruments may be measured at amortised cost if certain conditions are met In terms of financial liabilities, the amount of change in the fair value of a liability that is attributable to changes in credit risk must be presented in the Other Comprehensive Income The Company will quantify the effect in conjunction with the other phases, when issued, to present a comprehensive picture

6. Directors' emoluments

The directors' total emoluments for the year, computed in accordance with Schedule 5 of the Companies Act 2006, in respect of their services as directors of the Company, were as follows

	Year ended 31 Mar 2015 £'000	Year ended 31 Mar 2014 £'000
Remuneration	505	508
Company contributions to defined contribution pension scheme	20	20
	525	528

During the year retirement benefits were accruing to two directors under a defined contribution scheme (2014 two) Two directors received emoluments in relation to their services to the Company during the year (2014 two) Two directors received payments of £239,000 with respect to vested shares as a result of the share based payment scheme (2014 £376,000)

The emoluments of the highest paid director were as follows

	Year ended 31 Mar 2015 £'000	Year ended 31 Mar 2014 £'000
Remuneration	245	267
Company contributions to defined contribution pension scheme	7	7
	252	274

The accrued pension entitlement for the highest paid director is £7,000 (2014 £7,000) The directors also receive emoluments from Instinet Europe Limited, a group Company The above emoluments represent the emoluments for services to Instinet Global Services Limited only No SARs were exercised by the highest paid director in the year (2014 1,039)

Notes to the financial statements at 31 March 2015 (continued)

7 Staff costs

	Year ended 31 Mar 2015 £'000	Year ended 31 Mar 2014 £'000
Wages and salaries	13,722	13,223
Share based payments	564	620
Social security costs	1,762	1,586
Other pension costs	705	584
	16,753	16,013

Included in other pension costs are £704,686 (2014 £583,698) in respect of contributions payable by the Company for the Instinet Group Pension Plan There were no amounts outstanding or prepaid at the Statement of Financial Position date for these schemes The prior year cash flow statement has been updated to separately disclose the share based payments on the face of the cash flow statement

The Company operates an unfunded unapproved retirement benefit scheme At the year-end there were no active members and one deferred member A liability of £2,000 (2014 £2,000) is recognised at the balance sheet date There were no movements during the year The average number of employees during the year was 144 (2014 136) In the opinion of the directors there is only one category of employees

8. Other operating income

	Year ended 31 Mar 2015 £'000	Year ended 31 Mar 2014 £'000
Rental Income	36	91

This is the income derived from the leasing of Garlick Hill

9. Operating profit/(loss)

Operating profit/(loss) is stated after charging

	Year ended 31 Mar 2015 £'000	Year ended 31 Mar 2014 £'000
Depreciation of tangible fixed assets	1,179	1,030
Fees payable to the Company's auditor for the audit of the Company's annual accounts	122	129
Operating leases property rental	2,495	2,360

Fees paid to auditors for services other than audit were £nil (2014 £nil)

10. Interests income and expenses

	Year ended 31 Mar 2015 £'000	Year ended 31 Mar 2014 £'000
Interest and similar income		
Interest receivable from group undertakings	557	379
	557	**379**
Interest and similar expense		
Interest payable to group undertakings	1,392	1,098
Bank interest payable	20	26
	1,412	**1,124**

Notes to the financial statements at 31 March 2015 (continued)

11. Taxation

The major components of income tax are

	Year ended 31 Mar 2015 £'000	Year ended 31 Mar 2014 £'000
Current income tax.		
UK Corporation tax	-	-
Total current income tax (credit)/expense	-	-
Deferred tax:		
Effect of decrease in beginning balances as a result of change in tax rates	-	-
Temporary differences	-	-
Income tax (credit)/expense	-	-

Statement of Other Comprehensive Income	Year ended 31 Mar 2015 £'000	Year ended 31 Mar 2014 £'000
Deferred tax related to items charged or credited to equity during the year	-	-
Income tax charged directly to Other Comprehensive Income	-	-

Reconciliation of the total tax (credit)/expense

The tax expense in the income statement for the period is higher than the standard rate of corporation tax in the UK of 21% (2014 23%) The differences are reconciled below

	Year ended 31 Mar 2015 £'000	Year ended 31 Mar 2014 (Restated) £'000
Profit/(Loss) from continuing operations before taxation	2,276	924
Tax calculated at UK standard rate of corporation tax of 21% (2014 23%)	478	212
Expenses not deductible for tax purposes	112	73
Addition/(Utilisation) of unrecognised tax losses	151	(367)
Movement in other unrecognised deferred tax	(741)	82
Total tax charge/(credit)	-	-

Notes to the financial statements at 31 March 2015 (continued)

11. Taxation (continued)

Unrecognised deferred tax

	Year ended 31 Mar 2015 £'000	Year ended 31 Mar 2014 £'000
Losses	3,459	1,715
Accelerated capital allowances	3,557	4,920
Share based payments	137	242
	7,153	**6,877**
Analysis of movement in unrecognised deferred tax asset:		
Balance brought forward at 1 April	6,877	8,431
Amendments to prior years	881	(166)
Movement in the period	(590)	(356)
Effect of reduction in corporation tax rates	(15)	(1,032)
	7,153	**6,877**

Deferred tax balances should be calculated at the rate at which the balances are expected to be settled, based on tax rates (and laws) that have been substantively enacted or enacted at the balance sheet date As reductions in the corporation tax rates have been enacted at 31 March 2015, any recognised and unrecognised deferred balances have been calculated with reference to the 20% rate

Notes to the financial statements at 31 March 2015 (continued)

12 Related party disclosures

Compensation of key management personnel

	Year ended 31 Mar 2015 £'000	Year ended 31 Mar 2014 £'000
Salaries and other short–term employee benefits	505	508
Post–employment pension	20	20
Share based payments	239	376
Total compensation paid to key management personnel	764	904

The key management personnel are the directors of the Company

During the year the Company entered into transactions with related parties in the normal course of business and on an arm's length basis, these were unsecured and liable to interest at variable rates

The ultimate parent

The ultimate parent of the Company is Nomura Holdings Incorporated The following transactions were entered into with Nomura Holdings International

		Services to related parties £'000	Services from related parties £'000	Amounts owed by related parties £'000	Amounts owed to related parties £'000
Nomura Holdings Incorporated					
Funding	2015	-	3,415	595	(67)
	2014	-	921	533	(319)

The following table provides the amount of transactions that have been entered into for the relevant year

		Services to related parties £'000	Services from related parties £'000	Amounts owed by related parties £'000	Amounts owed to related parties £'000
Instinet Holdings Incorporated					
Management Services	2015	(1,311)	37	83	-
	2014	(693)	37	196	-
Instinet LLC					
Funding	2015	-	-	107	-
	2014	-	-	184	-
Instinet Group LLC					
Funding	2015	-	1,565	-	(86,870)
	2014	-	1,069	-	(139,490)
Instinet International Ltd					
Funding	2015	(72)	130	-	(44,213)
	2014	-	-	26,426	(72)
Instinet Europe Ltd					
Management services, Funding	2015	(33,257)	9	148,627	(6,506)
	2014	(27,804)	18	121,759	-

Notes to the financial statements at 31 March 2015 (continued)

12. Related party disclosures (continued)

		Services to related parties	Services from related parties	Amounts owed by related parties	Amounts owed to related parties
		£'000	£'000	£'000	£'000
Instinet Pacific Services Ltd					
Funding	2015	-	-	40	
	2014	-	-	104	
Instinet Singapore Services Pty Ltd					
Funding	2015	-	-	10	
	2014	-	-	4	

Notes to the financial statements at 31 March 2015 (continued)

13. Property and equipment

	Leasehold improvements £'000	Computer Equipment £'000	Total £'000
Cost or valuation			
At 01 April 2014 (Restated)	361	9,299	9,660
Additions	24	644	668
Disposal	-	(98)	(98)
At 31 March 2015	385	9,845	10,230
Depreciation			
At 01 April 2014	146	6,652	6,798
Charged in the year	27	1,151	1,178
Less written back on disposals	-	(9)	(9)
At 31 March 2015	173	7,794	7,967
Net book value			
At 31 March 2015	212	2,051	2,263
At 01 April 2014 (Restated)	215	2,647	2,862

Prior Year Restatement

An adjustment has been made to the brought forward balances for computer equipment for goods that were delivered to Instinet in the prior financial year, but were not recognised

14. Trade and other receivables

	At 31 Mar 2015 £'000	At 31 Mar 2014 £'000
Receivables from group companies	149,359	149,102
Other receivables and taxation	214	783
	149,573	149,885

For other details relating to related party receivables, please refer to note 12 Other receivables are generally on 30 day terms, or payable on demand

15. Prepayments and accrued income

	At 31 Mar 2015 £'000	At 31 Mar 2014 £'000
Prepayments	646	661
	646	661

Notes to the financial statements at 31 March 2015 (continued)

16 Cash and short-term deposits

	At 31 Mar 2015 £'000	At 31 Mar 2014 £'000
Cash at banks and in hand	171	95
	171	95

Cash, cash equivalents and bank overdrafts include the following for the purposes of the cash flow statement

	At 31 Mar 2015 £'000	At 31 Mar 2014 £'000
Cash and cash equivalent	171	95
Bank overdrafts (note 17)	-	(1,082)
	171	(987)

17. Interest bearing loans and borrowings

	At 31 Mar 2015 £'000	At 31 Mar 2014 £'000
Bank overdraft	-	1,082
Interest bearing group loans	137,149	139,337
	137,149	140,419

The Company has a policy of monitoring future cash flows and liquidity on a daily basis These intercompany loans do not have a defined repayment agreement and are only due on demand

18. Trade and other payables

	At 31 Mar 2015 £'000	At 31 Mar 2014 (Restated) £'000
Current		
Payables to group companies	515	468
Accruals and deferred income	6,040	6,015
Other payables	88	-
	6,643	6,483
Non-current		
Other liabilities	-	-
	-	-

For other details relating to related party payables, please refer to note 12 Other payables are generally on 30 day terms, or payable on demand

Prior Year Restatement
An adjustment has been made to the brought forward balances for the liability in respect to computer equipment not recognised in the prior year Please refer to Note 13 for further information

Notes to the financial statements at 31 March 2015 (continued)

19. Issued capital and reserves

Authorised, called up, allotted, issued and fully paid

	At 31 Mar 2015 No	At 31 Mar 2014 No
Ordinary shares at £1 each	57,353	57,353
	57,353	57,353

Notes to the financial statements at 31 March 2015 (continued)

20. Share-based payment

Some of the Company's employees participate in Nomura Holdings Incorporated's (NHI) stock acquisition rights (SARs) plan ("B-Plan") Each SAR is a right to acquire 100 shares of NHI for 1 yen per share These rights vest and become exercisable from the vesting date (five years maximum) after the grant date The value of the SARs at grant date was calculated by reference to the share price of NHI Given that there is insignificant historical experience available to provide a reliable estimate, the Company assumed that all the options will vest The total charge for the period relating to SARs was £313,568 (2014 £144,110), all of which related to equity-settled share-based payment transactions

A table detailing the SARs outstanding as at 31 March 2015 is shown below

	At 31 Mar 2015 Number	Weighted average fair value in pence
Balance as at 1 April 2014	1,230	248
Transfer to group companies	(171)	296
Granted during the year	1,661	492
Exercised during the year	(990)	527
Outstanding at 31 March 2015	1,730	307

The weighted average remaining contractual life for the share options outstanding as at 31 March 2015 is 5 9 years

Certain senior management and employees whose remuneration is above a threshold receive a portion of their variable remuneration in the form of deferred remuneration awards The deferred remuneration plans are listed below

Notional Stock Unit ("NSU") Plan

This is a phantom equity plan whose value is linked to the Nomura Holdings Inc stock price and settled in cash on the vesting date These NSUs vest when the employee is employed within a certain period of time and the cash payment is equal to the fair market value of the NSUs within 30 days of vesting On conversion of NSUs to SARs made by employees, related NSU expenses have been reversed and instead captured in the expenses relating to SARs The liabilities for all outstanding NSUs at each Statement of Financial Position date are measured at their fair values

The effects of NSU on the profit and loss account and the Statement of Financial Position were as follows

	Remuneration expense		Accrual	
	31 Mar 2015 £'000	31 Mar 2014 £'000	31 Mar 2015 £'000	31 Mar 2014 £'000
NSU	(33)	179	64	212

Notes to the financial statements at 31 March 2015 (continued)

20 Share-based payment (continued)

Collared Notional Stock Unit ("CSU") Plan

The plan is linked to the value of the Nomura share price, subject to a collar of +/-10% on grant prices Awards vest quarterly over either a three or five year period, depending on the corporate title The awards are settled in cash The liabilities for all outstanding CSUs at each Statement of Financial Position date are measured at their fair values

The effects of CSU on the profit and loss account and the Statement of Financial Position were as follows

	Remuneration expense		Accrual	
	31 Mar 2015	31 Mar 2014	31 Mar 2015	31 Mar 2014
	£'000	£'000	£'000	£'000
CSU	136	164	146	169

Notional Indexed Unit ("NIU") Plan

The plan is linked to the world stock index quoted by the Morgan Stanley Consumer Index (MSCI) Other material terms, including deferral period, vesting conditions and settlement, are the same as under the CSU plan The liabilities for all outstanding NIUs at each Statement of Financial Position date are measured at their fair values

The effects of NIU on the profit and loss account and the Statement of Financial Position were as follows

	Remuneration expense		Provision	
	31 Mar 2015	31 Mar 2014	31 Mar 2015	31 Mar 2014
	£'000	£'000	£'000	£'000
NIU	148	133	170	170

21. Provisions

	Pension £'000	Vacant Properties £'000	Total £'000
At 1 April 2014	2	49	51
Charges relating to Garlick Hill	-	48	48
Utilised during the period	-	(39)	(39)
At 31 March 2015	**2**	**58**	**60**

Benefit obligations represent the provision for liabilities accruing to employees under the unapproved unfunded retirement benefit scheme are disclosed in note 22

Notes to the financial statements at 31 March 2015 (continued)

22. Retirement benefit plan

The Company operates an unapproved unfunded retirement scheme (UURBS) There are no related assets, the benefits will be paid directly by the Company when they fall due

Financial assumptions:

The last independent actuarial valuation of the scheme was performed on 31 December 2008, by an Independent qualified actuary using the projected unit method

	At 31 Mar 2015	At 31 Dec 2014	At 31 Dec 2013
	£'000	£'000	£'000
Discount rate	6 4% pa	6 4% pa	6 4% pa
Expected rate of return	3 2% pa	3 2% pa	3 2% pa
Future salary increases	0%	0%	0%
Future pension increases	0%	0%	0%

As at 31 March 2015, there were no current employees with an entitlement to an UURBS, so the salary growth assumption is not required As the UURBS is unfunded, there are no assets

	At 31 Mar 2015 £'000	At 31 Mar 2014 £'000
Current service cost	-	-
Interest cost on benefit obligation	-	-
Expected return on plan assets	-	-
Actuarial losses recognised in the year	-	-
Past service cost	-	-
Net benefit expense	-	-

	At 31 Mar 2015 £'000	At 31 Mar 2014 £'000
Defined benefit obligation	(2)	(2)
Fair value of plan assets	-	-
Benefit liability	(2)	(2)

Notes to the financial statements at 31 March 2015 (continued)

22. Retirement benefit plan (continued)

Changes in the unfunded benefit obligation during the year:

	At 31 Mar 2015 £'000	At 31 Mar 2014 £'000
UURBS at 1 January	(2)	(2)
Actuarial losses/(gains) on obligation	-	-
Unfunded benefit obligation at 31 March 2015	(2)	(2)

History of experience gains and losses

	At 31 Mar 2015 £'000	At 31 Mar 2014 £'000
Experience (losses)/gains of scheme liabilities	-	-
Percentage of scheme obligations	0%	0%

Notes to the financial statements at 31 March 2015 (continued)

23 Commitments and contingencies

a. Financial commitments – Company as lessee

The future minimum lease payables under non-cancellable operating lease commitments as set out below

	At 31 Mar 2015 £'000	At 31 Mar 2014 £'000
Within one year	2,715	1,981
After one year but not more than five year	1,118	2,687
More than five years	-	-
	3,833	4,668

The Company has entered into two commercial property leases one being the current office based in 1 Angel Lane, which is owned by the parent Company – Nomura Holdings Inc and the other being the Garlick Hill property The lease on Angel Lane premises states that neither party may serve a 12 months' notice period to terminate the lease prior to 1 August 2015 The lease for the Garlick Hill property terminates on 21 June 2015

b. Financial commitments – Company as lessor

The future minimum lease receivables under non-cancellable operating lease commitments as set out below

	At 31 Mar 2015 £'000	At 31 Mar 2014 £'000
Within one year	-	103
After one year but not more than five year	-	26
More than five years	-	-
	-	129

The Company has sublet the Garlick Hill property to Starr & Partners LLP who went into liquidation on the 15th August 2014, the premises has remained vacant since The lease termination date is on 21 June 2015

c. Capital commitments

In 2009 the Company implemented a new back office system The initial term of this agreement is six years from 17 October 2009 The minimum fee payable on termination will be $5,550,000 (£3,705,000)

24. Financial risk management objectives and policies

The Company's activities expose it to a variety of financial risks that include the effects of changes in foreign currency exchange rates, credit, liquidity, and interest rate risk The Company has in place risk management policies that seek to limit the adverse effects of these risk factors on the financial performance of the Company

The Board of Directors have the responsibility for setting the risk management polices applied by the Company The directors review and agree policies for managing each of these risks which are summarised below

Market risk

The Company is not directly exposed to market risk

Notes to the financial statements at 31 March 2015 (continued)

24. Financial risk management objectives and policies (continued)

Interest rate risk

The Company has interest bearing assets and liabilities in mainly cash and cash equivalents, intra-group loans and borrowings The Company has a policy of maintaining excess funds in cash and short term deposits and is not exposed to significant short-term or long-term interest rate risk At the period end, all of the Company's excess funds were invested in cash and short-term deposits The Company does not use any derivatives to hedge interest rate risk Intra-group loans and borrowings are liable to interest charged at variable rates

	Increase/ Decrease in Basis Points	Effect on profit before tax £'000
2015		
Euro	+20	(59)
US Dollar	+20	(114)
Euro	-20	59
US Dollar	-20	114

	Increase/ Decrease in Basis Points	Effect on profit before tax (Restated) £'000
2014		
Euro	+20	(67)
US Dollar	+20	(211)
Euro	-20	67
US Dollar	-20	211

The Company is not exposed to bank borrowings, therefore the income and operating cash flows are substantially independent of changes in market interest rate Prior year comparatives have been amended to be consistent with a new methodology applied in the current year that is considered to be a more accurate representation of the effect of interest rate risk on the Company

Notes to the financial statements at 31 March 2015 (continued)

24. Financial risk management objectives and policies (continued)

Foreign currency risk

The Company operates internationally and is exposed to foreign exchange risk arising from various currency exposures, primarily with respect to the US dollar, the EUR and the Swiss franc Foreign exchange risk arises from intra group transactions The Company's treasury department is responsible for managing the net position in each foreign currency by using foreign exchange swaps to mitigate the Company's exposure to foreign currency risk

Foreign currency sensitivity

The following table demonstrates the sensitivity to a reasonably possible change in exchange rates, with all other variables held constant, of the Company's profit before tax (due to changes in the fair value of monetary assets and liabilities) The Company's exposure to foreign currency changes for all other currencies is not material

	Change in USD $ rate	Effect on profit before tax/equity £'000
2015	+10%	4,937
	-10%	(6,034)
2014	+10%	5,901
	-10%	(7,212)

	Change in EUR € rate	Effect on profit before tax/equity £'000
2015	+10%	(3,064)
	-10%	3,745
2014	+10%	(3,378)
	-10%	4,129

Notes to the financial statements at 31 March 2015 (continued)

24. Financial risk management objectives and policies (continued)

Credit risk

The Company is not exposed directly to any significant non intra group credit risk No impairments have been recognised on related party balances

Liquidity risk

The Company actively maintains a mixture of cash and short-term deposits that is designed to ensure the Company has sufficient funds in meeting its operational liabilities Cash requirements are monitored and forecast on a regular basis The Company has arrangements in place for short-term and long term obligations through a combination of local financing and intra-group borrowings from Instinet Holdings Incorporated These intercompany funding loans do not have a defined repayment agreement and are only due on demand

Capital management

Capital includes equity attributable to the equity holders of the parent The primary objective of the Company's capital management is to ensure that it maintains healthy capital ratios in order to support its business and maximise shareholder value

The Company manages its capital structure and makes adjustments to it in light of changes in economic conditions

No changes were made in the objectives, policies or processes for managing capital during the year ended 31 March 2015