

Registered in England No. 2550604

# Instinet»

A Nomura Company

INSTINET GLOBAL SERVICES LIMITED

---

REPORT AND FINANCIAL STATEMENTS

31 MARCH 2022

---

TUESDAY



\*ABISR1BE\*

A06

13/12/2022

#286

COMPANIES HOUSE

## **Instinet Global Services Limited**

### **Strategic report for the year ended 31 March 2022**

The directors present their strategic report for Instinet Global Services Limited, ("the Company") for the year ended 31 March 2022.

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 2022	12 months to 31 Mar 2021	% Change
Turnover	£49.8m	£54.3m	(8.3)%
Operating Expenses <sup>1</sup>	£41.8m	£41.5m	0.7%

Last year's turnover was higher as the Company was able to recharge a large portion of the carried forward contingent liability to Instinet Europe Limited (IEL). In addition, there was a lower recharge of costs to Instinet Germany GmbH (IGG) due to the Profitability Cap.

<sup>1</sup>In the prior year financial statements, Gross Profit was presented as a key performance indicator. Due to the nature and principal activity of the Company, it is not relevant to use this as a key performance indicator and therefore this was not included for this year. Secondly, it was decided to include the total Operating Expenses (comprising Cost of Sales and Administrative Expenses) as a key performance indicator, as this better reflects the operating cost of the Company.

#### **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 and system risks. These risks are continually assessed by the directors to ensure that their impact is managed appropriately.

By Order of the Board



Richard Parsons  
Director  
1 Angel Lane  
London, EC4R 3AB  
Date: 8/12/2022

## **Instinet Global Services Limited**

### **Directors' Report**

The Directors present their report and the audited financial statements for the year ended 31 March 2022.

### **Principal activities and business review**

The Company continues to trade as a service company for other Instinet group companies – Instinet Europe Limited and Instinet Germany GmbH who are both engaged in agency broking. The Company's parent is Instinet International Limited. 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 £4,207k (2021: profit of £13,475k).

The directors do not recommend the payment of any dividend (2021: Nil).

### **Financial risk management**

The Company's activities expose it to a variety of financial risks. These are further disclosed in note 22.

### **Future outlook and going concern**

As Instinet Global Services Limited is a service company to IEL and IGG, its revenue and profitability is dependent on its ability to recharge its costs to these entities.

The Company is expected to generate positive cash flows on its own account for the foreseeable future. The Company participates in the Instinet International Limited group's centralised treasury arrangements and so shares banking arrangements with its parent and fellow subsidiaries. Further, the Company has a Credit Facility Agreement with its ultimate Parent, which at the height of the market volatility during the Covid-19 pandemic and the invasion of Ukraine by Russia, was able to be extended as required. Therefore, the Directors have a reasonable expectation that the Company has adequate capital and financial support to continue on a going concern for a period of at least twelve months.

During the COVID-19 pandemic, supporting and safeguarding our employees and continuing to provide services to clients were a priority. We moved to a remote working model and provided extensive support and practical help to employees as they adopted to new working arrangements. As COVID-related restrictions were lifted towards the end of the financial period, the Company continued to prioritise employee and client health and safety through the implementation of a return to office plan aligned with Government guidance. A hybrid-working model has since been adopted and will continue to evolve to ensure employees are able to work effectively and clients are able to receive high-quality service

**Directors' report (continued)**

**Streamlined Energy & Carbon Reporting**

The Company has embarked on a journey to measure, manage and reduce our greenhouse gas (GHG) footprint since 2010. Ambitious targets were set in 2014 and re-baselined in 2019/20 to reduce Scope 1, 2 & 3 emissions by 40% by 2035, adopted with a timeframe aligned with the Nomura Group's goals of Net Zero across its own operations by 2030.

**Methodology**

The Company's performance is reflected in line with the GHG Protocol Corporate Accounting and Reporting Standard (revised edition). The Company's SECR reporting activities cover Scope 1,2&3 emissions as listed below:

- Scope 1 – Direct emissions over which the Company has management control, this includes gas, diesel & company-owned vehicle.
- Scope 2 – Indirect emissions over which the Company has management control, such as electricity
- Scope 3 – Other indirect emissions, such as grey fleet

The fullest range of available emission data has been included for each site. Data is gathered on an ongoing basis, with primary evidence being sourced from office managers and managed centrally by Nomura's Environmental management team based at 1 Angel Lane. The carbon footprint is audited annually via Nomura Tokyo head office in order to provide verification prior to reporting in external forums such as the CDP (Carbon Disclosure Project). In order to better reflect the environmental benefit of purchasing renewable energy, the electricity emissions are reported in both 'market-based' and 'location-based' method. The primary metrics used by the Company for normalizing emissions for inter-office and annual comparison are Floor area (m2) and occupied desks.

**UK Annual Energy & Carbon**

For the year ended 31 March 2022, the Company has an adjusted footprint of 104 tCO2e, equating to a decrease of 59 tCO2e compared to the previous year. The final figures are summarized below:

Scope 1	Gas (kwh)	Gas (tCO2e)	Diesel (kwh)	Diesel (tCO2e)	Company (kwh)	Vehicle Fuel (tCO2e)
2022	67,334	12	1,816	0.46	N/A	N/A
2021	72,900	13	2,820	0.71	N/A	N/A
Scope 2				Electricity (kwh)	Electricity (location) (tCO2e)	Electricity (market) (tCO2e)
2022				485,757	103	0.002
2021				594,868	139	0.004
Scope 3	Travel-Grey Fleet (kwh)	(tCO2e) (Restated) <sup>1</sup>				
2022	9,474	2.2				
2021	4,457	1.0				
Adjusted Footprint (TCO2e) (Restated) <sup>1</sup>			Scope1	Scope2	Scope3	Total
2022			13	89	2	104
2021			14	139	1	154

**Directors' report (continued)**

Intensities <sup>2</sup> (TCO2/m2) (Restated) <sup>1</sup>	Scope1	Scope2	Scope3	Total
2022				0.10
2021				0.11

<sup>1</sup>In the prior year, the Travel-Grey Fleet number was reported incorrectly and has therefore been re-presented in the current year. There was a knock-on effect to the adjusted footprint and intensities number which have also been represented.

<sup>2</sup>In the prior year, the Intensities numbers were incorrectly titled as Adjusted Footprint. This has been re-presented in the current year.

**Efficiency Measures**

The Company is highly conscious of the unprecedented crisis in the global environment and is dedicated to reducing its GHG emissions to limit the environmental impacts. The Company's greatest impact on the environment comes from the power used in the buildings. Good practice in managing energy is already an important part of Nomura Group's Real Estate & Services policies and is now part of the fabric of how the Nomura Group is run. Some examples of energy efficiency measures include the retrofitting of lay in lighting yielding savings per annum of 31,821 kWh.

**Directors**

The directors of the Company during the year ended 31 March 2022 and changes since the year end were as follows

- M Rodrigues
- R Parsons

**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.

**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



Richard Parsons  
Director  
1 Angel Lane  
London, EC4R 3AB

Date: 08/12/2022

## **Instinet Global Services Limited**

### **Statement of directors' responsibilities**

The Directors are responsible for preparing the Report and Financial Statements in accordance with United Kingdom law and UK Adopted International Accounting Standards (IAS).

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 IAS. 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 IAS is 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 IAS, 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.

## **Instinet Global Services Limited**

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

#### **Opinion**

We have audited the financial statements of Instinet Global Services Limited for the year ended 31 March 2022 which comprise Statement of the Profit and Loss, the Statement of Financial Position, Statement of Cash Flows, the Statement of Comprehensive Income, the Statement of Changes in Equity and the related notes 1 to 23, including a summary of significant accounting policies. The financial reporting framework that has been applied in their preparation is applicable law and UK adopted International Accounting Standards.

In our opinion, the financial statements:

- give a true and fair view of the Company's affairs as at 31 March 2022 and of its profit for the year then ended;
- have been properly prepared in accordance with UK adopted International Accounting Standards; and
- have been prepared in accordance with the requirements of the Companies Act 2006.

#### **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 FRC'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**

In auditing the financial statements, we have concluded that the directors' use of the going concern basis of accounting in the preparation of the financial statements is appropriate.

Based on the work we have performed, we have not identified any material uncertainties relating to events or conditions that, individually or collectively, may cast significant doubt on the Company's ability to continue as a going concern for a period of at least twelve months from when the financial statements are authorised for issue.

Our responsibilities and the responsibilities of the directors with respect to going concern are described in the relevant sections of this report. However, because not all future events or conditions can be predicted, this statement is not a guarantee as to the Company's ability to continue as a going concern.

#### **Other information**

The other information comprises the information included in the annual report, other than the financial statements and our auditor's report thereon. The directors are responsible for the other information contained within the annual report.

Our opinion on the financial statements does not cover the other information and, except to the extent otherwise explicitly stated in this report, we do not express any form of assurance conclusion thereon.

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 course of the audit or otherwise appears to be materially misstated. If we identify such material

**Independent auditors' report to the members of Instinet Global Services Limited (continued)**

inconsistencies or apparent material misstatements, we are required to determine whether this gives rise to a material misstatement in the financial statements themselves. If, based on the work we have performed, we conclude that there is a material misstatement of the other information, we are required to report that fact.

We have nothing to report in this regard.

**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 year for which the financial statements are prepared is consistent with the financial statements; and
- the strategic report and directors' report have been prepared in accordance with applicable legal requirements.

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

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 material misstatements in the strategic report or directors' report.

We have nothing to report in respect of the following matters in relation to which 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

**Responsibilities of directors**

As explained more fully in the directors' responsibilities statement set out on page 5, 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.

***Explanation as to what extent the audit was considered capable of detecting irregularities, including fraud***

Irregularities, including fraud, are instances of non-compliance with laws and regulations. We design procedures in line with our responsibilities, outlined above, to detect irregularities, including fraud. The



**Independent auditors' report to the members of Instinet Global Services Limited (continued)**

risk of not detecting a material misstatement due to fraud is higher than the risk of not detecting one resulting from error, as fraud may involve deliberate concealment by, for example, forgery or intentional misrepresentations, or through collusion. The extent to which our procedures are capable of detecting irregularities, including fraud is detailed below. However, the primary responsibility for the prevention and detection of fraud rests with both those charged with governance of the entity and management.

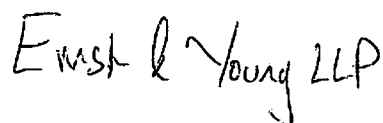
- We obtained an understanding of the legal and regulatory frameworks that are applicable to the Company and determined that the most significant are the Companies Act 2006 and the relevant direct and indirect tax compliance regulations in the United Kingdom
- We understood how Instinet Global Services Limited is complying with those frameworks by obtaining an understanding of the entity and its control environment through communication with management, internal audit and those responsible for legal and compliance matters. We also reviewed correspondence between the Company and regulatory bodies; reviewed minutes of the Board Committees; and gained an understanding of the Company's governance framework
- We assessed the susceptibility of the Company's financial statements to material misstatement, including how fraud might occur by considering the controls established to address risks identified to prevent or detect fraud. We also identified the risks of fraud and identified areas that we considered when performing our fraud procedures, such as cybersecurity, the impact of remote working, and the appropriateness of the information produced by the entity used when performing our audit procedures to address identified risks. Where the risk was considered to be higher, including areas impacting Company's key performance indicators or management remuneration, we performed audit procedures to address each identified risk. These procedures included the assessment of items identified by management as non-recurring and testing manual journals
- Based on this understanding we designed our audit procedures to identify non-compliance with such laws and regulations. Our procedures involved enquiries of management and those charged with governance, those responsible for internal audit, those responsible for legal and compliance for their awareness of any non-compliance of laws or regulations; inquiring about the policies that have been established to prevent non-compliance with laws and regulations; inquiring about the Company's methods of enforcing and monitoring compliance with such policies; and review of the whistleblowing log.

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

**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.

*Yours faithfully,*



**Nicholas Dawes (Senior statutory auditor)  
for and on behalf of Ernst & Young LLP, Statutory Auditor  
London**

09 December 2022

# Instinet Global Services Limited

## Statement of Comprehensive Income

		Year ended 31 Mar 2022	Year ended 31 Mar 2021
		£'000	£'000
	Notes		
Service charges		49,839	54,311
<b>Turnover</b>		<b>49,839</b>	<b>54,311</b>
Cost of sales		(32,643)	(34,167)
<b>Gross Profit</b>		<b>17,196</b>	<b>20,144</b>
Administrative expenses		(9,175)	(7,351)
<b>Operating Profit</b>	8	<b>8,021</b>	<b>12,793</b>
Interest and similar income	9	1,102	1,462
Interest and similar expense	9	(5,925)	(4,916)
Net foreign exchange (loss) / gain		(1,074)	1,925
<b>Profit before tax from continuing operations</b>		<b>2,124</b>	<b>11,264</b>
Income tax credit	10	2,083	2,211
<b>Profit for the year from continuing operations</b>		<b>4,207</b>	<b>13,475</b>
<b>Total comprehensive income net of tax</b>		<b>4,207</b>	<b>13,475</b>

The results above relate wholly to continuing operations.

The notes on pages 13 to 34 form part of these financial statements.

# **Instinet Global Services Limited**

## **Statement of Financial Position**

		<b>At</b>	<b>At</b>
		<b>31 Mar 2022</b>	<b>31 Mar 2021</b>
		<b>£'000</b>	<b>£'000</b>
	<b>Notes</b>		
<b>Assets</b>			
<b>Non-current assets</b>			
Property, equipment and right-of-use assets	12	10,445	10,013
Intangible assets	13	430	576
Deferred tax assets	10	4,971	3,738
		<b>15,846</b>	<b>14,327</b>
<b>Current assets</b>			
Trade and other receivables	14	866,842	473,126
Prepayments and accrued income	15	1,195	942
Cash and short-term deposits	16	80	85
		<b>868,117</b>	<b>474,153</b>
<b>Total assets</b>		<b>883,963</b>	<b>488,480</b>
<b>Equity and liabilities</b>			
<b>Equity</b>			
Issued capital	19	57,353	57,353
Retained earnings		(4,461)	(8,668)
<b>Equity attributable to owners of the parent</b>		<b>52,892</b>	<b>48,685</b>
<b>Total equity</b>		<b>52,892</b>	<b>48,685</b>
<b>Current liabilities</b>			
Interest bearing loans and borrowings	17	812,451	421,418
Trade and other payables	18	10,816	10,389
Tax payables	10	676	1,527
		<b>823,943</b>	<b>433,334</b>
<b>Non-Current liabilities</b>			
Trade and other payables	18	7,128	6,461
		<b>7,128</b>	<b>6,461</b>
<b>Total liabilities</b>		<b>831,071</b>	<b>439,795</b>
<b>Total equity and liabilities</b>		<b>883,963</b>	<b>488,480</b>

The notes on pages 13 to 34 form part of these financial statements.

A duly authorised Committee of the Board of Directors of the Company with registered number 2550604 approved these financial statements on 8 December 2022.



Richard Parsons  
Director

**Instinet Global Services Limited**

**Statement of changes in equity**

**For the year ended 31 March 2022**

	Issued capital (note 19)	Retained Earnings	Share-based Payment Reserve (note 20)	Total equity (note 19)
	£'000	£'000	£'000	£'000
<b>As at 1 April 2021</b>	<b>57,353</b>	<b>(8,668)</b>	-	<b>48,685</b>
Profit for the year	-	4,207	-	4,207
Total comprehensive income attributable to the owners of the parent	57,353	(4,461)	-	52,892
Effect of capital contribution relating to IFRS 2 share-based payments (see note 20)	-	-	661	661
Distribution of reserves: share based payments recharged to parent Company	-	-	(661)	(661)
<b>As at 31 March 2022</b>	<b>57,353</b>	<b>(4,461)</b>	-	<b>52,892</b>

**For the year ended 31 March 2021**

	Issued capital (note 19)	Retained Earnings	Share-based Payment reserve (note 20)	Total equity (note 19)
	£'000	£'000	£'000	£'000
<b>As at 1 April 2020</b>	<b>57,353</b>	<b>(22,143)</b>	-	<b>35,210</b>
Profit for the year	-	13,475	-	13,475
Total comprehensive income attributable to the owners of the parent	57,353	(8,668)	-	48,685
Effect of capital contribution relating to IFRS 2 share-based payments (see note 20)	-	-	552	552
Distribution of reserves: share based payments recharged to parent Company	-	-	(552)	(552)
<b>As at 31 March 2021</b>	<b>57,353</b>	<b>(8,668)</b>	-	<b>48,685</b>

The notes on pages 13 to 34 form part of these financial statements.

**Statement of cash flow for the year ended 31 March 2022**

		<b>Year ended 31 Mar 2022</b>	<b>Year ended 31 Mar 2021</b>
		<b>£'000</b>	<b>£'000</b>
	Notes		
<b>Operating activities</b>			
Profit before tax from continuing operations		2,124	11,264
Non-cash adjustments to reconcile profit before tax to net cash flows			
Depreciation and impairment of property and equipment and right-of use assets	12	2,975	2,623
Amortisation of Intangible assets	13	144	78
Share-based payment transaction expense	7	661	551
Modification of lease		(587)	-
Movement in Provisions		-	(1)
Finance income and expense (net)		275	-
Interests from group undertakings		4,548	3,207
Working capital adjustments:			
(Increase)/Decrease in trade and other receivables and prepayments		(395,200)	251,623
Increase/(Decrease) in trade and other payables		388,982	(266,181)
Income tax paid		-	-
<b>Net cash flows from/(used in) operating activities</b>		<b>3,922</b>	<b>3,164</b>
<b>Investing activities</b>			
Purchase of property and equipment	12	(1,621)	(1,197)
Purchase of Intangible assets		-	(446)
<b>Net cash flows used in investing activities</b>		<b>(1,621)</b>	<b>1,643</b>
<b>Financing activities</b>			
Interest paid		(275)	(247)
Repayment of principal portion of lease liabilities	12	(2,087)	(1,710)
<b>Net cash flows used in financing activities</b>		<b>(2,362)</b>	<b>(1,957)</b>
Net increase/(decrease) in cash and cash equivalents		(61)	(436)
Cash and cash equivalents at beginning of year		85	521
<b>Cash and cash equivalents at end of year</b>	16	<b>24</b>	<b>85</b>

The notes on pages 13 to 34 form part of these financial statements.

**Notes to the financial statements at 31 March 2022**

**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. 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 2022 were authorised for issue in accordance with a resolution of the directors on 08 December 2022.

**2. Basis of preparation**

The Company's financial statements have been prepared in accordance with UK Adopted International Accounting Standards.

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 based on the Company's financial and liquidity position that there is reasonable expectation that the Company has adequate resources to continue in operational existence for the foreseeable future. Further, the Company has a Credit Facility Agreement with its ultimate Parent, which at the height of the market volatility during the Covid-19 pandemic, was able to be extended as required.

The Company has a well-developed business continuity plan which includes pandemic response, enabling the Group to quickly adapt to these unprecedented circumstances and continue as a viable business. As such whilst there still remains some uncertainty regarding the pandemic and the future economic activity, it does not impact the Company's ability to continue as a going concern and the financial statements are therefore prepared on this basis. Please refer to note 22 for financial risk management and policies. 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 comprise 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 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.

**3.3 Intangible assets**

Intangible assets are carried at cost less accumulated amortisation and impairment losses. Useful lives of intangible assets are assessed to be either finite or indefinite. Intangible assets with finite useful lives are amortised over their useful economic life on a straight-line basis and assessed for impairments when events or changes in circumstances indicate the carrying value may not be recoverable. Software assets are generally amortised over a useful life of between 3 and 5 years.

**Notes to the financial statements at 31 March 2022 (continued)**

**3. Accounting Policies (continued)**

**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 (see note 8).

**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 Leases**

The Company assesses at contract inception whether a contract is, or contains a lease. A lease is defined as a contract, or part of a contract that conveys the right to use an asset (the underlying asset) for a period of time in exchange for consideration. The company applies a single recognition and measurement approach for all leases, except for short-term leases and leases of low-value assets. The Company recognises lease liabilities to make lease payments and right-of-use assets representing the right to use the underlying assets.

**Right-of-use assets**

The right-of-use asset is measured at cost, which is made up of the initial measurement of the lease liability, initial direct costs incurred and lease payments made at or before the commencement date less any lease incentives received. The right-of-use assets are depreciated on a straight-line basis over the lease term and are subject to impairment analysis when such indicators exist.

**Lease liabilities**

At the commencement date of the lease, the Company recognises lease liabilities measured at the present value of lease payments to be made over the lease term. The lease payments included fixed payments (less any lease incentives receivables), variable lease payments that depend on an index or a rate, and amounts expected to be paid under residual value guarantees. Variable lease payments that do not depend on an index or a rate are recognised as expenses in the period in which the event or condition that triggers the payment occurs.

**Notes to the financial statements at 31 March 2022 (continued)**

**3. Accounting Policies (continued)**

**3.8 Financial Instruments**

**i. Financial assets**

**Initial recognition and measurement**

IFRS 9 contains three principal classification categories for financial assets: measured at amortised cost, FVOCI and FVTPL (Fair value through profit or loss). The classification is based on their contractual cash flow characteristics and the business models under which they are held. 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.

**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.

**Impairment of financial assets**

The Company is required to recognise and measure impairments in loans and receivables with a forward-looking ECL (expected credit loss) approach. Equity instruments are not subject to impairment under IFRS 9.

The Company applies a simplified approach in calculating ECLs, therefore the Company does not track changes in credit risk, but instead utilises a provision matrix as a methodology for measuring the expected credit loss which is based on its historical credit loss experience, adjusted for forward-looking factors specific to the debtors and the economic environment.



**Notes to the financial statements at 31 March 2022 (continued)**

**3. Accounting policies (continued)**

**3.8 Financial Instruments (continued)**

**ii. Financial liabilities**

**Initial recognition and measurement**

Financial liabilities are classified as either: Financial liabilities at amortised cost; or financial liabilities at FVTPL. Financial liabilities are measured at amortised cost unless either: The financial liability is held for trading and is therefore required to be measured at FVPTL or the entity elects to measure the financial liability at FVTPL using the fair value option.

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. Financial liabilities are never reclassified. The Company's financial liabilities include trade and other payables, bank overdrafts, loans and borrowings.

**Derecognition**

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

**iii. 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.

**iv. 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.

**3.9 Revenue recognition**

IFRS 15 outlines the principles an entity must apply to measure and recognise revenue. The core principle is that an entity will recognise revenue at an amount that reflects the consideration to which the entity expects to be entitled in exchange for transferring goods or services to a customer.

The principles in IFRS 15 must be applied using a five-step model:

1. Identify the contract(s) with a customer
2. Identify the performance obligations in the contract
3. Determine the transaction price
4. Allocate the transaction price to the performance obligations in the contract
5. Recognise revenue when (or as) the entity satisfies a performance obligation

The standard requires entities to exercise judgement, taking into consideration all of the relevant facts and circumstances when applying each step of the model to contracts with their customers.

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.

**Notes to the financial statements at 31 March 2022 (continued)**

**3. Accounting policies (continued)**

**3.9 Revenue recognition (continued)**

**Turnover**

Turnover represents charges to fellow IEL and IGG for services provided. It is recognised as net of VAT, subject to their profitability.

**Interest income**

Interest income and expenses are recognised on an accruals basis.

**3.10 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 balances are 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 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.

Deferred tax is not recognised for temporary differences arising with regard to investments in subsidiaries, where the timing of the reversal of the temporary differences can be controlled and it is probable that the temporary differences will not reverse in the foreseeable future.

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 profit or loss for the period.

**Notes to the financial statements at 31 March 2022 (continued)**

**3. Accounting policies (continued)**

**3.11 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.

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.

**Notes to the financial statements at 31 March 2022 (continued)**

**3. Accounting policies (continued)**

**3.12 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 judgements, estimates and assumptions**

The preparation of the Company's financial statements requires management to make judgements, 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.

**Judgment**

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

**Determination of the lease term for lease contracts with renewal and termination options (The Company as a lessee)**

The Company determines the lease term as the non-cancellable term of the lease, together with any periods covered by an option to extend the lease if it is reasonably certain to be exercised, or any periods covered by an option to terminate the lease, if it is reasonably certain not to be exercised. The Company applies judgement in evaluating whether it is reasonably certain whether or not to exercise the option to renew or terminate the lease. That is, it considers all relevant factors that create an economic incentive for it to exercise either the renewal or termination.

**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.

**Incremental borrowing rate**

The Company cannot readily determine the interest rate implicit in the lease, therefore, it uses its incremental borrowing rate ('IBR') to measure the lease liabilities. The IBR is the rate of interest that the Bank would have to pay to borrow over a similar term, and with a similar security, the funds necessary to obtain an asset of a similar value to the right-of-use asset in a similar economic environment. The IBR therefore reflects what the Company 'would have to pay', which requires estimation when no observable rates are available. The Company estimates the IBR using observable inputs (such as market interest rates) when available and also takes into account the terms and conditions of the lease.

**Notes to the financial statements at 31 March 2022 (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.

**Amendments to IAS 1: Classification of Liabilities as Current or Non-current**

In January 2020, the IASB issued amendments to paragraph 69 to 76 of IAS 1 to specify the requirements for classifying liabilities as current or non-current. The amendments clarify:

- What is meant by a right to defer settlement
- That a right to defer must exist at the end of the reporting period
- That classification is unaffected by the likelihood that an entity will exercise its deferral right
- That only if an embedded derivative in a convertible liability is itself an equity instrument would the terms of a liability not impact its classification

The amendments are effective for annual reporting periods beginning on or after 1 January 2023 and must be applied retrospectively.

**Disclosure of Accounting Policies – Amendments to IAS 1 and IFRS Practice Statement 2**

In February 2021, the Board issued amendments to IAS 1 and IFRS Practice Statement 2 Making Materiality Judgements (the PS), in which it provides guidance and examples to help entities apply materiality judgments to accounting policy disclosures. The amendments aim to help entities provide accounting policy disclosures that are more useful by; replacing the requirement for entities to disclose their "significant" accounting policies with a requirement to disclose their "material" accounting policies and adding guidance on how entities apply the concept of materiality in making decisions about accounting policy disclosures.

The is effective for annual periods beginning or after 1 January 2023.

**Definition of Accounting Estimates – Amendments to IAS 8**

In February 2021, the Board issued amendments to IAS 8, in which it introduces a new definition of "accounting estimates". The amendments clarify the distinction between changes in accounting estimates and changes in accounting policies and the correction of errors. Also, they clarify how entities use measurement techniques and inputs to develop accounting estimates.

This is effective for annual periods beginning on or after 1 January 2023.

**Onerous Contracts – Costs of Fulfilling a Contract – Amendments to IAS 37**

In May 2020, the IASB issued amendments to IAS 37 Provisions, Contingent Liabilities and Contingent Assets to specify which costs an entity needs to include when assessing whether a contract is onerous or loss-making.

The amendments apply a 'directly related cost approach'. The costs that relate directly to a contract to provide goods or services include both incremental costs (e.g., the costs of direct labour and materials) and an allocation of costs directly related to contract activities (e.g., depreciation of equipment used to fulfil the contract as well as costs of contract management and supervision). General and administrative costs do not relate directly to a contract and are excluded unless they are explicitly chargeable to the counterparty under the contract.

This is effective for annual periods beginning on or after 1 January 2022.

**Notes to the financial statements at 31 March 2022 (continued)**

**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 2022 £'000	Year ended 31 Mar 2021 £'000
Aggregate remuneration in respect of qualifying services	756	716
Aggregate amounts receivable under long term incentive plans	286	64
	<u>1,042</u>	<u>780</u>

During the year retirement benefits were accruing to one director under a defined contribution scheme (2021: one). Two directors received emoluments in relation to their services to the Company during the year (2021: two). Two directors received payments in respect of vested shares as a result of the share-based payment scheme. (2021: two)

The emoluments of the highest paid director were as follows:

	Year ended 31 Mar 2022 £'000	Year ended 31 Mar 2021 £'000
Aggregate remuneration in respect of qualifying services	438	396
Aggregate amounts receivable under long term incentive plans	249	64
	<u>687</u>	<u>460</u>

The accrued pension entitlement for the highest paid director is £nil (2021: £nil).

Shares were exercised by the highest paid director in the current year and also 2021.

**7. Staff costs**

	Year ended 31 Mar 2022 £'000	Year ended 31 Mar 2021 £'000
Wages and salaries	19,459	19,174
Share based payments	661	551
Social security costs	2,594	2,380
Other pension costs	1,028	973
	<u>23,742</u>	<u>23,078</u>

Included in other pension costs are £1,027,660 (2021: £972,776) 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 average number of employees during the year was 160 (2021: 159). In the opinion of the Directors there is only one category of employees.

**Notes to the financial statements at 31 March 2022 (continued)****8. Operating profit/(loss)**

Operating profit/(loss) is stated after charging:

	Year ended 31 Mar 2022 £'000	Year ended 31 Mar 2021 £'000
Fees payable to the Company's auditor for the audit of the Company's annual accounts	134	170

Fees paid to auditors for services other than audit were £0k (2021: £18k).

**9. Interest and similar income and expense**

	Year ended 31 Mar 2022 £'000	Year ended 31 Mar 2021 £'000
<b>Interest and similar income</b>		
Interest receivable from group undertakings	1,102	1,462
	<b>1,102</b>	<b>1,462</b>
<b>Interest and similar expense</b>		
Interest payable to group undertakings	5,650	4,669
Interest expense on lease liabilities	231	214
Bank interest payable	44	33
	<b>5,925</b>	<b>4,916</b>

**Notes to the financial statements at 31 March 2022 (continued)**

**10. Taxation**

<b>Tax charge</b>	<b>Year ended 31 Mar 2022 £'000</b>	<b>Year ended 31 Mar 2021 £'000</b>
<b>Current tax:</b>		
UK corporation tax for the year at 19% (2021: 19%)	-	1,527
UK corporation tax – prior year adjustment	(850)	-
<b>Deferred tax:</b>		
Origination and reversal of temporary differences	(1,233)	(3,738)
<b>Total income tax expense</b>	<b>(2,083)</b>	<b>(2,211)</b>

<b>Reconciliation of the total tax expense</b>	<b>Year ended 31 Mar 2022 £'000</b>	<b>Year ended 31 Mar 2021 £'000</b>
<b>Profit/(Loss) from continuing operations before taxation</b>	<b>2,124</b>	<b>11,264</b>
UK corporation tax at 19% (2021: 19%)	404	2,140
Expenses not deductible for tax purposes	25	45
Prior year adjustment to accrued tax	(695)	-
Group relief claimed for nil consideration	(609)	(18)
Change in tax rates	(1,131)	-
Recognition of previously unrecognised deferred tax asset	-	(3,738)
Permanent adjustment in relation to share based payments	(77)	-
Movement in unrecognised deferred tax assets	-	(640)
<b>Total income tax expense</b>	<b>(2,083)</b>	<b>(2,211)</b>

**Unrecognised deferred tax asset**

	<b>Share Based Payment - SARs £'000</b>	<b>Share Based Payment - RSUs £'000</b>	<b>Losses £'000</b>	<b>Fixed Asset Temporary Differences £'000</b>	<b>Total £'000</b>
<b>At 1 April 2021</b>	-	-	(1,079)	-	(1,079)
Prior year adjustment	-	-	-	-	-
Current year movement	-	-	-	-	-
Rate change adjustment	-	-	(341)	-	(341)
<b>At 31 March 2022</b>	-	-	(1,420)	-	(1,420)

Deferred tax balances on the balance sheet have been disclosed at 25%.

Deferred tax assets of £1,420,358 (2021: £1,079,472) have not been recognised in respect of tax losses due to uncertainty surrounding the Company's future profitability.



**Notes to the financial statements at 31 March 2022 (continued)**

**10. Taxation (continued)**

**Recognised deferred tax asset**

	Share Based Payment - RSUs	Fixed Asset Temporary Differences	Total
	£'000	£'000	£'000
<b>At 1 April 2021</b>	(178)	(3,560)	(3,738)
Prior year adjustment	-	156	156
Current year movement	6	(264)	(258)
Rate change adjustment	(56)	(1,075)	(1,131)
<b>At 31 March 2022</b>	<b>(228)</b>	<b>(4,743)</b>	<b>(4,971)</b>

The headline rate of UK corporation tax remained at 19% for the period. However, Finance Bill 2021, which was published on 11 March 2021 and substantively enacted on 24 May 2021, includes a provision to change the standard rate of corporation tax from 19% to 25% with effect from 1 April 2023. The deferred tax balances have therefore been calculated with reference to these rates.

On 17 October 2022, the Chancellor of the Exchequer confirmed that in line with the previously enacted legislation the UK corporation tax rate will increase to 25% from 1 April 2023. In line with the requirements of IAS 12, these enacted tax rates have been used to determine the deferred tax balances at 31 March 2022.

**Notes to the financial statements at 31 March 2022 (continued)**
**11. Related party disclosures**

## Compensation of key management personnel

	Year ended 31 Mar 2022 £'000	Year ended 31 Mar 2021 £'000
Salaries and other short-term employee benefits	756	702
Post-employment pension	21	14
Share based payments	265	64
Total compensation paid to key management personnel	<u>1,042</u>	<u>780</u>

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 Incorporated:

		Services to ultimate parent £'000	Services from ultimate parent £'000	Amounts owed by ultimate parent £'000	Amounts owed to ultimate parent £'000
<b>Nomura International Plc</b> Management Services	2022	-	1,889	-	(497)
	2021	-	1,774	-	(426)
		Services to parent £'000	Services from parent £'000	Amounts owed by parent £'000	Amounts owed to parent £'000
<b>Instinet International Ltd</b> Funding	2022	(64)	-	-	(45,745)
	2021	(73)	-	-	(45,617)

The following table provides the amount of transactions that have been entered into for the relevant year with other related parties:

		Services to related parties £'000	Services from related parties £'000	Amounts owed by related parties £'000	Amounts owed to related parties £'000
<b>Instinet Holdings Incorporated</b> Management Services	2022	-	-	-	(41)
	2021	-	-	-	(13)
<b>Instinet LLC</b> Management Services	2022	-	-	224	-
	2021	-	-	199	-
<b>Instinet Group LLC</b> Funding	2022	-	4,636	-	(766,667)
	2021	-	4,070	-	(375,820)

# Instinet Global Services Limited

## Notes to the financial statements at 31 March 2022 (continued)

### 11. Related party disclosures (continued)

		Services to related parties £'000	Services from related parties £'000	Amounts owed by related parties £'000	Amounts owed to related parties £'000
<b>Instinet Pacific Services Ltd</b>					
Management Services	2022	-	-	20	-
	2021	-	-	23	-
<b>Instinet Singapore Services Pty Ltd</b>					
Management Services	2022	-	-	7	-
	2021	-	-	8	-
<b>Instinet Germany GmbH</b>					
Management Services	2022	(21,190)	-	2,016	-
	2021	(11,219)	-	9,197	-
<b>Instinet Australia Clearing Services Pte Ltd</b>					
Management Services	2022	-	-	3	-
	2021	-	-	-	-
<b>Instinet Canada Ltd</b>					
Management Services	2022	-	-	13	-
	2021	-	-	-	-
<b>Instinet Technology Services LLC</b>					
Management Services	2022	-	-	5	-
	2021	-	-	-	-
<b>Instinet Europe Ltd</b>					
Management services, Funding	2022	(30,622)	1,013	864,282	-
	2021	(45,345)	654	463,496	-

**Notes to the financial statements at 31 March 2022 (continued)**
**12. Property, equipment and right-of-use assets**

	<b>Leasehold improvements</b>	<b>Computer Equipment</b>	<b>Right-of- use assets Land &amp; Buildings</b>	<b>Total</b>
	£'000	£'000	£'000	£'000
<b>Cost or valuation</b>				
<b>At 1 April 2020</b>	200	13,236	10,882	24,318
Additions	-	1,197	-	-
Modification of lease	-	-	621	1,818
Disposals	-	-	-	-
<b>At 31 March 2021</b>	<u>200</u>	<u>14,433</u>	<u>11,503</u>	<u>26,136</u>
Additions	-	1,621	-	1,621
Modification of lease	-	-	775	775
Disposals	-	-	-	-
<b>At 31 March 2022</b>	<u>200</u>	<u>16,054</u>	<u>12,278</u>	<u>28,532</u>
<b>Depreciation and impairment</b>				
<b>At 1 April 2020</b>	135	11,574	1,791	13,500
Depreciation charge for the year	19	808	1,796	2,623
<b>At 31 March 2021</b>	<u>154</u>	<u>12,382</u>	<u>3,587</u>	<u>16,123</u>
Modification of lease	-	-	(1,011)	(1,011)
Depreciation charge for the year	19	1,049	1,907	2,975
<b>At 31 March 2022</b>	<u>173</u>	<u>13,431</u>	<u>4,483</u>	<u>18,087</u>
<b>Net book value</b>				
At 31 March 2022	<u>27</u>	<u>2,623</u>	<u>7,795</u>	<u>10,445</u>
At 31 March 2021	<u>46</u>	<u>2,051</u>	<u>7,916</u>	<u>10,013</u>
<b>Lease Liabilities carrying amount as at 1 April</b>				8,233
Modification of lease				2,189
Accretion of interest				231
Payments				(2,087)
<b>As at 31 March 2022</b>				<u>8,566</u>

**Notes to the financial statements at 31 March 2022 (continued)**

**13. Intangible assets**

	<b>Software £'000</b>
<b>Cost or valuation</b>	
<b>At 1 April 2020</b>	277
Additions	446
<b>At 31 March 2021</b>	<u>723</u>
Additions	-
Disposals	2
<b>At 31 March 2022</b>	<u>721</u>
<b>Amortisation</b>	
<b>At 1 April 2020</b>	69
Amortisation charge for the year	78
<b>At 31 March 2021</b>	<u>147</u>
Amortisation charge for the year	144
Disposals	-
<b>At 31 March 2022</b>	<u>291</u>
<b>Net book value</b>	
<b>At 31 March 2022</b>	<u>430</u>
<b>At 31 March 2021</b>	<u>576</u>

**14. Trade and other receivables**

	<b>At 31 Mar 2022 £'000</b>	<b>At 31 Mar 2021 £'000</b>
Receivables from group companies	866,570	472,934
Other receivables and taxation	272	192
	<u>866,842</u>	<u>473,126</u>

For details of related party receivables, please refer to note 11. Other receivables are generally on 30 day terms, or payable on demand.

**15. Prepayments and accrued income**

	<b>At 31 Mar 2022 £'000</b>	<b>At 31 Mar 2021 £'000</b>
Prepayments	1,102	860
Accrued Income	93	82
	<u>1,195</u>	<u>942</u>

**Notes to the financial statements at 31 March 2022 (continued)**

**16. Cash and short-term deposits**

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

	<b>At 31 Mar 2022 £'000</b>	<b>At 31 Mar 2021 £'000</b>
Cash at banks and on hand	80	85
Bank overdrafts (Note 17)	(56)	-
Total cash and cash equivalents	<u>24</u>	<u>85</u>

**17. Interest bearing loans and borrowings**

			<b>At 31 Mar 2022 £'000</b>	<b>At 31 Mar 2021 £'000</b>
	LIBOR	Maturity		
Bank overdraft			56	-
Interest bearing group loans	EUR 0.597	31 May 2022	212,390	170,604
Interest bearing group loans	GBP 0.200	31 May 2022	41,779	41,824
Interest bearing group loans	USD 1.146	31 May 2022	558,226	208,990
			<u>812,451</u>	<u>421,418</u>

The Company has a policy of monitoring future cash flows and liquidity on a daily basis. These intercompany loans have a repayment date of 31 May 2022. New loan agreements were signed in May 2022, please refer to Note 23 for further details. For details of related party payables, please refer to note 11.

**18. Trade and other payables**

**Current**

	<b>At 31 Mar 2022 £'000</b>	<b>At 31 Mar 2021 £'000</b>
Payables to group companies	555	457
Accruals and deferred income	7,332	6,229
Lease Liabilities	1,438	1,771
Other payables	1,491	1,932
	<u>10,816</u>	<u>10,389</u>

**Non-Current**

Lease liabilities	<u>7,128</u>	<u>6,461</u>
-------------------	--------------	--------------

For details of related party payables, please refer to note 11. Other payables are generally on 30 day terms, or payable on demand.

**Notes to the financial statements at 31 March 2022 (continued)**

**19. Issued capital and reserves**

**Authorised, called up, allotted, issued and fully paid**

	<b>At 31 Mar 2022</b>	<b>At 31 Mar 2021</b>
	No.	No.
Ordinary shares at £1 each	57,353	57,353
	<u>57,353</u>	<u>57,353</u>

**Share-based payment reserve**

This represents the value of the equity-settled share-based payments provided by the Company's ultimate holding Company and recharge with Instinet Group LLC.

**20. Share-based payment**

**Restricted Stock Units (RSUs)**

Under this plan, RSUs are granted as deferred compensation. Subject to certain conditions, Nomura Holdings Inc will deliver shares of common stock to RSU grantees one to three years (up to seven years where required by local regulations) after the RSUs are granted mainly through disposal of treasury shares. The total charge for the period relating to RSUs was £609,456 (2021: £551,981), all of which related to equity-settled share-based payment transactions.

A table detailing the RSUs outstanding as at 31 March 2022 is shown below:

	<b>Number</b>	<b>Weighted average fair value in pence</b>
Outstanding at 1 April 2021	3,558	594
Granted during the year	2,014	375
Transferred during the year	-	-
Forfeited during the year	-	-
Exercised during the year	(1,623)	343
Outstanding at 31 March 2022	<u>3,949</u>	<u>344</u>

The weighted average remaining contractual life for the restricted stock units outstanding as at 31 March 2022 is 1.2 years.

**Notes to the financial statements at 31 March 2022 (continued)**

**21. Commitments and contingencies**

**Financial commitments**

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

	At 31 Mar 2021 £'000	At 31 Mar 2021 £'000
Within one year	-	-
After one year but not more than five years	2,091	3,339
More than five years	-	-
	<u>2,091</u>	<u>3,339</u>

The Company has a lease for the Gloss back office system that terminates on 31<sup>st</sup> August 2023.

**22. 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, market, 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 policies applied by the Company. The directors review and agree policies for managing each of these risks which are summarised below:

**Market risk**

Market risk is the risk that the fair value of future cash flows of a financial instrument will fluctuate because of changes in market prices. Market prices comprise three types of risk: interest rate risk, currency risk and other price risk, such as equity price risk.

The Company is not directly exposed to market risk. However, as the Company is a service company to IEL, its revenue and profitability is dependent on its ability to recharge its costs to IEL, therefore it is indirectly exposed to market risk in respect of market volumes through IEL.



**Notes to the financial statements at 31 March 2022 (continued)**

**22. 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.

	<b>Increase/ Decrease in Basis Points</b>	<b>Effect on profit before tax £'000</b>
2022		
Euro	+20	(425)
US Dollar	+20	(1,116)
Euro	-20	425
US Dollar	-20	1,116

	<b>Increase/ Decrease in Basis Points</b>	<b>Effect on profit before tax £'000</b>
2021		
Euro	+20	(341)
US Dollar	+20	(418)
Euro	-20	341
US Dollar	-20	418

The Company is not exposed to bank borrowings, therefore the income and operating cash flows are substantially independent of changes in market interest rate.

**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 and the EUR. Foreign exchange risk arises from intra group transactions. These risks are continually monitored by the Company's treasury department who manages the net position in each foreign currency by using foreign exchange swaps to mitigate the Company's exposure to foreign currency risk.

**Notes to the financial statements at 31 March 2022 (continued)**

**22. Financial risk management objectives and policies (continued)**

**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.

	<b>Change in USD \$ rate</b>	<b>Effect on profit before tax/equity £'000</b>
2022	+10%	2,169
	-10%	(2,652)
2021	+10%	1,412
	-10%	(1,726)
	<b>Change in EUR € rate</b>	<b>Effect on profit before tax/equity £'000</b>
2022	+10%	(1,418)
	-10%	1,733
2021	+10%	713
	-10%	(872)

**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. At a high level, the longer term impact of the Covid-19 pandemic and invasion of Ukraine by Russia on the Company's capital position can be seen as relatively immaterial, given IEL's overall capital surplus.

No changes were made in the objectives, policies or processes for managing capital during the year ended 31 March 2022.

**Notes to the financial statements at 31 March 2022 (continued)**

**23. Subsequent events**

The Company recently signed a new data centre lease agreement with NTT United Kingdom. The commencement date is 1 July 2022 and the duration of the lease is for 3 years. This will replace the Braham Street Data Centre which will terminate at the end of March 2023. The cost saving is £125,000 per annum.

On 15 September 2022, the Company agreed new Disaster Recovery (DR) site requirements with the existing supplier, Daisy Corporate Services Limited. The Wapping DR site was extended for a further three years effective from 1 April 2022 to 31 March 2026, with reduced requirements, and at the same time the Romford DR site agreement was terminated effective 31 March 2023. The cost saving for this is £242,000 per annum.

New loan agreements have been signed in May 2022 which have an effective date of 1 June 2022 and repayment date of 31 May 2025 or such other date as may be agreed between the parties. Interest is payable based on EURIBOR (Euro Interbank Offer Rate) for EUR loans, SOFR (Secured Overnight Financing Rate) for USD loans and SONIA (Sterling Overnight Index Average) for GBP loans.