

Marketpipe Limited

Directors' report and financial statements

Year ended 31 December 2012

Registered number 3984460

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Marketpipe Limited

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Marketpipe Limited

Directors' report

Registered number 3984460

The directors present their annual report and the audited financial statements for the year ended 31 December 2012

Principal activity and business review

The principal activity of the Company is the provision of web-based primary credit platforms for the financial markets, combining core workflow applications for the primary issuance of bond instruments and the associated data generated. The Company reported a pre-tax profit of £1,846k (2011 £2,851k). Turnover has increased year on year by 19% due to continued penetration into the markets of the Tier 2, 3 and 4 banks, however costs have increased due to an increase in inter UK costs that have been recharged from other UK group companies. Core profitability has remained consistent.

Future developments

The Company continues to invest in and develop its core products, Issuebook and Issuenet, and has experienced further significant turnover growth during 2012. The Company remains market leader and continues to invest in and develop functionality of our products on behalf of our clients.

Financial and non-financial KPI's

The Company has always measured itself primarily on financial KPI's derived from the profit and loss and balance sheet which are commented on in this business review. Another important KPI for the group is the level of deferred income which at 31 December 2012 was £3.8m (2011 £2.4m).

Research and development

The company continues to invest significantly in product development. Research and development continues to be focused on integrating and further enhancing the product.

Dividends

The directors recommend the payment of a dividend of £nil in respect of the year ended 31 December 2012 (2011 £nil).

Political and charitable contributions

The Company made no political or charitable donations or incurred any political expenditure during the year (2011 £nil).

Directors

The directors who held office throughout the year and to the date of these accounts were:

Scott Ganeles
Gary Brian Dockray
Paul Anthony Lucas

Scott Ganeles and Gary Brian Dockray are directors of the largest group in which the results of the Company are consolidated (see note 14).

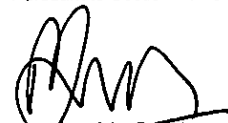
All directors benefit from qualifying third party indemnity provisions in place during the financial year and at the date of this report.

Disclosure of information to auditor

The directors who held office at the date of approval of this Directors' report confirm that, so far as they are each aware, there is no relevant audit information of which the Company's auditor is unaware, and each director has taken all the steps that they ought to have taken as a director in order to make themselves aware of any relevant audit information and to establish that the Company's auditor is aware of that information.

Auditor

Pursuant to Section 487 of the Companies Act 2006, the auditor will be deemed to be reappointed and KPMG LLP will therefore continue in office.



By order of the Board
Paul Lucas
Director

Registered Office
1st Floor
Castle House
37 - 45 Paul Street
London EC2A 4LS
United Kingdom

3RD SEPTEMBER 2013

Marketpipe Limited

STATEMENT OF DIRECTORS' RESPONSIBILITIES IN RESPECT OF THE DIRECTORS' REPORT AND THE FINANCIAL STATEMENTS

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

Company law requires the directors to prepare financial statements for each financial year. Under that law they have elected to prepare the financial statements in accordance with UK Accounting Standards and applicable UK law. Under company law the directors must not approve the financial statements unless they are satisfied that they give a true and fair view of the state of affairs of the company and of the profit or loss of the company for that period. In preparing these financial statements, the directors are required to

- select suitable accounting policies and then apply them consistently
- make judgements and accounting estimates that are reasonable and prudent,
- state whether applicable UK Accounting Standards have been followed, subject to any material departures disclosed and explained in the financial statements and
- prepare the financial statements on the going concern basis unless it is inappropriate to presume that the company will continue in business

The directors are responsible for keeping adequate accounting records that are sufficient to show and explain the company's transactions and disclose with reasonable accuracy at any time the financial position of the company and enable them to ensure that the financial statements comply with the Companies Act 2006. They are also responsible for safeguarding the assets of the company and hence for taking reasonable steps for the prevention and detection of fraud and other irregularities.

Marketpipe Limited

Independent Auditor's Report to the Member of Marketpipe Limited

We have audited the financial statements of Marketpipe Limited for the year ended 31 December 2012 set out on pages 6 to 10. The financial reporting framework that has been applied in their preparation is applicable law and UK Accounting Standards (United Kingdom Generally Accepted Accounting Practice). 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 it 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 for our audit work, for this report or for the opinions we have formed.

Respective responsibilities of directors and auditor

As explained more fully in the Statement of directors' responsibilities in respect of the Directors' report and financial statements (set out on page 4), the directors are responsible for the preparation of 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

A description of the scope of an audit of financial statements is provided on the Financial Reporting Council's website at www.frc.org.uk/auditscopeukprivate.

Opinion on the financial statements

In our opinion the financial statements

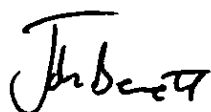
give a true and fair view of the state of the company's affairs as at 31 December 2012 and of its profit for the year then ended,
have been properly prepared in accordance with United Kingdom Generally Accepted Accounting Practice and
have been properly prepared in accordance with the requirements of the Companies Act 2006.

Opinion on the other matter prescribed by the Companies Act 2006

In our opinion the information given in the Directors' Report for the financial year for which the financial statements are prepared is consistent with the financial statements.

Matters on which we are required to report by exception

We have nothing to report in respect of the following matters where the Companies Act 2006 requires us to report to you if, in our opinion:
adequate accounting records have not been kept, or returns adequate for our audit have not been received from branches not visited by us, or
the financial statements are not in agreement with the accounting records and returns, or
certain disclosures of directors' remuneration specified by law are not made, or
we have not received all the information and explanations we require for our audit.



John Bennett (Senior Statutory Auditor)
for and on behalf of KPMG LLP, Chartered Accountants (Statutory Auditor)
15 Canada Square
London
E14 5GL

3 September 2013

Marketpipe Limited
Profit and loss account

	Notes	Year ended 31 December 2012 £'000	Year ended 31 December 2011 £'000
Turnover	2	8,218	6,922
Cost of sales		(2,598)	(2,162)
Gross profit		5,620	4,760
Operating expenses		(3,765)	(1,906)
Operating profit		1,855	2,854
Interest payable and similar charges	3	(9)	(3)
Profit on ordinary activities before taxation	4	1,846	2,851
Taxation on ordinary activities	6	(320)	(738)
Retained profit for the financial year	11	1,526	2,113

The profit and loss account has been prepared on the basis that all operations are continuing operations

Marketpipe Limited
Balance sheet as at 31 December 2012

	Notes	At 31 December 2012 £'000	At 31 December 2011 £'000
Fixed Assets			
Tangible fixed assets	7	41	125
Current Assets			
Debtors – amounts falling due within one year	8	9,031	4,262
Cash at bank and in hand		80	1
		<u>9,111</u>	<u>4,263</u>
Creditors amounts falling due within one year	9	<u>(7,355)</u>	<u>(4,117)</u>
Net current assets		<u>1,755</u>	<u>146</u>
Total assets less current liabilities		<u>1,797</u>	<u>271</u>
Net assets		<u>1,797</u>	<u>271</u>
Capital and Reserves			
Called up share capital	10	3	3
Share premium account	11	52	52
Profit and loss account	11	1,742	216
Shareholder's funds	11	<u>1,797</u>	<u>271</u>

Approved by the board on 3rd SEPTEMBER 2013 and signed on its behalf by



Paul Lucas
Director
Company number 03984460

Marketpipe Limited

Notes to the financial statements

1 PRINCIPAL ACCOUNTING POLICIES

The financial statements have been prepared in accordance with applicable law and Accounting Standards in the United Kingdom. A summary of the principal accounting policies which have been applied consistently throughout the year and the preceding year is set out below.

Basis of accounting

The financial statements have been prepared in accordance with applicable accounting standards and under the historical cost accounting rules.

Under FRS 1 the Company is exempt from the requirement to prepare a cash flow statement on the grounds that it is a wholly owned subsidiary of Ipreo UK Holdings Limited which includes the Company in its own published consolidated financial statements.

As the Company is a wholly owned subsidiary of Ipreo UK Holdings Limited the Company has taken advantage of the exemption contained in FRS 8 and has therefore not disclosed transactions or balances with wholly owned subsidiaries which form part of the group.

Going Concern

The accounts have been prepared on the going concern basis. The Directors have reviewed the budgets and cash flow forecasts of the company for a period of 12 months from the date of these financial statements.

Turnover

Turnover, the portion of invoicing that relates to the financial reporting period, represents amounts receivable from customers for goods and services provided in the normal course of business, net of VAT and other sales-related taxes. Sales under contracts covering future periods which are invoiced annually in advance are deferred and credited to the profit and loss account over the period to which they relate.

Tangible fixed assets

Tangible fixed assets are stated at cost, net of depreciation and any provision for impairment. Depreciation is provided on all tangible fixed assets at rates calculated to write off the cost less estimated residual value of each asset evenly over its expected useful life, as follows:

Computer equipment and software	three years
Fixtures and fittings	three years

Taxation

UK Corporation tax is provided at amounts expected to be paid or recovered using the tax rates and laws that have been enacted or substantially enacted by the balance sheet date.

Deferred tax is recognised in respect of all timing differences that have originated but not reversed at the balance sheet date where transactions or events that result in an obligation to pay more tax in the future or a right to pay less tax in the future have occurred at the balance sheet date. Timing differences are differences between the company's taxable profits and its result as stated in the financial statements that arise from the inclusion of gains and losses in tax assessments in periods different from those in which they are recognised in the financial statements.

A net deferred tax asset is regarded as recoverable and is therefore recognised only when, on the basis of all available evidence, it can be regarded as more likely than not that there will be suitable taxable profits from which the future reversal of underlying timing differences can be deducted. Deferred tax assets and liabilities are not discounted.

Deferred taxation is measured at the average tax rates that are expected to apply in the periods in which the timing differences are expected to reverse, based on tax rates and laws that have been enacted or substantively enacted by the balance sheet date.

Pensions

The company operates a defined contribution pension scheme. Contributions are charged to the profit and loss account as they become payable in accordance with the rules of the scheme.

Research and development

Research expenditure is written off to the profit and loss account in the period in which it is incurred. Development expenditure is written off in the same way unless the directors are satisfied as to the technical, commercial and financial viability of individual projects. In this situation, the expenditure is deferred and amortised over the period during which the company is expected to benefit.

Foreign Currencies

Monetary assets and liabilities denominated in foreign currencies are translated into sterling at the rates of exchange existing at the balance sheet date. Transactions in foreign currencies are recorded at the rate existing at the date of transaction. All differences are taken to the profit and loss account.

2 SEGMENTAL REPORTING

Geographical segments

	2012	2011
	£'000	£'000
Turnover		
UK	3,404	2,498
Europe	1,732	1,702
North America	2,962	2,667
Far East	120	55
	8,218	6,922

The company has one class of business being the provision of web based primary credit platforms.

3 INTEREST PAYABLE AND SIMILAR CHARGES

	2012	2011
	£'000	£'000
Foreign exchange loss	9	3
	9	3

4 PROFIT ON ORDINARY ACTIVITIES BEFORE TAXATION

	2012	2011
	£'000	£'000
Profit on ordinary activities before taxation is stated after charging		
Depreciation	116	164

Auditor's remuneration

	2012	2011
Audit of these financial statements	15	15

Amounts receivable by the Company's auditors and their associates in respect of services to the Company and its associates, other than the audit of the Company's financial statements, have not been disclosed as the information is required instead to be disclosed on a consolidated basis in the consolidated financial statements of the Company's parent, Ipreo UK Holdings Limited.

Marketpipe Limited

Notes to the financial statements - continued

5 STAFF COSTS

The average number of persons employed by the Company during the year analysed by category was as follows

	Number of employees	
	2012	2011
Cost of sales	22	16
Operational	17	16
	39	32

	2012	2011
	£ 000	£ 000
Wages and salaries	2,757	2,281
Social security costs	314	269
Other pension costs	31	44
	3,102	2,594

In 2012 the emoluments of the directors were borne by Ipreo Limited and I-Deal LLC of which they were employees. None of the Directors received remuneration in respect of their qualifying services during the year (2011: £nil)

6 TAX ON PROFIT ON ORDINARY ACTIVITIES

Analysis of charge in period

UK corporation tax

Current tax on income for the period at 24.5% (2011: 26.5%)

Total current tax

Deferred tax

Origination and reversal of timing differences

Total tax on profit on ordinary activities

Factors affecting the tax charge for the current period

The current tax charge for the period is lower (2011: lower) than the standard rate of corporation tax in the UK 24.5% (2011: 26.5%). The differences are explained below

Profit on ordinary activities before tax

Current tax at 24.5% (2011: 26.5%)

Effects of

Other expenses not deductible for tax purposes

Depreciation in excess of capital allowances

Transfer pricing adjustments

Utilisation of tax losses

Group relief

Current tax charge for the year

Deferred taxation

The amount of deferred tax is disclosed below

Accelerated capital allowances

Total deferred tax asset

Reductions in the UK corporation tax rate from 26% to 24% (effective from 1 April 2012) and to 23% (effective 1 April 2013) were substantively enacted on 26 March 2012 and 3 July 2012 respectively. Further reductions to 21% (effective from 1 April 2014) and 20% (effective from 1 April 2015) were substantively enacted on 2 July 2013. This will reduce the company's future current tax charge accordingly and reduce the deferred tax asset at 31 December 2012 (which has been calculated based on the rate of 23% substantively enacted at the balance sheet date)

7 TANGIBLE FIXED ASSETS

Cost

Cost at 1 January 2012

Additions

Cost at 31 December 2012

Depreciation

At 1 January 2012

Charge for the year

At 31 December 2012

Net book value at 31 December 2012

Net book value at 31 December 2011

Fixtures,

fittings &

equipment

£ 000

979

31

1,010

854

115

969

41

125

Marketpipe Limited

Notes to the financial statements - continued

8 DEBTORS

	31 December 2012	31 December 2011
	£'000	£'000
Amounts falling due within one year		
Trade debtors	2 562	1,254
Deferred tax	104	121
Other debtors	21	31
Prepayments and accrued income	150	113
Amounts due from group undertakings	6 194	2 743
	<u>9,031</u>	<u>4 262</u>
Deferred Tax		
At the beginning of the year	121	859
Charge to the profit and loss for the year	(17)	(738)
At end of year	<u>104</u>	<u>121</u>
The elements of deferred taxation are as follows		
Difference between accumulated depreciation and amortisation and capital allowances	104	121
Deferred tax asset (see note 6)	<u>104</u>	<u>121</u>

9 CREDITORS AMOUNTS FALLING DUE WITHIN ONE YEAR

	31 December 2012	31 December 2011
	£'000	£'000
Trade creditors	6	6
Other creditors	88	88
Amounts due to group undertakings	2,405	1 118
Other taxes and social security	487	289
Accruals and deferred income	4,068	2 616
Corporation tax payable	303	
	<u>7,355</u>	<u>4 117</u>

The Company operates a defined contribution pension scheme. The assets of the scheme are held separately from those of the Company in an independently administered fund. The pension cost charge represents contributions payable by the Company to the fund. There was £50 payable at the end of 2012 (2011: £124).

10 CALLED UP SHARE CAPITAL

	31 December 2012	31 December 2011
	£'000	£'000
Allotted, called up and fully-paid		
340 573 ordinary shares of 1p each	<u>3</u>	<u>3</u>

11 MOVEMENT IN SHAREHOLDERS FUNDS (DEFICIT) AND RESERVES

	Called up share capital	Share premium account	Profit and loss account	Total shareholder's funds	Total shareholder's funds
	£'000	£'000	£'000	31 December 2012	31 December 2011
At 1 January	3	52	216	271	(1 842)
Retained profit for the year			1 526	1 526	2 113
At 31 December	<u>3</u>	<u>52</u>	<u>1,742</u>	<u>1 797</u>	<u>271</u>

12 COMMITMENTS

The company does not have any capital commitments (2011: Nil)

13 RELATED PARTY TRANSACTIONS

Name of connected party	Description of transaction during the year	Movement during 2012	Movement during 2011	Receivable / (payable) at 31 December 2012	Receivable / (payable) at 31 December 2011
		£'000	£'000	£'000	£'000
I-Deal LLC	Transactions in the ordinary course of business	(238)	753	348	586
Ipreo Vision LLC	Transactions in the ordinary course of business		(56)	(51)	(51)
Hemscott Americas Inc	Transactions in the ordinary course of business		48	48	48
Hemscott Holdings	Cash transactions paid on behalf of Marketpipe Limited by Hemscott Holdings Limited due to the cash pooling arrangements in place	3,428	2 548	5,477	2 049
Hemscott Limited	Transactions in the ordinary course of business	(537)	(56)	(538)	(1)
Ipreo Holdings LLC	Transactions in the ordinary course of business	30	(12)		(30)

The Company has taken advantage of the exemption granted by FRS8. Related Party transactions: not to disclose details of transactions with other Group Companies. All of the related party transactions above are with other subsidiaries of Ipreo Holdings LLC.

14 ULTIMATE PARENT COMPANY AND PARENT UNDERTAKING OF LARGER GROUP OF WHICH THE COMPANY IS A MEMBER

The largest group in which the results of the Company are consolidated is that headed by Ipreo Holdings LLC, incorporated in the US. The smallest group in which they are consolidated is that headed by Ipreo UK Holdings Limited, incorporated in the UK. No other group financial statements include the results of the Company. The consolidated financial statements of the Ipreo UK Holdings Limited group are available to the public and may be obtained from: 1st Floor, Castle House, 37 45 Paul Street, EC2A 4LS. Those of Ipreo Holdings LLC are not publicly available. Marketpipe Limited is an indirect wholly-owned subsidiary of KKR & Co. L.P., the ultimate parent company incorporated in the USA.