

# Capula Investment Services Ltd

Company No 05460265

**Directors' Report and Financial Statements  
for the year ended 31 March 2011**

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# **Capula Investment Services Ltd**

Company Number 05460265

## **REPORT AND FINANCIAL STATEMENTS**

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## **Capula Investment Services Ltd**

Company Number 05460265

### **Directors**

H Bruder  
M Sundaresan  
J Wang

### **Secretary**

Throgmorton Secretaries LLP

### **Auditors**

Ernst and Young LLP  
1 More London Place  
London  
SE1 2AF

### **Bankers**

Barclays Bank PLC  
First Floor  
99 Hatton Garden  
London  
BX3 2BB

### **Registered Office**

42-44 Portman Road  
Reading  
Berkshire  
RG30 1EA

## **Capula Investment Services Ltd**

Company Number: 05460265

### **Directors' report** **For the year ended 31 March 2011**

The directors present their report and the audited financial statements of the group and the company for the year ended 31 March 2011. The comparatives represent the results for the six month period ended 31 March 2010. In the prior period the accounting period was changed from 30 September to 31 March.

#### **Principal activity**

The principal activity of the group is to provide investment, advisory and support services. The company is a corporate member of Capula Investment Management LLP. Its principal activity is to provide staff and infrastructure to Capula Investment Management LLP.

The directors do not expect any change in the nature of the business activity in the foreseeable future.

#### **Review of the business**

These financial statements consolidate the financial statements of Capula Investment Services Ltd ('the company') and Capula Investment Japan Limited (collectively 'the group').

The results for the year and the financial position at the year end were considered satisfactory by the directors. The group has seen a good progress in business development in the year and the directors are confident that this will continue in the year ended 31 March 2012. The directors do not foresee any change to the nature of the group's activity going forward.

#### **Results and dividends**

The profit of the group is reported on the consolidated profit and loss account on page 9 of these financial statements. At the date of this report, the directors do not propose to pay a dividend.

#### **Directors**

The directors of the company during the year and up to the date of this report were

Y Huo (resigned 14 March 2011)  
M Asai (resigned 14 March 2011)  
H Bruder (appointed 14 March 2011)  
M Sundaresan (appointed 14 March 2011)  
J Wang (appointed 14 March 2011)

#### **Key performance indicators ("KPIs")**

Given the straightforward nature of the business, the directors are of the opinion that analysis using KPIs is not necessary for an understanding of the development, performance or position of the business. Growth and performance of assets under management of Capula Investment Management LLP is the most important KPI of the group.

#### **Principal risks and uncertainties**

The principal risks and uncertainties affecting the group relate to the performance of the funds managed by Capula Investment Management LLP and the impact poor performance has on the ability to attract and retain investors.

The group operates systems and controls to mitigate any adverse effects across the range of risks that it faces. The group has no significant exposure to price, credit, liquidity or cash flow risk.

## **Capula Investment Services Ltd**

Company Number 05460265

### **Directors' report (continued)**

**For the year ended 31 March 2011**

#### **Going concern**

The group has adequate financial resources and an ongoing relationship with Capula Investment Management LLP to recover expenses and receive discretionary profit allocations. As a consequence, the directors believe that the group and company are well placed to manage their business risks successfully.

The directors have a reasonable expectation that the group has adequate resources to continue in operational existence and meet its liabilities as they fall due for the foreseeable future.

Accordingly, they continue to adopt the going concern basis in preparing the directors' report and financial statements.

#### **Statement of disclosure of information to the auditors**

The directors are not aware of any relevant audit information, being information needed by the auditor in connection with preparing its report, of which the group's auditors are unaware. The directors also confirm that they have taken all steps required that they ought to have taken as directors in order to make themselves aware of any relevant audit information, and to establish that the auditors are aware of that information.

#### **Auditors**

A resolution to reappoint Ernst & Young LLP as auditors will be put to the members at the Annual General Meeting.

By order of the board



Henning Brader  
Director

29 June 2011

## **Capula Investment Services Ltd**

Company Number 05460265

### **Statement of directors' responsibilities in respect of the financial statements**

The directors are responsible for preparing their directors' report and financial statements in accordance with applicable law and regulations

Company law requires the directors to prepare financial statements for each financial year. Under that law the directors have elected to prepare the financial statements in accordance with United Kingdom Generally Accepted Accounting Practice (United Kingdom Accounting Standards and applicable 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 group and of the company and of the profit or loss of the group 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 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 proper accounting records that are sufficient to show and explain the group's and the company's transactions and disclose with reasonable accuracy at any time the financial position of the group and the company and to enable them to ensure that the financial statements comply with the Companies Act 2006. They are also responsible for safeguarding the assets of the group and the company and hence for taking reasonable steps for the prevention and detection of fraud and other irregularities.

## **Capula Investment Services Ltd**

Company Number 05460265

### **Independent Auditor's Report to the members of Capula Investment Services Ltd**

We have audited the financial statements of Capula Investment Services Ltd for the year ended 31 March 2011 which comprise the Consolidated Profit and Loss Account, the Statement of Group Total Recognised Gains and losses, the Consolidated and Company Balance Sheets, the Consolidated Cash Flow Statement and the related notes 1 to 16. The financial reporting framework that has been applied in their preparation is applicable law and United Kingdom 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 them in an auditor's report and for no other purpose. To the fullest extent permitted by law, we do not accept or assume responsibility to anyone other than the company and the company's members as a body, for our audit work, for this report, or for the opinions we have formed.

#### **Respective responsibilities of directors and auditor**

As explained more fully in the Directors' Responsibilities Statement set out on page 6, the directors are responsible for the preparation of the financial statements and for being satisfied that they give a true and fair view. Our responsibility is to audit and express an opinion on the financial statements in accordance with applicable law and International Standards on Auditing (UK and Ireland). Those standards require us to comply with the Auditing Practices Board's Ethical Standards for Auditors.

#### **Scope of the audit of the financial statements**

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

#### **Opinion on financial statements**

In our opinion the financial statements

- give a true and fair view of the state of the group and of the company's affairs as at 31 March 2011 and of the group profit for the year then ended,
- have been properly prepared in accordance with United Kingdom Generally Accepted Accounting Practice, and
- have been prepared in accordance with the requirements of the Companies Act 2006.

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

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

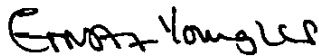
**Capula Investment Services Ltd**

Company Number 05460265

**Independent Auditor's Report to the members of Capula Investment Services Ltd (continued)**

**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 by the company, or returns adequate for our audit have not been received from branches not visited by us, or
- the company 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



Deborah Weston (Senior statutory auditor)  
for and on behalf of Ernst & Young LLP, Statutory Auditor  
London

29 June 2011



## Capula Investment Services Ltd

Company Number 05460265

### Consolidated profit and loss account for the year ended 31 March 2011

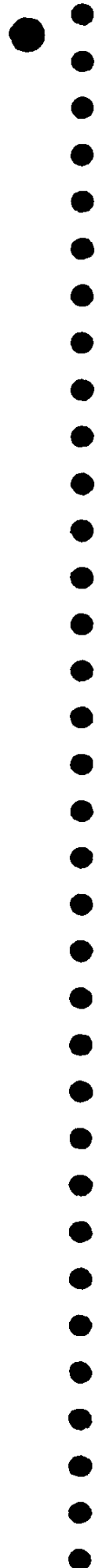
	<i>Notes</i>	<i>Year ended 31 March 2011 £</i>	<i>Period ended 31 March 2010 £</i>
<b>Turnover</b>	2	35,557,388	11,863,997
<b>Administrative expenses</b>		(31,905,708)	(11,832,048)
<b>Operating profit</b>	3	3,651,680	31,949
Bank interest receivable		103,621	249
<b>Profit on ordinary activities before taxation</b>		3,755,301	32,198
Tax on profit on ordinary activities	5	(1,382,450)	(112,845)
<b>Profit/(loss) on ordinary activities after taxation</b>	11	2,372,851	(80,647)

All amounts are in respect of continuing operations

### Statement of group total recognised gains and losses

	<i>Year ended 31 March 2011 £</i>	<i>Period ended 31 March 2010 £</i>
<b>Profit/(loss) for the financial year/period</b>	2,372,851	(80,647)
Exchange difference on retranslation of net assets of subsidiary undertaking	21,787	(10,044)
<b>Total recognised gains and losses relating to the year / period</b>	2,394,638	(90,691)

The notes on pages 13 to 22 form an integral part of these financial statements



# Capula Investment Services Ltd

Company Number 05460265

## Consolidated balance sheet at 31 March 2011

	Notes	2011 £	2010 £
<b>Fixed assets</b>			
Tangible assets	6	3,044,395	1,907,463
Investments	7	<u>1,797,440</u>	<u>1,400,000</u>
		4,841,835	3,307,463
<b>Current assets</b>			
Debtors	8	7,039,078	4,241,048
Cash at bank and in hand		<u>271,678</u>	<u>304,896</u>
		7,310,756	4,545,944
<b>Creditors</b> , amounts falling due within one year	9	(8,117,960)	(6,213,414)
<b>Net current liabilities</b>		<u>(807,204)</u>	<u>(1,667,470)</u>
<b>Net assets</b>		<u>4,034,631</u>	<u>1,639,993</u>
<b>Capital and reserves</b>			
Called up share capital	10	600,001	600,001
Share premium account	11	724,999	724,999
Profit and loss reserves	11	2,709,631	314,993
<b>Total shareholder's funds</b>	11	<u>4,034,631</u>	<u>1,639,993</u>

These financial statements were approved by the board and signed on its behalf by

Henning Bruder  
Director

29 June 2011

The notes on pages 13 to 22 form an integral part of these financial statements

# Capula Investment Services Ltd

Company Number: 05460265

## Company balance sheet

at 31 March 2011

	Notes	2011 £	2010 £
<b>Fixed assets</b>			
Tangible assets	6	2,854,766	1,669,277
Investments	7	<u>2,110,559</u>	<u>1,713,119</u>
		4,965,325	3,382,396
<b>Current assets</b>			
Debtors	8	5,658,951	2,867,194
Cash at bank and in hand		<u>146,526</u>	<u>199,359</u>
		5,805,477	3,066,553
<b>Creditors:</b> amounts falling due within one year	9	(6,960,911)	(4,917,255)
<b>Net current liabilities</b>		<u>(1,155,434)</u>	<u>(1,850,702)</u>
<b>Net assets</b>		<u>3,809,891</u>	<u>1,531,694</u>
<b>Capital and reserves</b>			
Called up share capital	10	600,001	600,001
Share premium account	11	724,999	724,999
Profit and loss reserves	11	2,484,891	206,694
<b>Total shareholder's funds</b>	11	<u>3,809,891</u>	<u>1,531,694</u>

These financial statements were approved by the board and signed on its behalf by

Henning Bruder  
Director

29 June 2011

The notes on pages 13 to 22 form an integral part of these financial statements

# Capula Investment Services Ltd

Company Number 05460265

## Consolidated cash flow statement for the year ended 31 March 2011

	<i>Notes</i>	<i>Year ended 31 March 2011 £</i>	<i>Period ended 31 March 2010 £</i>
<b>Net cash inflow from operating activities</b>	12(a)	3,602,530	899,045
<b>Net cash inflows from returns on investments and servicing of finance</b>	12(b)	103,621	249
<b>Net cash outflow from taxation</b>	12(b)	(1,360,068)	(177,138)
<b>Net cash outflow from capital expenditure and financial investment</b>	12(b)	(2,386,525)	(684,615)
<b>(Decrease)/increase in cash</b>	12(c)	<u>(40,442)</u>	<u>37,541</u>

### Reconciliation of net cash flow to movements in net funds

	<i>Notes</i>	<i>Year ended 31 March 2011 £</i>	<i>Period ended 31 March 2010 £</i>
(Decrease)/increase in cash	12(c)	<u>(40,442)</u>	<u>37,541</u>
Change in net funds resulting from cash flows		(40,442)	37,541
Foreign exchange differences	12(c)	7,224	(13,581)
<b>(Decrease)/increase in net funds</b>	12(c)	<u>(33,218)</u>	<u>23,960</u>
<b>Net funds at 1 April 2010/1 October 2009</b>	12(c)	304,896	280,936
<b>Net funds at 31 March</b>	12(c)	<u>271,678</u>	<u>304,896</u>

The notes on pages 13 to 22 form an integral part of these financial statements

## **Capula Investment Services Ltd**

Company Number: 05460265

### **Notes to the financial statements**

**for the year ended 31 March 2011**

#### **1. Accounting policies**

##### **Basis of preparation**

The financial statements have been prepared on the going concern basis, under the historical cost convention and in accordance with the Companies Act 2006 and applicable United Kingdom accounting standards. The principal accounting policies are set out below.

##### **Basis of consolidation**

The consolidated financial statements include the accounts of the company and its subsidiary undertaking Capula Investment Japan Limited (collectively the "group") drawn up to 31 March 2011. All material intercompany transactions and balances have been eliminated in the group financial statements.

No profit and loss account is presented for Capula Investment Services Ltd, as permitted by Section 408 of the Companies Act 2006. Of the group profit for the year, a profit of £2,283,176 (2010: £106,834 loss) is dealt with in the financial statements of the company.

##### **Fixed assets**

All fixed assets are recorded at historical cost, less accumulated depreciation.

Depreciation of fixed assets is calculated to write off their cost less any residual value, on a straight line basis over their estimated useful lives as follows:

Software	- 3 to 5 years
Office Equipment	- 3 years (subsidiary - 15 years)
Computer Equipment	- 3 years
Furniture & Fixtures	- 4 to 6 years
Leasehold Improvements	- 5 years
Aircraft	- 15 years

##### **Fixed asset investment**

Fixed asset investments are stated at cost less provision for any impairment in value.

##### **Operating leases**

Rentals paid under operating leases are charged to the profit and loss account as incurred.

##### **Taxation and deferred taxation**

Provision is made for corporation tax at the current rates on the excess of taxable income over allowable expenses. Deferred taxation is provided on all timing differences that have originated but not reversed by the balance sheet date other than those differences that are regarded as permanent. An asset is not recognised to the extent that the transfer of economic benefits in the future is uncertain. Any deferred tax assets and liabilities recognised are provided at the average rate of tax expected to apply when the asset and liability crystallises and are not discounted.

# Capula Investment Services Ltd

Company Number 05460265

## Notes to the financial statements (continued)

for the year ended 31 March 2011

### 1. Accounting policies (continued)

#### Foreign currencies

Transactions denominated in foreign currencies are translated into sterling at the exchange rate ruling at the date of the transaction. Monetary assets and liabilities denominated in foreign currencies are translated at the rate of exchange ruling at the balance sheet date. The financial statements of foreign subsidiaries are translated at the rate of exchange ruling at the balance sheet date. Exchange differences arising on the retranslation to sterling of the opening balance sheet of overseas subsidiaries is taken directly to reserves. All other exchange differences are taken to the profit and loss account.

### 2. Turnover

Turnover which is stated net of any value added tax comprises advisory fees, administrative costs recharged to Capula Investment Management LLP and profit allocation from Capula Investment Management LLP. Turnover is derived entirely from the group's principal activity of providing investment, advisory and support services and is recognised on an accrual basis. Turnover for the year was as follows:

	<i>Year ended 31 March 2011 £</i>	<i>Period ended 31 March 2010 £</i>
Advisory fees	4,689,695	4,303,216
Administrative costs recharged	27,315,693	7,560,781
Profit allocation	3,552,000	-
	<u>35,557,388</u>	<u>11,863,997</u>

### 3. Operating profit

Operating profit is stated after charging/(crediting)

	<i>Year ended 31 March 2011 £</i>	<i>Period ended 31 March 2010 £</i>
Depreciation and amortisation	866,203	365,528
Foreign exchange (gains)/losses	(212,644)	30,885
Auditors' remuneration		
- fees payable to the auditors for the audit of the parent company and consolidated financial statements	10,000	10,000
- fees payable for non-audit services		
- tax services	246,351	37,767
- other services	120,320	-
Operating lease rentals - buildings	<u>1,417,295</u>	<u>654,746</u>

## Capula Investment Services Ltd

Company Number 05460265

### Notes to the financial statements (continued) for the year ended 31 March 2011

#### 4. Personnel costs

##### (a) Staff costs

	<i>Year ended 31 March 2011 £</i>	<i>Period ended 31 March 2010 £</i>
Wages and salaries	20,765,759	8,201,952
Social security costs	2,456,408	195,733
Pension Costs	421,763	167,228
	<u>23,646,930</u>	<u>8,564,913</u>

The average monthly number of persons (including executive directors) employed by the company during the year was as follows

	<i>Year ended 31 March 2011</i>	<i>Period ended 31 March 2010</i>
Portfolio support	18	15
Research	10	8
Administration	30	26
	<u>58</u>	<u>49</u>

##### (b) Directors' emoluments

The directors did not receive any remuneration (2010 £nil) for their services to the company or its subsidiary during the year



## Capula Investment Services Ltd

Company Number 05460265

### Notes to the financial statements (continued) for the year ended 31 March 2011

#### 5. Tax on profit on ordinary activities

##### (a) Tax on profit on ordinary activities

The tax charge is made up as follows

	<i>Year ended 31 March 2011 £</i>	<i>Period ended 31 March 2010 £</i>
Current year UK tax	1,273,803	107,047
Foreign Taxes	108,647	5,798
	<u>1,382,450</u>	<u>112,845</u>

##### (b) Factors affecting the tax charge for the year

Profit on ordinary activities before tax	<u>3,755,301</u>	<u>32,198</u>
Profit on ordinary activities before tax multiplied by 28%	1,051,484	9,015
Expenses not deductible for tax purposes	279,243	106,987
Adjustment in respect of profit in Japanese subsidiary	(56,924)	(8,955)
Adjustment regarding profits subject to Japanese tax	108,647	5,798
	<u>1,382,450</u>	<u>112,845</u>

# Capula Investment Services Ltd

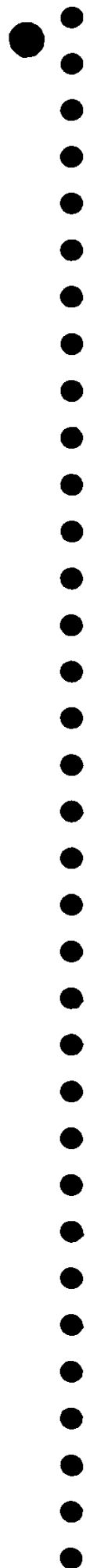
Company Number 05460265

## Notes to the financial statements (continued)

for the year ended 31 March 2011

### 6. Tangible fixed assets

Group	Computer Equipment £	Office Equipment £	Software £	Furniture & Fixtures £	Leasehold Improvements £	Aircraft £	Total £
Cost							
At 1 April 2010	1,365,394	425,804	88,578	506,854	983,402	-	3,370,032
Additions	167,450	11,937	3,601	57,533	63,265	1,685,299	1,989,085
Disposals	-	-	-	(1,013)	-	-	(1,013)
Exchange differences	-	8,227	1,526	12,054	-	-	21,807
At 31 March 2011	1,532,844	445,968	93,705	575,428	1,046,667	1,685,299	5,379,911
Accumulated depreciation and amortisation							
At 1 April 2010	696,885	251,941	57,167	214,608	241,968	-	1,462,569
Charge for the year	401,815	77,628	10,720	132,959	205,630	37,451	866,203
Disposals	-	-	-	(500)	-	-	(500)
Exchange differences	-	1,293	381	5,570	-	-	7,244
At 31 March 2011	1,098,700	330,862	68,268	352,637	447,598	37,451	2,335,516
Net book value							
At 31 March 2011	434,144	115,106	25,437	222,791	599,069	1,647,848	3,044,395
At 31 March 2010	668,509	173,863	31,411	292,246	741,434	-	1,907,463
Company							
Cost							
At 1 April 2010	1,365,394	291,260	63,614	309,715	983,402	-	3,013,385
Additions	167,450	11,937	-	56,018	63,265	1,685,299	1,983,969
At 31 March 2011	1,532,844	303,197	63,614	365,733	1,046,667	1,685,299	4,997,354
Accumulated depreciation and amortisation							
At 1 April 2010	696,885	230,800	50,926	123,529	241,968	-	1,344,108
Charge for the year	401,815	62,046	4,822	86,716	205,630	37,451	798,480
At 31 March 2011	1,098,700	292,846	55,748	210,245	447,598	37,451	2,142,588
Net book value							
At 31 March 2011	434,144	10,351	7,866	155,488	599,069	1,647,848	2,854,766
At 31 March 2010	668,509	60,460	12,688	186,186	741,434	-	1,669,277



## Capula Investment Services Ltd

Company Number 05460265

### Notes to the financial statements (continued)

for the year ended 31 March 2011

#### 7. Investments

##### Group

	2011 £	2010 £
Investment in Capula Investment Management LLP	<u>1,797,440</u>	<u>1,400,000</u>

##### Company

	2011 £	2010 £
Investment in Capula Investment Management LLP	1,797,440	1,400,000
Investment in Capula Investment Japan Limited	<u>313,119</u>	<u>313,119</u>
	<u>2,110,559</u>	<u>1,713,119</u>

The investment in Capula Investment Management LLP represents a 94% capital interest. This capital interest does not give proportionate voting rights. Capula Investment Services Ltd does not have control of Capula Investment Management LLP.

The company owns 100% of the share capital of Capula Investment Japan Limited, a company incorporated in Japan, whose principal activity is the provision of investment management services.

#### 8. Debtors

##### Group

	2011 £	2010 £
Due from Capula Investment Management LLP	1,803,191	-
Prepayments and accrued income	1,727,861	1,909,871
Other debtors	<u>3,508,026</u>	<u>2,331,177</u>
	<u>7,039,078</u>	<u>4,241,048</u>

Other debtors includes a rent deposit of £987,601 (2010: £899,826) due after more than one year.

## Capula Investment Services Ltd

Company Number 05460265

### Notes to the financial statements (continued)

for the year ended 31 March 2011

#### 8. Debtors (continued)

Company	2011 £	2010 £
Due from Capula Investment Management LLP	1,803,191	-
Due from Capula Investment Japan Limited	106,085	354,109
Prepayments	719,462	610,306
Other debtors	3,030,213	1,902,779
	<u>5,658,951</u>	<u>2,867,194</u>

Other debtors includes a rent deposit of £568,368 (2010 £568,368) due after more than one year

#### 9. Creditors: amounts falling due within one year

Group	2011 £	2010 £
Trade creditors	526,424	299,793
Other creditors	19,140	19,140
Due to Capula Investment Management LLP	-	3,699,731
Corporation tax payable	135,227	112,845
Other taxes and social security costs	1,209,572	1,379,714
Accruals and deferred income	6,227,597	702,191
	<u>8,117,960</u>	<u>6,213,414</u>

Company	2011 £	2010 £
Trade creditors	526,424	299,793
Other creditors	19,140	19,140
Due to Capula Investment Management LLP	-	3,699,731
Corporation tax payable	4,979	107,047
Other taxes and social security costs	234,080	103,511
Accruals and deferred income	6,176,288	688,033
	<u>6,960,911</u>	<u>4,917,255</u>

## Capula Investment Services Ltd

Company Number 05460265

### Notes to the financial statements (continued)

for the year ended 31 March 2011

#### 10. Share capital

##### Group and company

##### Authorised

	<i>2011</i>	<i>2011</i>	<i>2010</i>	<i>2010</i>
	<i>No</i>	<i>£</i>	<i>No</i>	<i>£</i>
Ordinary shares of £1 each	<u>600,001</u>	<u>600,001</u>	<u>600,000</u>	<u>600,001</u>

##### Issued, called up & fully paid

	<i>2011</i>	<i>2011</i>	<i>2010</i>	<i>2010</i>
	<i>No</i>	<i>£</i>	<i>No</i>	<i>£</i>
Ordinary shares of £1 each	<u>600,001</u>	<u>600,001</u>	<u>600,001</u>	<u>600,001</u>

#### 11. Reconciliation of total shareholder's funds and movements on reserves

##### Group

	<i>Share capital</i>	<i>Share premium account</i>	<i>Profit and loss reserves</i>	<i>Total shareholder's funds</i>
	<i>£</i>	<i>£</i>	<i>£</i>	<i>£</i>
At 1 April 2010	600,001	724,999	314,993	1,639,993
Exchange differences	-	-	21,787	21,787
Profit for the year	-	-	2,372,851	2,372,851
At 31 March 2011	<u>600,001</u>	<u>724,999</u>	<u>2,709,631</u>	<u>4,034,631</u>

##### Company

	<i>Share capital</i>	<i>Share premium account</i>	<i>Profit and loss reserves</i>	<i>Total shareholder's funds</i>
	<i>£</i>	<i>£</i>	<i>£</i>	<i>£</i>
At 1 April 2010	600,001	724,999	206,694	1,531,694
Profit for the year	-	-	2,278,197	2,278,197
At 31 March 2011	<u>600,001</u>	<u>724,999</u>	<u>2,484,891</u>	<u>3,809,891</u>

## Capula Investment Services Ltd

Company Number 05460265

### Notes to the financial statements (continued) for the year ended 31 March 2011

#### 12. Notes to the consolidated cash flow statement

##### (a) Reconciliation of operating profit to net cash inflow from operating activities

	2011 £	2010 £
Operating profit	3,651,680	31,949
Depreciation and amortisation	866,203	365,528
Loss on disposal of fixed asset	513	-
(Increase)/decrease in debtors	(2,798,030)	2,609,612
Increase/(decrease) in creditors	1,882,164	(2,108,044)
Net cash flow from operating activities	<u>3,602,530</u>	<u>899,045</u>

##### (b) Analysis of cash flows for headings netted in the statement of cash flows

###### Returns on investments and servicing of finance:

Interest received	<u>103,621</u>	<u>249</u>
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###### Taxation:

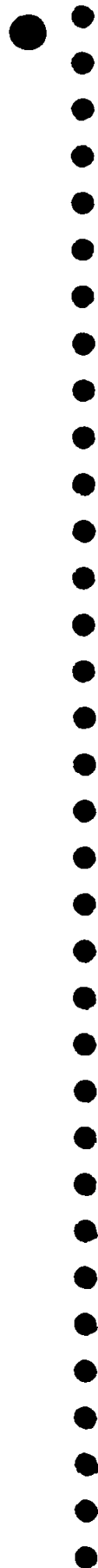
Corporate taxation paid	<u>(1,360,068)</u>	<u>(177,138)</u>
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###### Capital expenditure and financial investment:

Payments to acquire tangible fixed assets	(1,989,085)	(684,615)
Payments to acquire investments	<u>(397,440)</u>	<u>-</u>
	<u>(2,386,525)</u>	<u>(684,615)</u>

##### (c) Analysis of changes in net funds

	At 1 April 2010 £	Cash flows £	Exchange differences £	At 31 March 2011 £
Cash at bank	<u>304,896</u>	<u>(40,442)</u>	<u>7,224</u>	<u>271,678</u>





## Capula Investment Services Ltd

Company Number 05460265

### Notes to the financial statements (continued)

for the year ended 31 March 2011

#### 13. Related party transactions

Capula Investment Services Ltd is a member of Capula Investment Management LLP (“the partnership”) During the year, the company recharged £27,315,693 (2010 £7,560,781) of expenses to the partnership for administration services provided In addition, the partnership provided funding to the company, which was used to offset the recharge from the partnership During the year, the partnership allocated profits of £3,552,000 to the company (2010 £nil) As at 31 March 2011, the partnership owed the company £1,803,191 (2010 £3,699,731 owed to the partnership)

Capula Investment Japan Limited is a 100% owned subsidiary of Capula Investment Services Ltd During the year, the company provided funding to Capula Investment Japan Limited As at 31 March 2010, Capula Investment Japan Limited owed the company £106,085 (2010 £354,109)

#### 14. Parent undertaking

The company’s parent undertaking is Capula Management Limited, a company incorporated in the Cayman Islands

#### 15. Ultimate controlling party

The directors consider the ultimate controlling party to be Y Huo

#### 16. Other financial commitments

At 31 March 2011 the group had annual commitments under non-cancellable operating leases as set out below

	<i>2011</i> <i>Land and</i> <i>Buildings</i> £	<i>2010</i> <i>Land and</i> <i>Buildings</i> £
Operating leases which expire		
Under one year	291,474	-
In two to five years	<u>1,052,940</u>	<u>1,082,327</u>