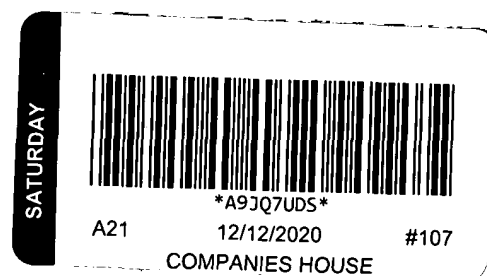


**Company Number 09084006**

## **ICAP Global Broking Investments**

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



**ICAP Global Broking Investments**  
**Strategic report**  
**31 December 2019**

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

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

**BUSINESS REVIEW AND FUTURE DEVELOPMENTS**

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

The principal activity of the Company is to act as a holding company within the Group. During the year, the Company transferred its subsidiaries to a Group related company and has since ceased to hold any subsidiaries. On that basis, the financial statements have been prepared on a basis other than going concern.

**RESULTS**

The results of the Company are set out in the Statement of profit or loss on page 9.

The Profit after income tax for the financial year of \$3,290,000 (2018: \$36,150,000) has been transferred to Retained profits.

The Net assets of the Company are \$4,483,000 (2018: \$87,491,000).

## **PRINCIPAL RISKS AND UNCERTAINTIES**

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

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

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

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

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

Capital management risk is the risk of failure to maintain adequate levels of capital. The board undertakes an informed assessment of whether the Company holds sufficient capital in the context of the business objectives taking into account the nature of its business model, its risk profile, its risk management framework and its appropriate resources held during the year.

Strategic and business risk is the risk that the Company's ability to do business might be damaged through its failure to adapt to changing market dynamics, customer requirements or the regulation of over the counter ("OTC") markets and its participants. Business risk includes the company's ability to tarnish its brand through fraudulent or rogue trading.

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

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

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

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

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

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

### **Our stakeholders**

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

- **Shareholders**

The directors believe that engagement with our shareholders is of key importance to the business. During the year, the directors considered, approved and paid dividends as appropriate to its shareholders, having considered the impact of a distribution on the long-term prospects of the business. Further information on the tailored engagement approach which is adopted towards the Group's shareholders is carried out at Group level, details of which are included in the Group's Annual Report which does not form part of this report.

### **Environment and Community**

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

### **KEY PERFORMANCE INDICATORS**

The Company's return on assets, calculated as net profit divided by net assets, is 73.4% (2018: 41.3%). This is in line with management expectations.

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

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



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A Chen  
Director

23 September 2020

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

### **PRINCIPAL ACTIVITIES**

The Company's principal activity is to act as a holding company within the Group. The Company transferred its subsidiary to a Group related company, after which event the Company ceased to be active in its principal activity.

The Company is incorporated in the United Kingdom and domiciled in England and Wales. The Company is an unlimited company with share capital. The registered office is Floor 2, 155 Bishopsgate, London, England, EC2M 3TQ.

### **BUSINESS REVIEW AND FUTURE DEVELOPMENTS**

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

### **PRINCIPAL RISKS AND UNCERTAINTIES**

Principal risks and uncertainties can be found in the Strategic Report on page 2.

### **GOING CONCERN**

The directors transferred the Company's subsidiary to a fellow Group company during the current year, and the financial statements have therefore been prepared on a basis other than going concern. Preparation of the financial statements on an 'other than going concern' basis has had no material impact on the financial statements reported.

### **DIVIDENDS**

During the year ended 31 December 2019 the directors declared and paid dividends on the ordinary shares of \$86,298,000 (2018: \$35,620,000).

On 31 January 2020, the directors declared and paid a dividend on the ordinary share of \$4,500,800 to ICAP Global Broking Inc..

### **DIRECTORS**

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

R Cordeschi

A Chen (Appointed on 23 October 2019)

P Ashley (Resigned on 27 September 2019)

### **DIRECTOR'S INDEMNITIES**

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

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

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

### **ENVIRONMENTAL POLICY**

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

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

### **POLITICAL CONTRIBUTIONS**

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

### **DISABLED EMPLOYEES**

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

#### **EMPLOYEE CONSULTATION**

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

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

#### **POST BALANCE SHEET EVENTS**

On 31 January 2020, the directors declared and paid a dividend on the ordinary share of \$4,500,800.

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

#### **INDEPENDENT AUDITOR**

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

#### **PROVISION OF INFORMATION TO THE AUDITOR**

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

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

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

Approved by the board and signed on its behalf by:



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A Chen  
Director

23 September 2020

Company No: 09084006

**ICAP Global Broking Investments**  
**Directors' responsibilities statement**  
**31 December 2019**

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

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

In preparing these financial statements, the directors are required to:

- select suitable accounting policies and then apply them consistently;
- make judgements and accounting estimates that are reasonable and prudent;
- state whether FRS 101 'Reduced Disclosure Framework' has been followed, subject to any material departures disclosed and explained in the financial statements; and
- prepare the financial statements on the going concern basis unless it is inappropriate to presume that the Company will continue in business.

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

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

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

**ICAP Global Broking Investments**  
**Independent auditor's report to the members of ICAP Global Broking Investments**  
**31 December 2019**

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

**Opinion**

In our opinion the financial statements of ICAP Global Broking Investments (the "Company"):

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

We have audited the financial statements of which comprise:

- the statement of profit or loss;
- the balance sheet;
- the statement of changes in equity; and
- the related notes 1 to 21.

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

**Basis for opinion**

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

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

**Emphasis of matter – Financial statements prepared other than on a going concern basis**

We draw attention to note 1 in the financial statements, which indicates that the financial statements have been prepared on a basis other than that of a going concern. Our opinion is not modified in respect of this matter.

**Other information**

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

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

We have nothing to report in respect of these matters.



**ICAP Global Broking Investments**  
**Independent auditor's report to the members of ICAP Global Broking Investments**  
**31 December 2019**

**Responsibilities of directors**

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

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

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

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

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

**Report on other legal and regulatory requirements**

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

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

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

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

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

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

- adequate accounting records have not been kept, or returns adequate for our audit have not been received from branches not visited by us; or
- the financial statements are not in agreement with the accounting records and returns; or
- certain disclosures of Directors' remuneration specified by law are not made; or
- we have not received all the information and explanations we require for our audit.

We have nothing to report in respect of these matters.

**Use of our report**

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



**Ben Jackson FCA (Senior Statutory Auditor)**  
for and on behalf of Deloitte LLP  
Statutory Auditor  
London, United Kingdom  
23 September 2020

**ICAP Global Broking Investments**  
**Statement of profit or loss**  
**For the year ended 31 December 2019**

	<b>Note</b>	<b>Year ended 31 Dec 2019 \$'000</b>	<b>Year ended 31 Dec 2018 \$'000</b>
Other operating (expense) / income		(34)	96
<b>Expenses</b>			
Administrative expenses	3	<u>8</u>	<u>-</u>
<b>Operating (Loss) / profit</b>		(26)	96
Interest receivable and similar income	6	201	105
Interest payable and similar expenses	7	(18,961)	(22,766)
Dividends received	8	<u>22,080</u>	<u>58,720</u>
<b>Profit before income tax</b>		3,294	36,155
Income tax	9	<u>(4)</u>	<u>(5)</u>
<b>Profit after income tax for the year</b>		<u><u>3,290</u></u>	<u><u>36,150</u></u>

The profit after income tax for the current and prior year is derived solely from discontinued operations.

There were no items of other comprehensive income in the current or prior year other than the profit for the current or prior year and, accordingly, no Statement of other comprehensive income is presented.

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

**ICAP Global Broking Investments**  
**Balance sheet**  
**As at 31 December 2019**

	Note	As at 31 Dec 2019 \$'000	As at 31 Dec 2018 \$'000
<b>Assets</b>			
<b>Current assets</b>			
Debtors	12	3,170	4,897
Cash and cash equivalents	11	1,313	362
		4,483	5,259
Investment in subsidiaries	13	-	495,432
Deferred tax asset	9	-	4
Total current assets		4,483	500,695
<b>Total assets</b>		4,483	500,695
<b>Liabilities</b>			
<b>Current liabilities</b>			
Creditors	14	-	413,204
Total current liabilities		-	413,204
<b>Total liabilities</b>		-	413,204
<b>Net assets</b>		4,483	87,491
<b>Equity</b>			
Issued capital	15	-	1
Share premium	16	-	55,999
Other reserves	17	-	27,432
Retained profits		4,483	4,059
<b>Total equity</b>		4,483	87,491

The financial statements on pages 9 to 20 were approved and authorised for issue by the board of directors on 23 September 2020 and were signed on its behalf by:



\_\_\_\_\_  
A Chen  
Director

23 September 2020

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

**ICAP Global Broking Investments**  
**Statement of changes in equity**  
**For the year ended 31 December 2019**

	<b>Issued capital \$'000</b>	<b>Share premium \$'000</b>	<b>Other reserves \$'000</b>	<b>Retained profits \$'000</b>	<b>Total equity \$'000</b>
Balance at 1 January 2018	1	55,999	20,232	3,525	79,757
Profit after income tax for the year	-	-	-	36,150	36,150
Other comprehensive income for the year, net of tax	-	-	-	-	-
Total comprehensive income for the year	-	-	-	36,150	36,150
Capital contribution	-	-	7,200	-	7,200
Deferred tax	-	-	-	4	4
Dividends paid (Note 18)	-	-	-	(35,620)	(35,620)
Balance at 31 December 2018	<u>1</u>	<u>55,999</u>	<u>27,432</u>	<u>4,059</u>	<u>87,491</u>
	<b>Issued capital \$'000</b>	<b>Share premium \$'000</b>	<b>Other reserves \$'000</b>	<b>Retained profits \$'000</b>	<b>Total equity \$'000</b>
Balance at 1 January 2019	1	55,999	27,432	4,059	87,491
Profit after income tax for the year	-	-	-	3,290	3,290
Other comprehensive income for the year, net of tax	-	-	-	-	-
Total comprehensive income for the year	-	-	-	3,290	3,290
Issue of shares (Note 15)	27,432	-	(27,432)	-	-
Reduction of issued capital (Note 15)	(27,433)	(55,999)	-	83,432	-
Dividends paid (Note 18)	-	-	-	(86,298)	(86,298)
Balance at 31 December 2019	<u>-</u>	<u>-</u>	<u>-</u>	<u>4,483</u>	<u>4,483</u>

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

**ICAP Global Broking Investments**  
**Notes to the financial statements**  
**31 December 2019**

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

**General information**

The Company is an unlimited company with share capital, incorporated in England and Wales. The registered office is Floor 2, 155 Bishopsgate, London, England, EC2M 3TQ.

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

**Going concern**

The directors transferred the Company's subsidiary to a fellow Group company during the current year, and the financial statements have therefore been prepared on a basis other than going concern. Preparation of the financial statements on an 'other than going concern' basis has had no material impact on the financial statements reported.

**Basis of preparation**

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

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

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

The financial statements are prepared in United States Dollars, which is the functional currency of the Company.

**Historical cost convention**

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

**Dividends received**

Dividend income is recognised upon declaration or when it becomes receivable.

**Interest receivable and similar income**

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

**Interest payable and similar expenses**

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

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

**Tax**

Tax on the profit or loss for the financial year comprises both current and deferred tax as well as any adjustment in respect of prior years. Tax is charged or credited to the Statement of profit or loss, except when it relates to items charged or credited directly to equity, in which case the current and deferred tax is also recorded within equity. Current tax is the expected tax payable on the taxable income for the year, using tax rates enacted, or substantially enacted by the balance sheet date.

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

**Deferred tax**

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

**Dividends paid**

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

**Foreign currencies**

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

**Cash and cash equivalents**

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

**Debtors**

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

**Creditors**

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

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

**Financial instruments**

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

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

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

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

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

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

**Impairment of financial assets**

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

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

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

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

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

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

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

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

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

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

**Credit-impaired financial assets**

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

**Intercompany current accounts**

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

**Intercompany loan**

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

**Investment in subsidiaries**

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

**Impairment of subsidiaries**

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

**Issued capital**

Ordinary shares are classified as equity.

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

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

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

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

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

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

As at 31 December 2019 the only such estimates are related to the Investment in subsidiaries (Note 13). When considering the investment's value in use, net asset values as well as cashflow projections which extend forward to a terminal value and take account of the approved budget for the coming year have been used. The Company applies a suitable discount factor to the future cash flows based on its weighted average cost of capital at 11.4% (2018: 12.5%). Growth rates are conservatively applied and do not exceed the expected growth in the local economy after the fifth year.



**ICAP Global Broking Investments**  
**Notes to the financial statements**  
**31 December 2019**

**Note 3. Administrative expenses**

	<b>Year ended 31 Dec 2019 \$'000</b>	<b>Year ended 31 Dec 2018 \$'000</b>
Expected credit loss	(6)	-
Other administrative costs	(2)	-
	<u>(8)</u>	<u>-</u>

Fees paid to the Company's auditor, Deloitte LLP, and its associates for services other than the statutory audit of the Company are not disclosed in the Company's financial statements since the consolidated financial statements of its parent, TP ICAP plc, include these fees on a consolidated basis.

Fees payable for the audit of the financial statements were \$15,753 (2018: \$6,581).

**Note 4. Other operating (expense) / income**

This represents exchange differences arising on transactions in foreign currencies during the year and on the translation at the balance sheet date of assets and liabilities denominated in foreign currencies.

**Note 5. Directors remuneration**

No fees were paid to the directors in respect of services to the Company during the year (2018: \$Nil).

**Note 6. Interest receivable and similar income**

	<b>Year ended 31 Dec 2019 \$'000</b>	<b>Year ended 31 Dec 2018 \$'000</b>
Group related company loan	196	102
Bank deposit	5	3
	<u>201</u>	<u>105</u>

**Note 7. Interest payable and similar expenses**

	<b>Year ended 31 Dec 2019 \$'000</b>	<b>Year ended 31 Dec 2018 \$'000</b>
Group related company loan	<u>18,961</u>	<u>22,766</u>

**Note 8. Dividends received**

	<b>Year ended 31 Dec 2019 \$'000</b>	<b>Year ended 31 Dec 2018 \$'000</b>
Dividend income from subsidiary	<u>22,080</u>	<u>58,720</u>

**ICAP Global Broking Investments**  
**Notes to the financial statements**  
**31 December 2019**

**Note 9. Income tax**

Analysis of charge for the year:

	Year ended 31 Dec 2019 \$'000	Year ended 31 Dec 2018 \$'000
<b>Current tax</b>		
UK Corporation tax - current year	-	5
Deferred tax - prior year	4	-
	<u>4</u>	<u>-</u>
Aggregate income tax	<u>4</u>	<u>5</u>
<b>Numerical reconciliation of income tax and tax at the statutory rate</b>		
Profit before income tax	3,294	36,155
Tax at the statutory tax rate of 19%	626	6,869
Expenses not deductible for tax purposes	3,605	4,326
Non-taxable income	(4,195)	(11,157)
Group loss relief for no consideration	(36)	(38)
Adjustments in respect of prior years - current tax	-	5
Adjustments in respect of prior years - deferred tax	4	-
	<u>4</u>	<u>5</u>
Income tax	<u>4</u>	<u>5</u>
Effective tax rate	-	-

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

	As at 31 Dec 2019 \$'000	As at 31 Dec 2018 \$'000
<b>Deferred tax asset</b>		
Deferred tax asset comprises temporary differences attributable to:		
Amounts recognised in equity:		
Other timing differences	-	4
Deferred tax asset	<u>-</u>	<u>4</u>

**ICAP Global Broking Investments**  
**Notes to the financial statements**  
**31 December 2019**

**Note 10. Non-current assets - Investment in subsidiaries**

	As at 31 Dec 2019 \$'000	As at 31 Dec 2018 \$'000
As at beginning of the year	-	488,232
Transfer to current assets	-	(488,232)
As at end of the year	-	-

During the prior year, Investment in subsidiaries were classified from Non-current assets to Current assets, following a decision to prepare the financial statements on a basis other than Going Concern.

**Note 11. Current assets - Cash and cash equivalents**

	As at 31 Dec 2019 \$'000	As at 31 Dec 2018 \$'000
Cash at bank and in hand	1,314	362
Expected credit loss	(1)	-
	1,313	362

**Note 12. Current assets - Debtors**

	As at 31 Dec 2019 \$'000	As at 31 Dec 2018 \$'000
Amounts owed by Group related companies	56	1,789
Loan owed by Group related company	3,130	3,130
Expected credit loss	(16)	(22)
	3,170	4,897

**Note 13. Current assets - Investment in subsidiaries**

	As at 31 Dec 2019 \$'000	As at 31 Dec 2018 \$'000
As at beginning of the year	495,432	488,232
Additions	-	7,200
Disposal	(495,432)	-
As at end of the year	-	495,432

During the current year, the Company transferred its interest in ICAP US Financial Services LLC to a Group related company.

During the prior year, Investment in subsidiaries were classified from Non-current assets to Current assets, following a decision to prepare the financial statements on a basis other than Going Concern.

During the prior year, the Company increased its investment in ICAP US Financial Services LLC by \$7,200,000.

Full details of the Company's undertakings prior to the transfer of its interest in ICAP US Financial Services LLC to a Group related company are disclosed on pages 21 and 22.

**ICAP Global Broking Investments**  
**Notes to the financial statements**  
**31 December 2019**

**Note 14. Current liabilities - Creditors**

	As at 31 Dec 2019 \$'000	As at 31 Dec 2018 \$'000
Amounts owed to Group related companies	-	1,204
Loan owed to Group related company	-	412,000
	<u>-</u>	<u>413,204</u>

During the current year, the Loan owed to Group related company was discharged as a result of the transfer of the Company's interest in ICAP US Financial Services LLC to a Group related company.

During the current year, the loan was charged interest at the rate of 5.45% (2018: 5.45%).

**Note 15. Equity - Issued capital**

	As at 31 Dec 2019 Shares	As at 31 Dec 2018 Shares	As at 31 Dec 2019 \$'000	As at 31 Dec 2018 \$'000
Allotted and fully paid ordinary shares of \$0.01 each	<u>1</u>	<u>100,001</u>	<u>-</u>	<u>1</u>

During the current year, the Company issued 2,743,172,851 bonus ordinary shares at par. The Company then reduced its issued capital by cancelling 2,743,272,851 ordinary shares and transferred the surplus of \$27,432,729 to Retained profits.

**Note 16. Equity - Share premium**

The share premium included the value of the proceeds above nominal on issue of the Company's share capital, comprising \$1 ordinary shares. During the current year, the Company cancelled the share premium as a result of the reduction of issued capital and transferred the surplus of \$55,999,000 to Retained profits.

**Note 17. Equity - Other reserves**

During the current year, other reserves were extinguished by converting the balance into issued share capital.

During the prior year, the Company received a capital contribution of US\$7.2m from its sole shareholder, ICAP Global Broking Inc.

**Note 18. Equity - Dividends**

Dividends paid during the financial year were as follows:

	Year ended 31 Dec 2019 \$'000	Year ended 31 Dec 2018 \$'000
Dividend paid of \$86,298,000 per ordinary share (2018: \$356 per ordinary share)	<u>86,298</u>	<u>35,620</u>

**Note 19. Guarantees and contingent liabilities**

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

**Note 20. Events after the reporting period**

On 31 January 2020, the directors declared and paid a dividend on the ordinary share of \$4,500,800.

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

**Note 21. Immediate and ultimate parent company**

The Company's immediate parent is ICAP Global Broking Inc., which does not prepare consolidated financial statements.

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

**ICAP Global Broking Investments**  
**Company undertakings**  
**31 December 2019**

**Direct and indirect subsidiaries and associates**

During the current year, the Company transferred its interest in ICAP US Financial Services LLC to a Group related company. As at 31 December 2019, the Company retained no interest in subsidiaries and associates.

Prior to the transfer of the Company's interest in ICAP US Financial Services LLC, the following companies were the Company's subsidiaries and associates.

<b>Name</b>	<b>Country of incorporation and operation</b>	<b>Directly Held</b>	<b>Registered office address</b>
ICAP US Financial Services LLC	US	80%	251 Little Falls Drive, Wilmington, Delaware, 19808, United States

<b>Name</b>	<b>Country of incorporation and operation</b>	<b>Indirectly Held</b>	<b>Registered office address</b>
ICAP Broking Holdings North America LLC	US	80%	251 Little Falls Drive, Wilmington, Delaware 19808, United States
Exco Noonan Pension LLC	US	80%	251 Little Falls Drive, Wilmington, Delaware 19808, United States
ICAP Futures Holdings Inc.	US	80%	251 Little Falls Drive, Wilmington, Delaware 19808, United States
ICAP Information Services Inc.	US	80%	251 Little Falls Drive, Wilmington, Delaware 19808, United States
ICAP Media LLC	US	80%	251 Little Falls Drive, Wilmington, Delaware 19808, United States
ICAP Securities USA LLC	US	80%	251 Little Falls Drive, Wilmington, Delaware 19808, United States
ICAP Corporates LLC	US	80%	251 Little Falls Drive, Wilmington, Delaware 19808, United States
Linkbrokers Derivatives LLC	US	80%	251 Little Falls Drive, Wilmington, Delaware 19808, United States
ICAP SEF (US) LLC	US	80%	251 Little Falls Drive, Wilmington, Delaware 19808, United States
ICAP Services North America LLC	US	80%	251 Little Falls Drive, Wilmington, Delaware 19808, United States

**ICAP Global Broking Investments**  
**Company undertakings**  
**31 December 2019**

<b>Name</b>	<b>Country of incorporation and operation</b>	<b>Indirectly Held</b>	<b>Registered office address</b>
ICAP Spot USA LLC	US	80%	251 Little Falls Drive, Wilmington, Delaware 19808, United States
ICAP United Inc.	US	80%	1209 Orange Street, Wilmington, Delaware 19801, United States
ICAP Energy LLC	US	80%	9931 Corporate Campus Drive, Suite 2400, Louisville, Kentucky, 40223 United States
Wrightson ICAP LLC	US	80%	251 Little Falls Drive, Wilmington, Delaware 19808, United States
ICAP Merger Company LLC	US	80%	80 State Street, Albany NY 12207, United States
ICAP North America Inc.	US	80%	251 Little Falls Drive, Wilmington, Delaware 19808, United States
First Brokers Securities LLC	US	32%	1209 Orange Street, Wilmington, Delaware 19801, United States