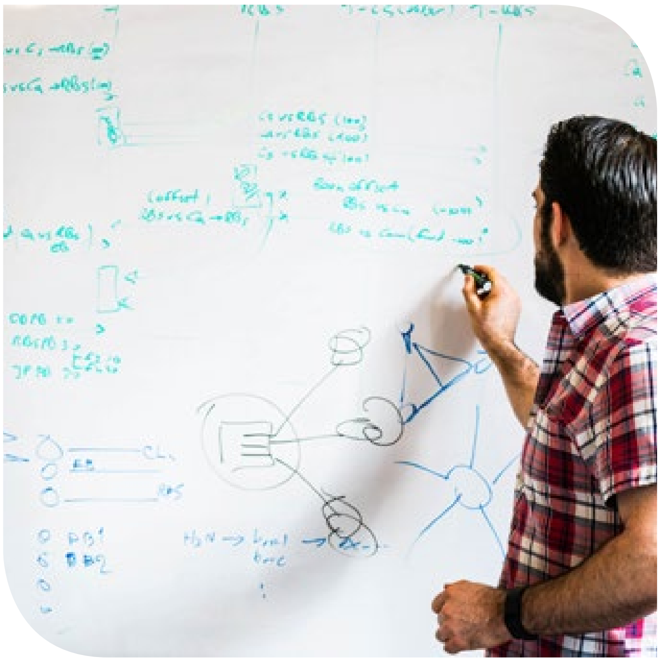


Annual Report
for the year ended
31 March 2016

TRANSFORMING OUR BUSINESS

INTRODUCTION

WHO WE ARE

ICAP is a markets, technology and risk solutions business. We are here to help improve markets for the long term. Our strategic purpose is to shape, enable and operate dynamic, efficient and safer financial markets for the benefit of our customers and their customers. To achieve that goal we have built capabilities and services across the trade life cycle, delivered by specialist people and platforms. We create value for customers through the quality of our services and the way we engage: partnering with the market to develop innovative, critical solutions that become industry standards. We continue to deliver this promise and strengthen our reputation as trusted partners.

Inside this report

– Group CEO's review, page 4

– Results for 2015/16, page 22

ICAP plc is incorporated as a public limited company and is registered in England and Wales with the registered number 3611426. ICAP plc's registered office is 2 Broadgate, London EC2M 7UR. The directors present the Annual Report for the year ended 31 March 2016. References to 'ICAP', the 'Group', the 'Company', 'we', or 'our' are to ICAP plc or to ICAP plc and its subsidiary companies where appropriate. Pages 1 to 70, inclusive, of this Annual Report comprise the strategic report, governance and directors' report and the remuneration report that has been drawn up and presented in accordance with English company law and the liabilities of the directors in connection with that report shall be subject to the limitations and restrictions provided by such law.

STRATEGIC REPORT

HIGHLIGHTS

	2016 £m	2015 £m
Revenue	1,201	1,276
Trading operating profit	221	252
Trading profit before tax	203	229
Profit before tax	89	95
	pence	pence
Trading EPS (basic)	24.6	28.7
EPS (basic)	10.5	13.0
Dividend per share	22.0	22.0
Trading operating profit margin	18%	20%

Operational highlights

- Transaction with Tullett Prebon on track
- Group revenue down 6% as markets remain challenging; down 3% excluding closed desks and on a constant currency basis
- £96 million invested in new product initiatives
- Trading profit before tax is £203 million (2014/15: £229 million), impacted by £7 million foreign exchange loss
- Trading EPS (basic) 24.6p (2014/15: 28.7p)
- Final dividend payment of 15.4p per share, maintaining full-year dividend at 22.0p per share
- Free cash flow conversion rate of 96% in the year (2014/15: 121%)
- Acquisition of ENSO Financial Analytics, provider of a data analytics platform for the buy side

– **Full KPIs, pages 10 and 11**

In November 2015, we entered into a Transaction which will, when completed, involve the disposal of our global hybrid voice broking and information business, including our associated technology and broking platforms (including i-Swap and Fusion), certain of our joint ventures and our associates (IGBB), to Tullett Prebon. ICAP shareholders and ICAP Newco plc (Newco) will together own approximately 56% of the issued shared capital of the enlarged Tullett Prebon with 19.9% retained by Newco, which will be renamed NEX Group plc.

For the year ended 31 March 2016, the Group's performance is therefore reported in the Group consolidated income statement separately for continuing and discontinued operations (net of tax). Discontinued performance for the year includes IGBB's performance, adjusted for certain provisions in the sale and purchase agreement. The continuing income statement is not reflective of the financials of Newco going forward. The Group expects to receive dividend income for its investment in the enlarged Tullett Prebon, which is expected to be named TP ICAP.

	Year ended 31 March 2016			Year ended 31 March 2015		
	Continuing £m	Discontinued £m	Group £m	Continuing £m	Discontinued £m	Group £m
Revenue	460	741	1,201	468	808	1,276
Trading operating profit	139	82	221	154	98	252
Trading profit before tax	110	93	203	122	107	229
Profit before tax	27	62	89	47	48	95

The Group's financial position is also presented separately for continuing operations and for IGBB in the consolidated balance sheet. The continuing balance sheet is not reflective of the balance sheet of Newco going forward. On completion, the Group will receive £330 million of cash from TP ICAP and will recognise an investment in TP ICAP.

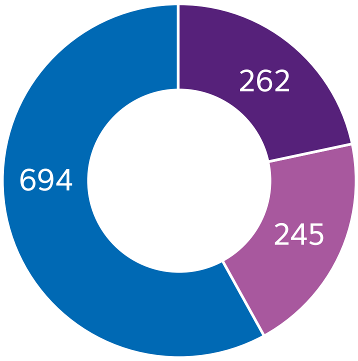
STRATEGIC REPORT

ICAP AT A GLANCE

ICAP plays a pivotal role in bringing buyers and sellers together in the global wholesale financial markets. We help our customers manage and mitigate their risks and provide them with a choice of trading venues and execution methods ranging from fully electronic to broker assisted trades. This allows them to select the most appropriate execution method depending on the liquidity of the product and their specific needs. They also have access to an unrivalled source of financial markets data. Our risk mitigation services help customers reduce both their operational risk and market exposure.

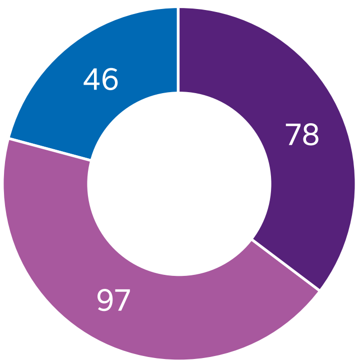
We continue to innovate and develop new products and services as the markets and our customers' needs evolve.

Group revenue by division



	£m
Electronic Markets	262
Post Trade Risk and Information	245
Global Broking	694
Group	1,201

Group trading operating profit by division



	£m
Electronic Markets	78
Post Trade Risk and Information	97
Global Broking	46
Group	221

Electronic Markets

Markets that are more liquid and have a high degree of consistent buying and selling interest are most efficiently traded on electronic platforms. These allow users to execute large volumes of deals quickly, easily and with greater certainty. We operate a number of electronic platforms in a range of asset classes and instruments. The largest of these are EBS Market and EBS Direct for spot FX currencies, forwards and swaps, NDFs and precious metals, and the BrokerTec platform for US and European government debt and US and EU repo. In addition, we also operate a number of other platforms including EBS Treasury, a leading money markets platform for corporates, and i-Swap, our global electronic trading platform for IRS.

– Results for 2015/16, page 23 to 24

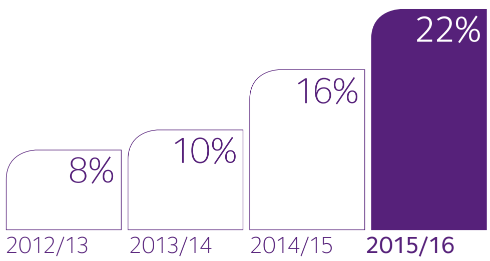
Products

- BrokerTec Market
- BrokerTec Direct
- EBS Market
- EBS Direct
- EBS Treasury
- EBS Hedge
- EBS Select
- EBS Institutional

Customer segments

- Global banks
- Regional banks
- Hedge funds
- Professional trading firms
- Central banks
- Treasurers
- Asset managers

Percentage of revenue from new product initiatives



NDF growth:
54% ↑

CNH growth:
55% ↑

Locations	Countries	Employees
60+	32	4,271

Post Trade Risk and Information

Our Post Trade Risk and Information services help wholesale financial participants to reduce operational and system-wide risks. This increases the efficiency of trading, clearing and settlement and lowers costs. Our information business empowers customers to make trading decisions with market information across key asset classes. The Post Trade Risk and Information division comprises:

- the portfolio risk services businesses, Reset and TriOptima, which identify, neutralise, remove and reconcile risk within trading portfolios;
- the portfolio analytics business ENSO;
- Euclid Opportunities, the early stage technology investment business;
- the transaction processing, reporting and risk monitoring business, Traiana; and
- the information and data sales business, IIS.

– Results for 2015/16, page 25 to 28

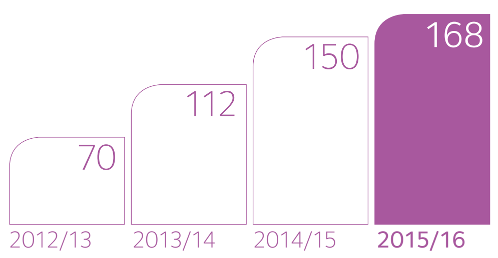
Services

- Trade confirmation
- Trade aggregation
- Portfolio compression and valuation
- Portfolio reconciliation and margining
- Risk mitigation
- Order and trade data
- Portfolio analytics
- Regulatory reporting
- Pre credit checking for the SEF community

Businesses

- TriOptima
- Traiana
- Reset
- IIS
- Euclid Opportunities
- ENSO

triReduce notional compression ($trillion)



Number of institutions using triResolve

22% ↑

Total triReduce compression since launch

$768trn

Global Broking

Market participants can use ICAP's voice and hybrid broking services to assess trading availability and successfully execute trades. Our brokers draw on market expertise and our suite of pre trade price discovery screens to identify potential trading interest, and in so doing create transparency, liquidity and facilitate the price discovery process. This is particularly important in markets where there is a wide range of potential transaction types and the number of parties willing to enter into certain transactions at any moment may be limited. We offer broking services for a wide range of asset classes including rates, FX, commodities, emerging markets, credit and equities.

– Results for 2015/16, page 29 to 30

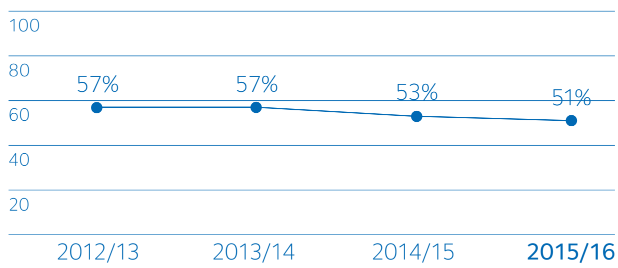
Asset classes

- Rates
- Commodities
- Emerging markets
- Equities
- FX and money markets
- Credit

Products

- Fusion
- SEF/i-Swap
- Scrapbook
- TrueQuote

Broker compensation ratio (% of revenue)



Growth in matching revenue

14% ↑

Broker compensation

51% ↓

Strategic report
Governance and directors' report
Financial statements
Definitions

GROUP CHIEF EXECUTIVE OFFICER'S REVIEW

Michael Spencer
Group Chief Executive Officer

The proposed sale of our global voice broking business is a significant moment in the history of ICAP. Looking forward, as a financial technology company, our ambition is to be the global leader in electronic OTC transactions and post trade services across all segments of the market.

Michael Spencer, Group Chief Executive Officer, discusses the past 12 months.

Q Which trends have had most impact on ICAP's market landscape in the past year?

A The global regulatory effort to improve the transparency, risk management and resilience of participants in the world's financial markets continues to impact the structure of our marketplace. The strategies and business models of ICAP's traditional bank customer base have changed in response to the requirements of Basel III, the Dodd-Frank Act in the US, EMIR in Europe and will continue to evolve with MiFID II and other new regulations as they come into force. Banks and other market participants are turning to technology to help them manage these challenges and the additional costs associated with them. Electronic trading is increasingly prevalent in both interbank and bank to customer markets and our customers are looking to use technology throughout the trade life cycle. Against this background of structural changes within wholesale financial markets and increased regulatory oversight and disclosure, our customers are seeking innovative products, greater liquidity and the best-in-class platforms and services. This presents an enormous opportunity for our business. At the same time, the issues created by over-capacity in the voice broking market have been apparent for a while and were a key driver behind the Transaction with Tullett Prebon.

Q Why is ICAP selling its global voice broking business?

A ICAP has a market-leading voice broking business. The roots of the Company are in voice broking which has been a driver of our success for more than 30 years. The volume of voice broking business across the market has, however, been shrinking for a number of years and the costs involved have escalated: it has been obvious for some time that the voice broking industry needs consolidation. That process began with the merger of BGC and GFI last year. The sale of our voice broking business to Tullett Prebon is a logical and a natural next step. The voice businesses have complementary strengths and the Transaction will create the largest global hybrid voice broking business by revenue. We believe this is the right move for our customers and for the future of the voice broking industry as a whole.

The Transaction will create a focused financial technology business. Electronic trading and post trade services provided the vast majority of the Group's operating profit this year, which is indicative of how the business and the wider marketplace have evolved. Our future is as a financial technology company, focused on electronic markets and post trade services. Our leading portfolio of products and businesses sits at the heart of financial market infrastructure and will be ideally placed to meet customers' changing requirements. We will be better positioned to go into new market segments with innovation and product development and will benefit from the increased demand made by regulators for post trade risk mitigation and electronic trading. For some time ICAP has been progressively diversifying from voice broking.

Since 2002, when we first invested in TriOptima, we have made strategic investments to develop the next generation of financial technology for the trading community. BrokerTec was one of the earliest of these investments back in 2003 and is now the world's leading electronic trading platform for fixed income markets. EBS is a leading electronic FX trading business with significant market share in many currencies. We established Euclid Opportunities specifically to nurture the growth of early-stage financial technology companies and the Euclid programme is going to be an increasingly important part of our future. My vision is to create the world's leading multi-product global electronic transaction network for OTC products and post trade services.

Q How is the Transaction structured?

A In November 2015, ICAP announced that we had entered into a Transaction which will, when completed, involve the disposal of our global hybrid voice broking and information business, including our associated technology and broking platforms (including i-Swap and Fusion), certain of our joint ventures and our associates (IGBB), to Tullett Prebon.

I will be the CEO of Newco and will be supported in this role by the strong management teams in place in both divisions as well as the current directors of ICAP plc. The CEO of Tullett Prebon, John Phizackerley, will be CEO of the enlarged Tullett Prebon. Newco will have a seat on its board, representing 10% of the vote. Our Global Chief Operating Officer, Ken Pigaga, will become their Chief Operating Officer and will be appointed to its board. All of these matters are subject to competition authority and regulatory approvals.

Q What are the benefits of the Transaction for ICAP shareholders?

A The ambition for Newco is to be the world's leading electronic platform for OTC transactions and post trade services to all parties: corporates, investment banks, universal banks, asset managers, hedge funds, high-frequency traders, sovereign wealth funds and central banks. ICAP's revenue from electronic trading and post trade services is already well diversified, with an increasing proportion coming from recurring business: 62% of post trade revenue came from subscriptions this year.

We will continue this strategy as we expand the potential market for these services through product development and greater penetration of geographic markets and customer segments.

On completion, it is expected that Newco will cease to be subject to consolidated regulatory capital requirements. The ICAP Group currently operates under a waiver from those requirements but, absent the Transaction, it is expected that the FCA would require significant capital to be retained or raised over a period of years to eliminate the consolidated capital deficit that otherwise exists. Based on an assessment of the information (including on legal advice) provided to the FCA by ICAP in relation to the projected balance of financial and non-financial business in Newco, the FCA has indicated that, following the Transaction, Newco will not be subject to prudential consolidation requirements.

During our negotiations both ICAP and Tullett Prebon found that we have much in common culturally, which will help with the integration of the two businesses. TP ICAP will have the scale required to deliver good margins while continuing to invest in its people and technology. It will benefit from products developed by ICAP including i-Swap, Fusion and Scrapbook. TP ICAP announced that it expected the savings from combining the two businesses to exceed £60 million annually.

> "Trading conditions continue to be challenging as a result of the macroeconomic environment but ICAP has continued to invest in products and services."

Q How has ICAP performed this year?

A For the year ended 31 March 2016, the Group reported revenue of £1,201 million, 6% below the prior year. On a constant currency basis, revenue from Post Trade Risk and Information was up 5% which was offset by decreases of 4% in Electronic Markets and 5% in Global Broking (excluding closed desks).

During the course of the year, the Group's trading performance was impacted by the ongoing combination of structural and cyclical factors including historically low and negative interest rates, low levels of volatility and bank deleveraging resulting in reduced risk appetite from bank customers. This was partly offset by the increase in trading activity in emerging market currency pairs on EBS Market, and greater demand for risk mitigation products such as triReduce and triResolve.

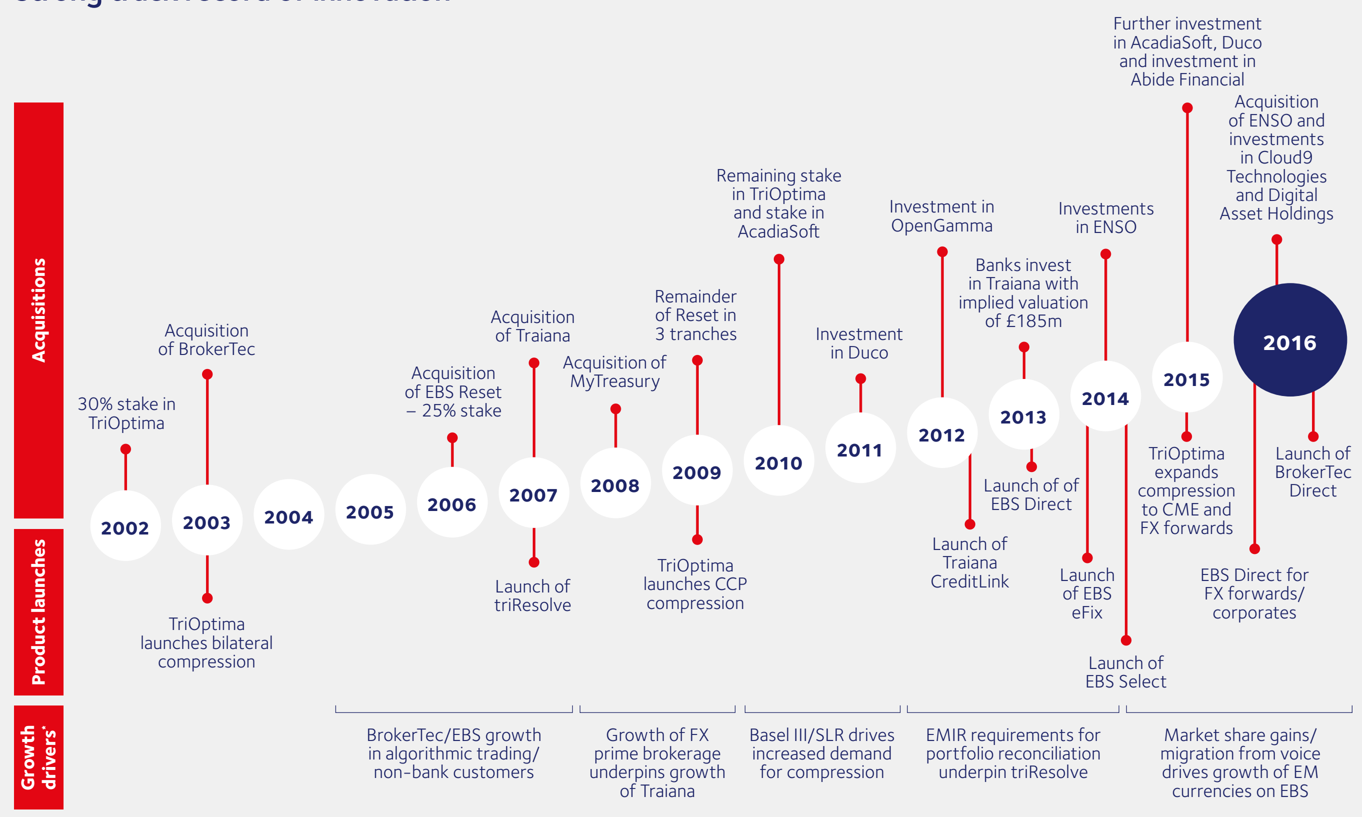
Consistent with the Group's growth strategy, ICAP continues to make significant investment in all divisions. During the year the Group invested £96 million in new business lines including forwards on EBS Direct, BrokerTec Direct and triResolve Margin.

The Group reported a trading operating profit of £221 million, 12% down on the prior year. The Group's trading operating profit margin reduced to 18% (2014/15: 20%). The decrease in the trading operating profit includes the negative impact of the year-on-year adverse movement from FX losses of £11 million. Excluding the FX loss, the trading operating profit reduced by 8% on the prior year. Additionally, the synergies achieved in the year from the 2014/15 cost savings programme were reinvested during the year in the development of new products and technological solutions across the businesses.

The proportion of the Group's trading operating profit generated from the Electronic Markets and Post Trade Risk and Information divisions increased to 79%, reflecting a 4 percentage point increase on the prior year.

Group trading profit before tax of £203 million and trading EPS (basic) of 24.6p were 11% and 14% down on the prior year respectively. Profit before tax was £89 million (2014/15: £95 million).

Strong track record of innovation



* Ranges are an approximation for the estimated start of each respective trend.

ICAP'S BUSINESS MODEL

ICAP has developed an efficient business model, concentrating on scalability in certain asset classes and geographies, based on organic growth.

Creating long-term value
ICAP provides trade execution platforms and technology-based workflow/risk mitigation solutions to the global financial markets. Our services connect market participants and facilitate the flow of money and assets safely through the systems needed to make economies work efficiently. We are focused on providing our customers with innovative products that enhance their efficiency, reduce their risk and improve their cost effectiveness.

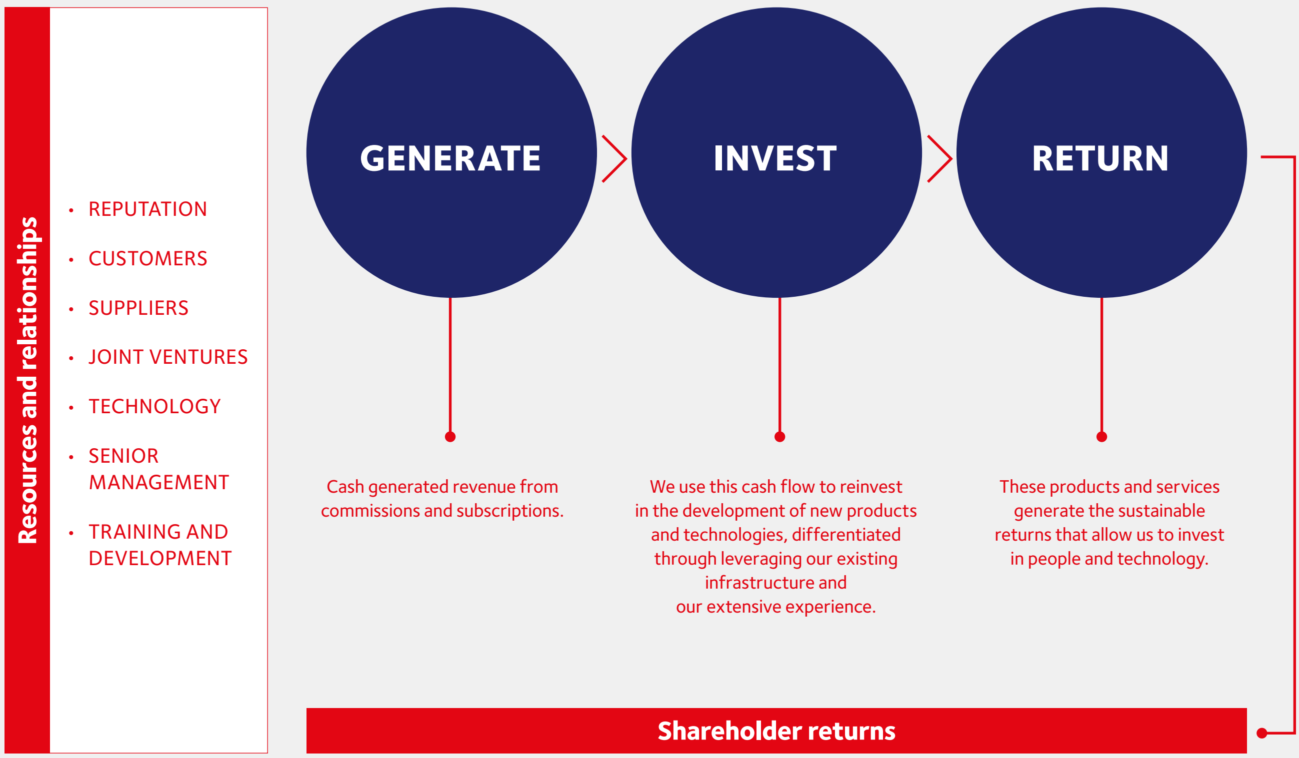
Our customers trust us to provide consistent and efficient access to the right product at the right price. The barriers to entry in this arena appear low, but our hard-won and rigorously maintained reputation gives us a competitive advantage.

Our reputation is founded on our people, their knowledge, their expertise and the culture in which they operate – all of which are driven from the very top. Our people are a vital asset in our business. The balance of skills needed is changing, with an increased emphasis on those with technical expertise, and we are ahead of this curve. Another of our major assets is the symbiotic relationship between our extensive understanding of the financial markets and their functioning and the deep technical expertise we have developed. Our ability to transfer this knowledge throughout the Group gives us a distinctive advantage.

We understand that trusted relationships are built through the best customer service combined with leading products. At the heart of what we do are our relationships with our customers and with the governmental organisations regulating the markets. These are mutually beneficial, with customers and officials looking to us for insight and advice and helping us to understand better the problems and issues in the market so we can tailor appropriate responses. We have also developed important relationships with the suppliers of our hardware and connectivity and close associations with those organisations with which we share our data, and with our joint venture partners. Our joint ventures provide us with access to specific regional expertise and also help us to meet local regulatory requirements.

ICAP has developed an efficient model, concentrating on scalability in certain asset classes and geographies. Our value creation process starts by being highly cash generative due to the rapid turnaround of fees in our high-volume trading activities. We use this cash flow to reinvest in the development of new products and technologies, differentiated through leveraging our existing infrastructure and our extensive experience. These products and services have higher margins, which generate the sustainable returns that allow us to invest in the people and technology which make it possible and to deliver returns to our shareholders.

Our value creation process



Q What other highlights has this year provided?

A This year's Charity Day was another tremendous success. We were proud to welcome Their Royal Highnesses the Duke and Duchess of Cambridge and other celebrity patrons of our chosen charities to our London office. The event raised £7.5 million supporting 200 charities globally, which is equivalent to approximately 4% of ICAP's full-year pre-tax trading profit. I would like to thank all those involved for their fantastic support. Since we began our Charity Day in 1993, ICAP has donated nearly £127 million to charities worldwide.

The ICAP Charity Day has become a fixture in the financial services industry calendar and I hope that it will become even bigger and better within TP ICAP. We will develop a brand-new charitable initiative for Newco.

"This year's Charity Day was another tremendous success and the event raised £7.5 million supporting 200 charities globally."

Q What is ICAP's dividend this year and the outlook for the coming year?

A The directors recommend a final dividend of 15.4p per share which will result in a full-year dividend of 22.0p per share (2014/15: 22.0p). If approved, the final dividend will be paid on 22 July 2016 to shareholders on the register at the close of business on 1 July 2016. The shares will be quoted ex-dividend from 30 June 2016.

Despite ongoing subdued market conditions this has been a year of good progress and positive strategic change for ICAP. Trading activity since the start of the new financial year, however, continues to be challenging. The ICAP board is confident that the transformation of the Group and the continued investment in new products and technology will result in long-term growth and improvement in profitability driving sustained shareholder value creation.

ICAP has grown and flourished over its 30 year history into the successful leader that it is today and our 30th anniversary is a poignant moment for me personally. But we all must be prepared to change and I am excited about the future opportunities for both Newco and TP ICAP.

As ever, I am grateful to and would like to thank our employees for their commitment and hard work in this year of change. I know their efforts will propel the business to even greater success in the coming years.

Michael Spencer
Group Chief Executive Officer

STRATEGIC PRIORITIES

Progress of strategic priorities

Expanding our addressable market

- Spot FX average daily volume on EBS Direct reached an average of $20 billion during the final quarter of the 2016 financial year, up 37% year-on-year and from an increasingly diverse range of currencies.
- The launch of forwards on EBS Direct in December 2015 achieved a major strategic milestone by providing access to the huge FX forwards market. Offering both spot and forwards is a common requirement in the corporate treasury market, where EBS Direct should benefit from the deep relationships established through the EBS Treasury money market funds platform.
- The completed acquisition of ENSO will further strengthen relationships with the prime broker market and their hedge fund customers, where ENSO provides inventory management and data analytics tools.
- Global Broking continued to invest in its Fusion distribution platform and mid-market matching.

Seizing opportunities created by regulatory change

- TriOptima announced the launch of triResolve Margin, a web-based, automated end-to-end margin processing solution which will help customers comply with the new regulatory requirements for margining uncleared OTC derivatives that come into effect from September 2016.
- TriOptima's new centralised risk analytics service, triCalculate, uses state-of-the-art computing to provide counterparty credit risk analytics, meeting the increasing demand for independent OTC valuations.
- Post Trade Risk and Information has made a series of enhancements that significantly expand its existing suite of regulatory services to offer customers an end-to-end menu of products which meet MiFIR/MiFID II cross-asset reporting and processing obligations.
- Post Trade Risk and Information recently announced the creation of its own Approved Publication Arrangement service to satisfy pre and post trade transparency requirements for venues.
- EBS BrokerTec's eFix Matching solution meets the FX market's requirement of a central utility for benchmark execution. Customers can access a central pool of liquidity to execute against daily benchmark rates (or fixes) by netting off buys versus sells prior to the fix calculation window. Volume has increased by 260% year-on-year.

Leveraging into growth markets

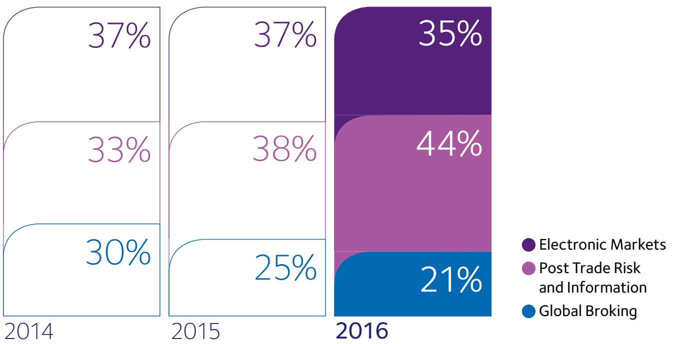
- The average daily volume on EBS NDF reached $5.6 billion during the final quarter, up 54% year-on-year. Volumes are becoming more diversified across an increased number of Asian currencies. The migration of one-month Asian NDFs from voice broking to electronic platforms continues. The launch of Latin American NDFs on EBS creates another large opportunity.
- Average daily CNH volume reached $7.0 billion during the final quarter of the year, up 55% year-on-year. The positive trends in market share growth and voice to electronic migration have continued.
- In March 2016, Chinese government-backed broking business CFETS selected EBS to build its next generation electronic trading platform for FX and fixed income.
- In March 2016 we successfully completed a proof of technology test case for a distributed ledger using blockchain technology.

Reinforcing our culture

- We conducted a survey of the quality and effectiveness of our internal communications. A key finding was the high level of trust and confidence employees have in the Company and its leadership. This played an important part in enabling us to grasp the opportunity created by the Transaction.
- Our Group leadership programme has been extended to include all those with responsibility for managing people and for senior technical specialists, ensuring that our strong culture is understood and reinforced.
- A programme is underway to ensure that everyone joining the Company understands and is aligned to our culture through customised pre-employment screening. All our training and development will emphasise our approach to conduct and how we interact with our colleagues and customers, including online training focused on real conduct risk situations.

KEY PERFORMANCE INDICATORS

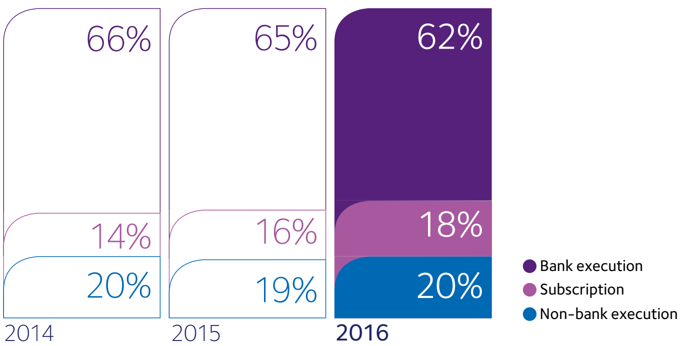
Trading operating profit by division



Definition
Trading operating profit split between ICAP's divisions of Electronic Markets, PTRI and Global Broking.

Performance
ICAP's long-term strategy is to grow the Electronic Markets and PTRI divisions. 2015/16 saw the Electronic Markets and PTRI contribution to the Group's trading operating profit increase to 79%, their highest contribution in the Company's history.

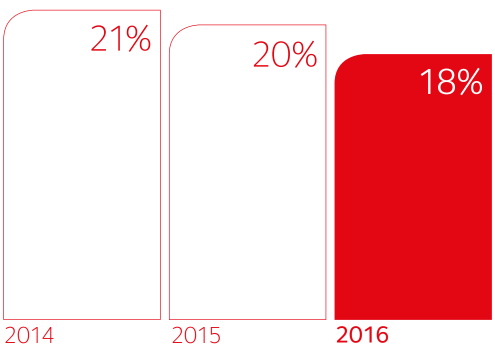
Source of revenue



Definition
Percentage of ICAP's revenue derived from bank and non-bank transaction revenue and total subscription fees.

Performance
ICAP aims to reduce the volatility of earnings through growth in businesses whose revenue is less susceptible to fluctuations in market volumes. Bank execution remains ICAP's largest revenue contributor but 2015/16 saw it reduce to 62%. Subscription revenue continues to increase its share of ICAP's revenue reflecting the continued growth in our PTRI division which generates a majority of its revenue through recurring subscription-fee income sources.

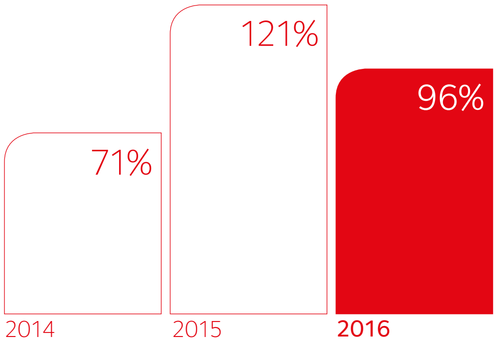
Trading operating profit margin



Definition
Trading operating profit divided by revenue from trading operations.

Performance
The Group's overall trading operating profit margin fell by 2 percentage points to 18% reflecting increased investment in the year. The full-year operating profit margins of the Electronic Markets and PTRI divisions were 30% and 40% respectively.

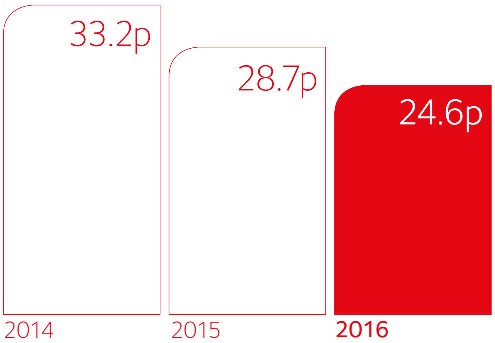
Conversion of trading profit to cash



Definition
Conversion of trading profit to cash is calculated as cash generated from trading operations, excluding acquisition and disposal costs, exceptional items and short-term timing differences in working capital arising from unsettled matched principal trades less cash flows from operations relating to non-controlling interests, interest, tax and capital expenditure, plus dividends received from associates and investments, measured as a percentage of trading profit. The prior year comparatives have been represented to exlude short-term timing differences in working capital arising from unsettled matched principal trades.

Performance
The Group's business model efficiently converts trading profit into cash and we expect a 100% conversion over the medium to long term. The 96% conversion in the year is in line with the expectation over the medium term.

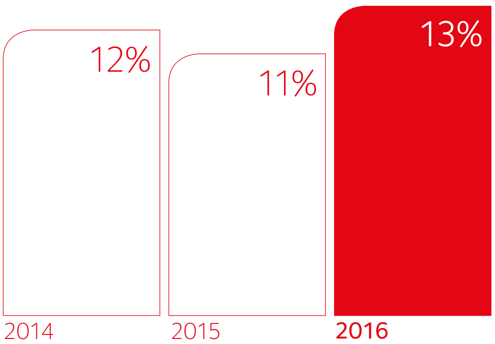
Trading EPS (basic)



Definition
Trading EPS (basic) is the profit after tax attributable to the equity holders of the Group divided by the weighted average number of shares in issue during the year, excluding shares held to satisfy employee share plans and shares purchased by the Group and held as Treasury Shares.

Performance
Trading EPS (basic) fell this year to 24.6p, largely reflecting a decrease in the trading profit before tax and an increase in ETR.

Technology cash spend as a percentage of revenue



Definition
Cash expenditure on the maintenance and development of information technology as a percentage of total revenue. Prior year comparatives have been restated to reflect change in methodology to account for cash only spend in the year.

Performance
Technology spend as a percentage of revenue was 13% in 2015/16, in line with the Company's long-term trend. The increase in the year primarily relates to increased investment in the Electronic Markets and PTRI divisions.

RESOURCES, RELATIONSHIPS AND RESPONSIBILITIES

Our investment in our people and culture supports the success of our business. We build long-term relationships and are committed to the highest standards in everything we do.

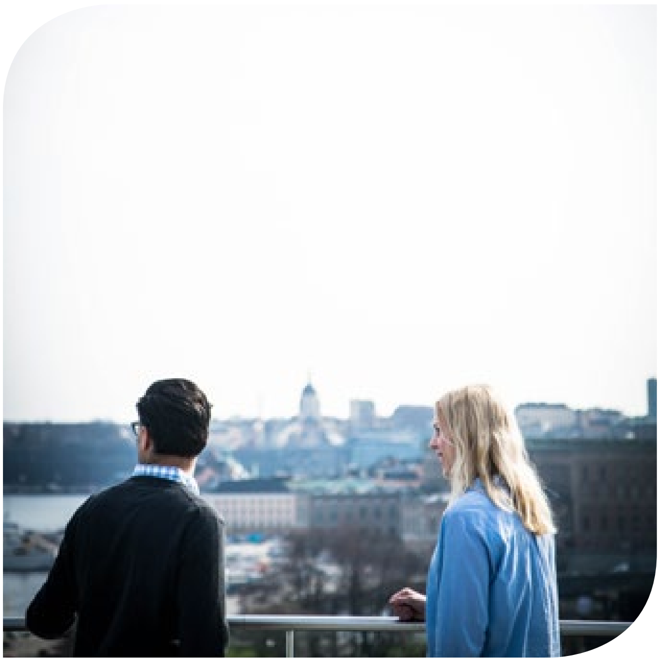
DEVELOPING OUR RESOURCES

Diverse people

ICAP employs more than 4,200 people in 32 countries. We recognise that our success depends on the quality of our people. We make a significant investment in training to develop the capabilities of our people and ensure that each employee is aware of their responsibilities.

We bring talent into our businesses including through our graduate recruitment programme, internships and apprenticeships. Our approach to recruitment at all levels is focused on identifying people who can help drive outstanding business performance. These individuals combine integrity with the ability to deal with constant change.

We aim to appeal to a broad range of people from diverse backgrounds, as having a mix of skills and experiences within teams improves adaptability and agility. The lack of women in senior roles within the financial services industry is well documented. The appointment of Jenny Knott as Chief Executive Officer, Post Trade Risk and Information to the GEMG has increased the diversity of our senior leadership team. The gender balance of our board, however, has been affected by the resignation of our only female non-executive director; we plan to address this as we review the composition of the board following the completion of the Transaction.



Gender ratio	Male		Female	
All employees	3,068	72%	1,075	25%
Board of directors	6	100%	0	0%
Senior management	60	82%	13	18%

128 employees are categorised as undisclosed.

A strong culture

Our ability to adapt to change in our markets and our business is a direct result of our culture. Principles of professional conduct are the foundation of our culture and underpin what makes us unique as a business. These principles are reinforced through regular training, monitoring and reporting to the board. The board and senior management set the 'tone from the top', which is supported by strong messages about expected standards of behaviour.

As part of the project that began last year, we are redefining our corporate values and the behaviours that support them. We have consulted our management teams, employees and customers as part of this process. Once formalised, these values and behaviours will be embedded and reinforced within our organisation through leadership, governance, communication, talent management and compensation.

We value the views of our employees and this year launched a new internal communications programme to increase engagement with them. The response rate from our employees to a survey on topics including strategy, leadership and communications was well above industry benchmarks and has led to changes in how we communicate with employees to provide the right messages.

World-class technology

Our customers have access to world-class technologies that match their requirements. Our position as a leading provider of market infrastructure to the global financial sector has been achieved through significant investment in technology over many years. During 2015/16, we spent £159 million on technology.

We maintain our systems to make sure they are stable, up to date and anticipate the greater reliance on electronic trading that is emerging in response to regulatory change around the world. An increasing proportion of our capital expenditure is used for innovation. We operate technology research and development hubs in New Jersey, Stockholm and Tel Aviv and also work with external suppliers.

The threat of cyber attack is ever evolving in sophistication and scope. We continue to enhance the security of our global systems to mitigate this risk.

Long-term relationships

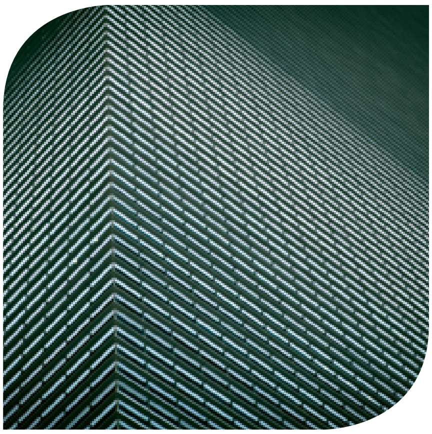
We build trust with our customers, partners, investors and regulators. We engage with our stakeholders in an open and co-operative way. This transparency encourages the growth of mutually rewarding long-term relationships.

With customers

A key strategic priority is to expand and diversify our customer base outside our traditional areas. We know that customer experience is ultimately the most important driver of our brand reputation and strength. Our customers rely on us to provide them with insight into the marketplace and to use our expertise to their advantage. They require us to be absolutely trustworthy and professional in everything we do.

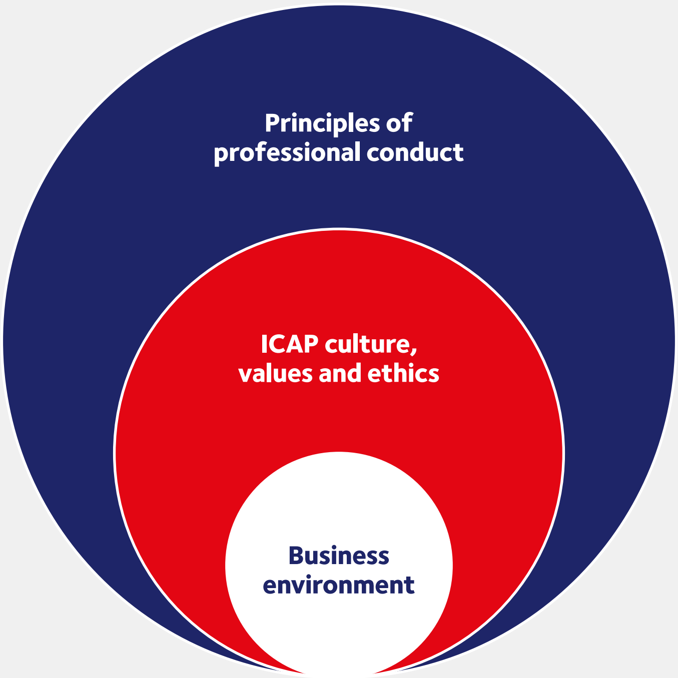
With governments and regulators

We work with governments and regulatory authorities to maintain a current and detailed understanding of the legislation and regulation that affect us and our customers. These relationships give us insight into the policy process and enable us to respond efficiently to change.



What is our culture?

Our culture is underpinned by our commitment to the highest standards of professional conduct.



With joint venture partners and associates

We have formal relationships with a number of organisations around the world that offer specialist products and services to customers. These relationships give us access to specific regional expertise and also help us to meet local regulatory requirements. In addition, we have several associated companies providing a wide range of services.

Doing business responsibly

We aim to do business in a socially responsible way and contribute to the communities we are part of.

Maintaining standards

We are committed to the highest standards in our business.

As a key part of the global financial infrastructure, we adhere to both the spirit and the letter of the law within our control, compliance and assurance environment. Our compliance and control risk infrastructure includes trade surveillance, communications monitoring, comprehensive training and a whistleblowing hotline.

We have a Code of Ethics and Business Conduct policy which is approved by the board. Clear ethical guidelines are issued to all Group companies. Compliance with these guidelines is monitored by the Audit Committee and through internal audit procedures. There is a zero-tolerance attitude towards money laundering, bribery and corruption. A programme of internal training is in place to ensure all employees are aware of these policies.

We promote equal access to jobs and promotion opportunities as we believe that differences in background and outlook are key to creating a healthy and dynamic organisation. We expect our employees and all those who work with us to show tolerance, respect and dignity for all. No employee, applicant, contractor or temporary worker is treated less favourably, victimised or harassed on any grounds. Consideration is always given to human rights principles as part of our working practices.

The Group's health and safety policy is approved by the board and owned by the Global Chief Operating Officer. Regional health and safety committees ensure there is an effective structure for delivering compliance with the policy. It is the responsibility of managers to provide a healthy and safe working environment for employees. As most of our employees work in office environments, there are no significant areas of risk on which to report.

Reducing environmental impact

Our environmental policy is approved by the board and owned by the Group Finance Director. Most of our greenhouse gases arise from the running of our offices and employee travel commitments. We mitigate our total carbon emissions through investment in carbon reducing projects.

Emissions associated with electricity consumption decreased from 18,144 tonnes of CO_2e during 2014/15 to 14,685 tonnes of CO_2e in 2015/16, a favourable drop of 19.1%. Emissions from air travel decreased by 2.5% from 5,055 tonnes of CO_2e during 2014/15 to 4,930 tonnes of CO_2e in 2015/16.

	Tonnes of CO_2e		
Year-on-year comparison	**2015/16**	2014/15	change (%)
Emissions from:			
Scope 1*	**276**	441	-37.4
Scope 2**	**14,685**	18,144	-19.1
Scope 3***	**12,977**	12,970	0.1
Total	**27,938**	31,555	-11.5
Intensity metric: tonnes CO_2e / FTE	**6.3**	6.57	-4.1

* Scope 1 includes direct greenhouse gas emissions from sources owned or controlled by the Company, such as natural gas combustion and company-owned vehicles.
** Scope 2 accounts for greenhouse gas emissions from purchased electricity, heat and steam generated off-site.
*** Scope 3 includes all other indirect emissions such as waste disposal, business travel and employee commuting.

Total emissions per full-time (FTE) employee reduced from 6.57 tonnes of CO_2e in 2014/15 to 6.3 tonnes of CO_2e in 2015/16.

These estimates were provided by Natural Capital Partners, an environmental consultancy. Natural Capital Partners' assessment was carried out in accordance with the Greenhouse Gas Protocol Corporate Accounting and Reporting Standard. Responsibility for emissions sources was determined using the operational control approach.

Working for society

Our business performs a useful role in society:

- by contributing to the stability and prosperity of economies by helping governments and companies to raise capital and manage risk;
- by supporting the efficient functioning of global markets by providing transparency for customers and helping to maintain the liquidity of markets; and
- as a leader in electronic trading in OTC markets, we are helping to make markets safer by enabling greater use of technology.

Although we have a small direct footprint in terms of social and community issues, we recognise that our behaviour and activities can have a positive effect. Our annual Charity Day raises money for charities worldwide. We also support employees wishing to volunteer.

CHARITY DAY

ICAP Charity Day
Since 1993, ICAP Charity Day has brought together our employees, customers and suppliers globally to raise money for good causes.

Giving 100%
On Charity Day, we donate 100% of our revenue and brokers' commissions globally to charity. Each division and more than 65 ICAP offices around the world participate. The impact the day has is phenomenal.

Charity Day is a day unlike any other. Employees swap suits for fancy dress. Visiting celebrities keep spirits high and lend a hand to help close transactions. Charity Day gets tremendous support from the market too, with customers working closely with ICAP on the day.

This global initiative has a local focus. We invite employees to nominate their favourite charities and each regional centre decides which charities benefit. ICAP prefers to work with small organisations where our contribution will make a big difference. This year we supported 200 charities around the world. Our policy is to help different charities each year.

Our 2015 Charity Day raised £7.5 million/US$11.3 million. Altogether, since it began 24 years ago, ICAP Charity Day has contributed nearly £127 million across more than 2,000 charities worldwide.

www.icapcharityday.com

Watch the highlights of Charity Day 2015 at
www.icapcharityday.com/2015-video

www.facebook.com/ICAPCharityDay

www.twitter.com/ICAPCharityDay

STRATEGIC REPORT

RISK MANAGEMENT

Wendy Phillis
Chief Risk and Compliance Officer

During the past financial year our risk and compliance focus has included the strengthening of our capability to manage emerging technology risks, including cyber risk, managing the risks of strategic change and the further embedding of employee conduct and responsibilities within the organisation.

Looking forward to 2016/17 the risk focus will be on:
- monitoring market conditions, especially the impact of oil prices and considerations of a potential UK exit from the EU;
- identifying growth and business opportunities through the implementation of regulatory changes such as MiFID II;
- managing the change risks associated with the Transaction;
- further enhancing of our risk capital modelling; and
- enhancing risk management's business intelligence capability.

ICAP's risk profile

ICAP recognises nine core risk categories: strategic, operational, liquidity, reputation, credit, legal and regulatory, cross-risk, market and financial. ICAP's profile of these risks is continually evolving, driven by:

- changes in the markets within which we operate;
- ICAP's strategies and business objectives; and
- ICAP's business/operating models.

ICAP seeks to generate attractive returns through informed risk taking and robust risk management. As such the effective management and control of both the upside of risk taking and its potential downside is a fundamental core competency of the Group.

Protecting revenue and reputation

The Group does not intend or expect to take material losses during the ordinary course of its activities. This is because of its fee and commission earning business model which is predominantly based on customer activity and usage of its services. ICAP does not wish to expose itself to material credit or market risks and does not intentionally hold or deal in assets that stay on its balance sheet for any longer than the normal settlement cycle on the occasions when it is involved in matched principal or exchange-traded broking. The Group proactively seeks to invest in, and develop, innovative products and services.

Risk appetite

The board sets and monitors risk appetite through the nine core risk categories. Each year ICAP's risk appetite statements and respective limits are set alongside its strategic plans, recognising the key drivers of the risks ICAP expects to face as a Group in the coming 12 months.

The board has overall responsibility for the governance of ICAP's risk management and ensures there are adequate and effective internal systems of control with clear responsibilities for the setting of risk appetites, the identification and assessment of risks, their monitoring, reporting and mitigation.

Strategic change

ICAP engages in diverse operations in a complex, often regulated environment and recognises that material changes to and/or expansion of any our businesses present opportunities and risks. The Group allows business divisions and Group functions autonomy to pursue initiatives and to be entrepreneurial. We recognise, however, the need for assessment and, where necessary, additional review, approval, and transparency to Group management to ensure strategic, operational and risk alignment within the Group.

The largest strategic change for the Group this year is the Transaction with Tullett Prebon. Our ability to manage this strategy and execute the operational changes is a key competency of the Group and a focus of risk management. The Group's significant business initiative approach requires that the Group's principal risks and impacts on our risk appetite are explicitly considered as a part of strategic transactions. The assessment of these risks and the mitigation of them through the change process has been a key focus of the Group during 2015/16 and will continue throughout the coming year.

Risk management framework

ICAP's risk management framework identifies, assesses, monitors, reports and mitigates the risks that could impact the ability to execute our strategy and meet our stakeholders' expectations. To ensure a consistent risk management approach globally, the framework is used across all risk disciplines with the following pillars:

- **Governance:** in addition to appropriate governance at all levels of the Group, as detailed in the corporate governance statement, this pillar incorporates risk appetite responsibilities, the completeness of our risk taxonomy, roles and responsibilities within three lines of defence and the continued fostering of the corporate risk management culture. The governance model provides the structure for the assessment of the sustainability of the ICAP business model, capital adequacy and the capability of the Group to withstand and react to extreme events. These assessments are described in more detail in the principal risks table on pages 18 and 19 and set the basis of the viability statement on page 58.
- **Policy and methodologies:** clear, principle-based policies for our risk types reflecting the board's risk appetite, supported by clear standards for the identification, evaluation and treatment of risk.
- **Operating requirements:** these include the procedural guidance for the effective execution of our risk policies, organisational responsibilities, design and use of our risk management systems and reporting and escalation of risk.

Three lines of defence

The Group's governance structure is designed such that the business is the first line of defence, the risk management and compliance departments the second line of defence with internal audit as the third line of defence.

- **First line of defence:** the business is responsible for the identification, control and management of its own risks.
- **Second line of defence:** risk management and compliance ensure that well designed risk and compliance frameworks are in place to facilitate risk management responsibilities and provide independent oversight and challenge of the execution and risk profile of the business.
- **Third line of defence:** internal audit provides independent testing and verification of business line compliance as well as assurance that the risk management process is functioning as designed.

A key aspect of the three lines of defence model is that senior management, in particular those with responsibility for front office, support functions and Group functions, have full accountability for the management of the risks in their specific businesses. This is done within the limits and the control environment established by the Group.

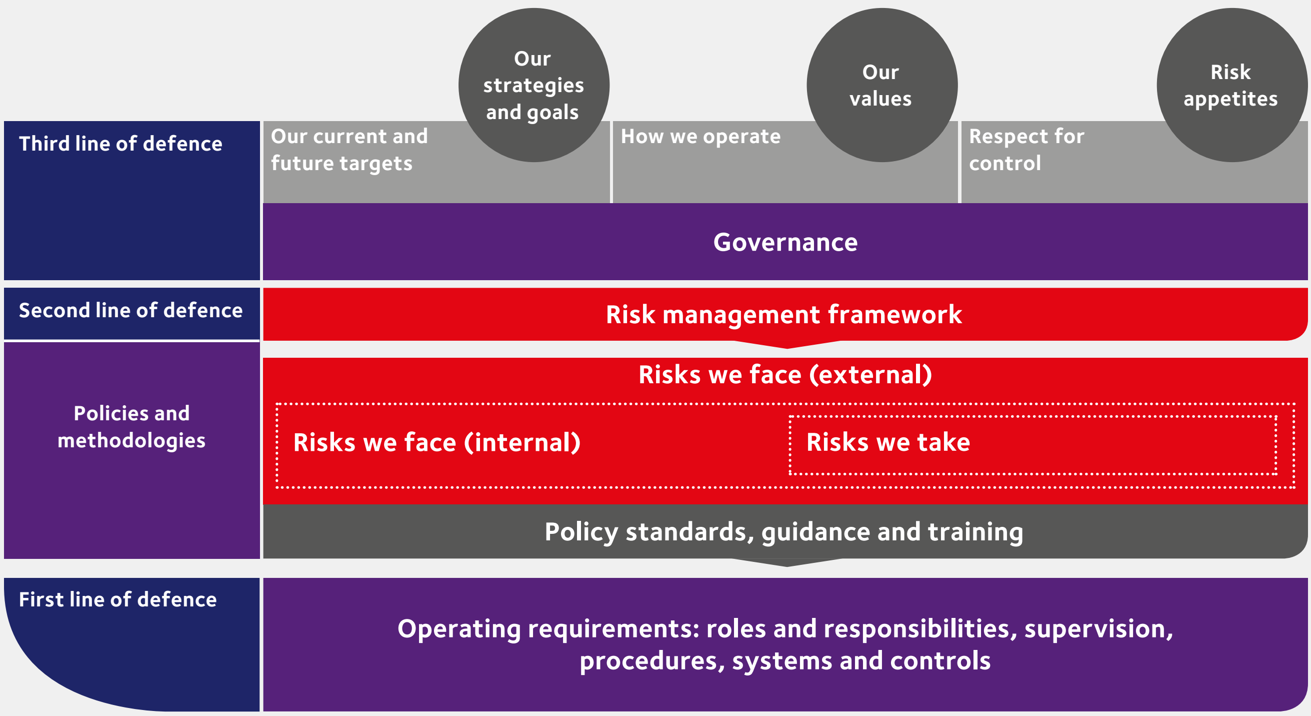
All staff and managers are required to take a prudent approach to risk taking and to review regularly the effectiveness of their control environment and compliance with the Group's risk appetite. The Group's risk management processes are dynamic, reflecting changes in the Group's strategies and the external risk drivers in the global market in which it operates.

Cyber security

A global upsurge of cyber attacks in recent years has received much attention in the press as well as in boardrooms. Private individuals, government entities and commercial enterprises have been among the victims. Attacks are perpetrated by a variety of malicious parties, from 'hacktivists' to organised criminals to state-sponsored entities.

ICAP is very aware of the threat this poses to its business and the evolving landscape, with the board and executive management devoting time and attention to cyber risk management. ICAP maintains active links with peer associations and appropriate government agencies to keep abreast of developments and has timely access to cyber threat intelligence. Supporting this network, a new framework has been developed and adopted across ICAP to actively monitor and manage these risks with formal monitoring a part of the standard risk management activity.

ICAP's risk management framework



Strategic report
Governance and directors' report
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Definitions

The following table summarises the risks of principal importance to ICAP over the financial period, our appetite, their drivers and key mitigating actions. These principal risks are monitored and assessed throughout the organisation and at the Risk Committee, via the Group's risk appetite approach.

Additionally, stress testing of the sustainability of ICAP's business plan is undertaken through the assessment of extreme impact events/tail-risk events to provide an understanding of those risks that have the potential to make the business model unviable.

Principal risk type	Importance to ICAP	Key drivers	Mitigation
Strategic risk			
The risk arising from inappropriate strategic decisions that fail to reflect the full business operating environment, and/or full impacts on execution, or fail to adequately or timely identify changes to the business model.	To ensure ICAP remains competitive in its chosen strategic markets, identifying and optimising commercial opportunities requires ICAP to assess the risks, rewards and costs associated with each. Strategic risks generally manifest over a medium time frame allowing corrective proactive management. **Appetite:** ICAP will innovate and grow through considered initiatives and acquisitions that are scalable, experience positive switching/network effects or show a competitive advantage.	Regulatory landscape impacting our business or our customers' businesses. Commercial/market conditions. Internal business/operating model.	Business case and risk assessment of significant business initiatives. Defined product, country and customer strategies. Surveillance of market, regulatory landscape and customer demand. Risk scenario contingency planning.
Operational risk			
The risk of loss resulting from inadequate or failed internal processes, people and systems, or from external events.	While ICAP's reputation is built on strong execution of service, ICAP actively identifies, monitors and controls the risk that its people, processes or systems fail leading to a reduction in the quality of service to our customers and an increase in our operating costs. Operational risks could manifest themselves across any time frame. **Appetite:** ICAP will take measures to identify and proportionally manage operational risk to a desired level through mitigating systems, processes and controls, but recognises operational risk is inherent in its business activities.	Internal business/operating model. External threats. Market conditions.	The Group maintains an operational risk framework, with independent risk function oversight. Timely escalation and mitigation of risk events. Provision of training and guidance. Information security breach monitoring. Cyber security programme, including penetration testing. Critical technology monitoring. Risk scenario contingency planning.
Liquidity risk			
Liquidity risk is the risk that the Group or any of its entities do not have sufficient liquid resources or are unable to deploy such resources to meet their actual or potential obligations in a timely manner as they fall due.	ICAP has short-term liquidity requirements arising from settlement and clearing arrangements, in the form of collateral and margin requirements for clearing houses or financial institutions providing clearing access. It is possible large liquidity demands may arise on the same or next day, due to reasons beyond ICAP's direct control. The Group ensures adequate liquidity resources are maintained to meet these requirements in support of its trading activities. Longer-term requirements arise in relation to the timing of the Group's operating cash inflows against outflows, principally for capital expenditure and dividends. The Group maintains a diversified funding base with sufficient committed headroom to forecast requirements. **Appetite:** ICAP will have sufficient financial resources to ensure there is no significant risk that it is unable to access and utilise these resources to meet financial obligations as they fall due.	Operational risk. Credit risk (events). Operating/business model.	Periodic reviews including going concern assessments. Use of financial institutions for clearing access. $250 million of committed liquidity held centrally for same and next day utilisation. Contingency funding arrangements and procedures in place.

Principal risk type	Importance to ICAP	Key drivers	Mitigation
Reputation risk			
The risk that the Group fails to meet expectations of stakeholders, is unable to build or sustain relationships with customers, incurs regulatory censure or experiences more costly access to funding sources.	ICAP remains focused on maintaining and constantly strengthening relationships with shareholders, customers, regulators, lenders, clearing and settlement providers, market infrastructure providers and employees. Reputation risk can manifest over the near term with long-term impacts. **Appetite:** ICAP will adhere to its core values and fulfil its corporate responsibilities by ensuring it acts responsibly, ethically and with integrity.	Operational risk. Regulatory risk – conduct risk. Strategic risk.	Active assessment via investor relationship surveys, media surveys and employee statistics. Culture and conduct initiatives.
Credit risk			
The risk of a financial loss due to the failure of a customer to meet its obligation to settle outstanding amounts.	While ICAP enters into transactions only when executing on behalf of customers, providing customer access to clearing, or provides additional fee-based services to customers, there does exist short-term credit exposure prior to clearing and settlement, and outstanding receivables risk that ICAP manages. **Appetite:** ICAP will only engage in activities which it believes will not result in loss due to significant credit risk.	Market conditions. Counterparty credit worthiness.	Counterparty due diligence. Credit assessments and limits. Risk scenario and stress contingency planning.
Legal and regulatory risk			
Legal risk can arise from defective transactions, failing to take appropriate measures to protect assets, changes in law and/or breach of law or acceptable practice, and claims, resulting in a liability or loss to a company(ies) within the Group. Regulatory risk is the risk of material loss, regulatory sanction, or reputational damage arising from the failure to comply with relevant regulatory requirements.	ICAP operates in multiple jurisdictions and remains focused on ensuring it recognises and respects the rules and laws to which it is held. ICAP also recognises that the conduct of the Group and its employees is of paramount importance to its strategic aims and reputation. Legal and regulatory risk can manifest over the near term and long term. **Appetite:** ICAP will have in place processes, controls and frameworks to comply with legal and regulatory requirements and will use appropriate external legal advisors for contentious matters and litigation. For the avoidance of doubt, ICAP has no appetite for material legal or regulatory breaches.	Multiple and dynamic regulatory regimes. Regulatory risks – conduct risk.	ICAP has internal legal and compliance departments which act as independent advisory and investigation functions to enable and defend the Group's strategic aims. Both legal policies and compliance risk management frameworks strengthen this defence. Advice is taken regularly from appropriately qualified external advisors and professionals. Training is provided to staff on an ongoing basis. Culture and conduct initiatives.

In addition to the principal risks, the Group also recognises, and actively manages the following Group risks:

Other Group risks	Importance to ICAP	Key risk drivers	Mitigation
Cross risk			
The risk that the Group and its divisions fail to maintain its commercial targets due to either internal or external factors.	In support of achieving its commercial targets, ICAP works diligently with all stakeholders to identify threats and opportunities. **Appetite:** ICAP will monitor its internal and external environment in order to maintain stable and robust financial performance over the long term.	ICAP's credit worthiness. Market competition.	Predictability of earnings – discipline is applied to existing financial performance and new business proposals. Maintenance of ICAP's external credit rating.
Market risk			
The risk of losses in on and off-balance sheet positions arising from adverse movements in market prices.	ICAP does not actively take market risk. Where it does arise this is due to failures in our expected business processes, systems or human error. As such it is identified and treated as operational risk. **Appetite:** ICAP will not engage in proprietary trading or actively seek market exposure and will actively reduce any incidental market exposure resulting from its activities as soon as reasonably practicable.	Volume and complexity of trade booking. Market movements/ liquidity.	Monitoring and timely mitigation of unmatched positions. Exposure modelling.
Financial risk			
The risk that the Group is exposed to significant losses due to adverse movements in interest and exchange rates.	Interest rate risk from the Group's exposure to rate fluctuations on cash balances and borrowings. Currency translation risk arising from the conversion of foreign currency results to pound sterling for the preparation of ICAP plc's consolidated financial statements. Currency risk for the Group's entities arising from transactions, assets or liabilities denominated in a foreign currency for an individual entity. **Appetite:** ICAP will manage its financial risks in accordance with approved policies for the Group.	Market rates. Trading volume. Geographic profile. Regulatory and working capital requirements.	Details of the Group's management of interest rate and currency risks are contained in notes 9 and 27 to the financial statements. Established Group policies for the management of interest rate and currency exposures. Long-term debt raised with fixed rates with the option to swap to variable rates. Quarterly review of currency exposures and hedging levels.

While facing the same inherent risks to which the Group as a whole is exposed, the business models, markets and risk profiles of the divisions are unique. ICAP's risk management and governance frameworks are designed to support the top-down assessment of risk for the Group, as well as supporting relevant business decision making and risk management of the revenue generating entities.

Each division is responsible for the management of its risks. The risk and compliance functions provide independent oversight and subject matter challenge to the first line of defence in support of its risk management responsibilities.

The key risks faced by each division in the 2015/16 financial year are set out below:

Business risk drivers	Key changes	Risks
Electronic Markets		
Relationships – customers, employees. Infrastructure (including for clearing and settlement, IT). External cyber security threats. Regulatory licences. Short-term credit exposure to customers prior to clearing. Liquidity to settle trades and meet margin calls.	New products/hybrid/exchanges. Stressed market conditions. Regulatory landscape. Protect and grow market share.	Strategic/reputation risk – failure to deliver existing or new products, competition. Operational risk – failure in its technology provision to customers. Operational risk – failure of cyber security measures to withstand external attacks. Credit/liquidity risk – material intra-day liquidity demands for settlement/margin. Legal and regulatory risk – maintaining and receiving licence to operate in chosen jurisdictions.
Post Trade Risk and Information		
Relationships – customers, employees. Infrastructure (including IT). External cyber security threats. Regulatory licences.	Volume growth. New product development. Regulatory landscape – MiFID II.	Operational risk – failure to manage market and customer data, and/or batch processes completely, accurately and/or timely. Operational risk – failure of cyber security measures to withstand external attacks. Reputation risk. Legal and regulatory risk – upstream requirements e.g. MiFID II.
Global Broking		
Relationships – customers, employees. Infrastructure (including for clearing and settlement, IT). External cyber security threats. Regulatory licences. Short-term credit exposure to customers in the settlement cycle (typically <T+3 days). Liquidity to settle trades and meet margin calls. Market data infrastructure.	Stressed market conditions. Focus on niche products/markets. Cost management. Internal consolidation.	Strategic risk – market consolidation, reducing margin. Operational risk – failure of cyber security measures to withstand external attacks. Credit/liquidity risk – material intra-day liquidity demands for settlement/margin. Credit risk – stressed market conditions. Legal and regulatory risk – upstream requirements e.g. MiFID II, conduct risk.

RESULTS FOR 2015/16

ICAP has invested in electronic platforms and post trade, developing its products and services to remain at the forefront of our customers' needs.

Headline financial performance

	Year ended 31 March 2016 £m	Year ended 31 March 2015 £m	Change %
Revenue	1,201	1,276	(6)
Trading operating profit	221	252	(12)
Trading profit before tax	203	229	(11)
Profit before tax	89	95	(6)
	pence	pence	
Trading EPS (basic)	24.6	28.7	(14)
EPS (basic)	10.5	13.0	(19)
Dividend per share	22.0	22.0	–

SUMMARY

For the year ended 31 March 2016, the Group reported revenue of £1,201 million, 6% below the prior year. On a constant currency basis, revenue from Post Trade Risk and Information was up 5% which was offset by decreases of 4% in Electronic Markets and 5% in Global Broking (excluding closed desks).

During the course of the year, the Group's trading performance was impacted by the ongoing combination of structural and cyclical factors including historically low and negative interest rates, low levels of volatility and bank deleveraging resulting in reduced risk appetite from bank customers. This was partly offset by the increase in trading activity in emerging market currency pairs on EBS Market, and greater demand for risk mitigation products such as triReduce and triResolve.

Consistent with the Group's growth strategy, ICAP continues to make significant investment in all divisions. During the year the Group invested £96 million in new business lines including forwards on EBS Direct, BrokerTec Direct and triResolve Margin.

The Group reported a trading operating profit of £221 million, 12% down on the prior year. The Group's trading operating profit margin reduced to 18% (2014/15: 20%). The decrease in the trading operating profit includes the negative impact of the year-on-year adverse movement from FX losses of £11 million. Excluding the FX losses, the trading operating profit reduced by 8% on the prior year. Additionally, the synergies achieved in the year from the 2014/15 cost savings programme were reinvested during the year in the development of new products and technological solutions across the businesses.

The proportion of the Group's trading operating profit generated from the Electronic Markets and Post Trade Risk and Information divisions increased to 79%, reflecting a 4 percentage point increase on the prior year.

Group trading profit before tax of £203 million and trading EPS (basic) of 24.6p were 11% and 14% down on the prior year respectively. Profit before tax was £89 million (2014/15: £95 million).

Gil Mandelzis
Electronic Markets CEO

ELECTRONIC MARKETS

EBS BrokerTec is a leading electronic trading business in FX and fixed income. These platforms offer efficient and effective trading venues to customers in more than 50 countries across a range of instruments including spot FX, US Treasuries, European government bonds and EU and US repo. These electronic platforms are built on ICAP's bespoke networks connecting participants in financial markets.

For the year ended 31 March 2016, Electronic Markets' revenue decreased by 4% on a constant currency basis and increased by 1% on a reported basis to £262 million (2014/15: £259 million). The trading operating profit fell to £78 million (2014/15: £93 million) and the trading operating profit margin decreased to 30% from 36% as £54 million (2014/15: £25 million) investment in the development of new products and functionality on the electronic trading platforms was charged to the income statement.

Revenue

	2016 £m	2015 £m	Change %
BrokerTec	130	128	2
EBS	126	124	2
Other electronic platforms	6	7	(14)
Total – reported	262	259	1
– constant currency		272	(4)
Trading operating profit	78	93	(16)
Trading operating profit margin	30%	36%	(6)ppt

The table above is presented on a total Group basis and, therefore, includes continuing and discontinued operations. See note 2 to the financial statements for a breakdown between continuing and discontinued operations.

BrokerTec

BrokerTec is a global electronic platform for the trading of US Treasuries, European government bonds and EU and US repo. It facilitates trading for banks and non-bank professional trading firms.

For the year ended 31 March 2016, revenue decreased by 4% on a constant currency basis and increased by 2% on a reported basis to £130 million (2014/15: £128 million). This performance reflects a 3% increase in US Treasury average daily volume to \$168 billion, a 3% decrease in US repo to \$212 billion and a 3% decrease in European repo to €175 billion.

Despite a buoyant comparable period, trading activity in on-the-run US Treasuries increased as a number of macroeconomic events in global financial markets drove activity in the US Treasury market. These included the Chinese government's intervention in its local stock market, a large drop in the oil price and the speculation of a Federal Reserve rate rise. Nevertheless, the revenue benefit was partly offset by the BrokerTec tariff structure which provides for volume-based tiered pricing.

Trading activity in the secondary market for European government bonds has improved from the lows experienced at the end of the previous calendar year. Increasingly, activity is focused around new bond issuance as banks continue to hold less inventory and as the ECB quantitative easing programme has reduced bond availability.

Structural change in the form of new regulations continues to impact the US repo market and therefore further adjustments to bank balance sheet funding will be necessary. In the last quarter of 2015/16, trading activity in the European repo market benefited from increased volatility, demand for good quality collateral and a lack of supply from the buy side.

EBS BrokerTec continues to innovate and recently beta launched a new service, BrokerTec Direct, which provides relationship-based, disclosed liquidity to the fixed income market. BrokerTec Direct delivers increased trading opportunities by enabling liquidity providers to stream tailored prices directly to liquidity consumers in a disclosed environment. The service initially offers US Treasury actives and will extend to other fixed income products as well as other countries in the near future. BrokerTec Direct initially on-boarded four leading liquidity providers and more than 40 liquidity consumers to the platform. Additional market makers are in the process of being integrated.

STRATEGIC REPORT
RESULTS FOR 2015/16
continued

EBS

EBS, an electronic FX platform, is a reliable and trusted source of executable and genuine liquidity across major and emerging market currencies. It has responded to changing market dynamics by transitioning from a business with a single offering to one that can support multiple execution methods and numerous ways of trading through a common distribution network.

For the year ended 31 March 2016, revenue decreased by 5% on a constant currency basis and increased by 2% on a reported basis to £126 million (2014/15: £124 million). Despite episodic volatility in G3 currency pairs and high volatility in emerging markets, average daily volume decreased by 9% to $90 billion as higher trading activity following central bank actions in the previous year was not repeated.

EBS Market, the exchange-like central limit order book, remains the benchmark for the professional FX trading community, connecting buyers and sellers of currencies in more than 50 countries. EBS Market's strategic efforts to gain early traction and create liquidity in both CNH and NDFs has proved successful with average daily volume growing by more than 55% in both instruments compared with the previous year. As a result dollar/CNH is now the third most actively traded currency pair on the platform after euro/dollar and dollar/yen.

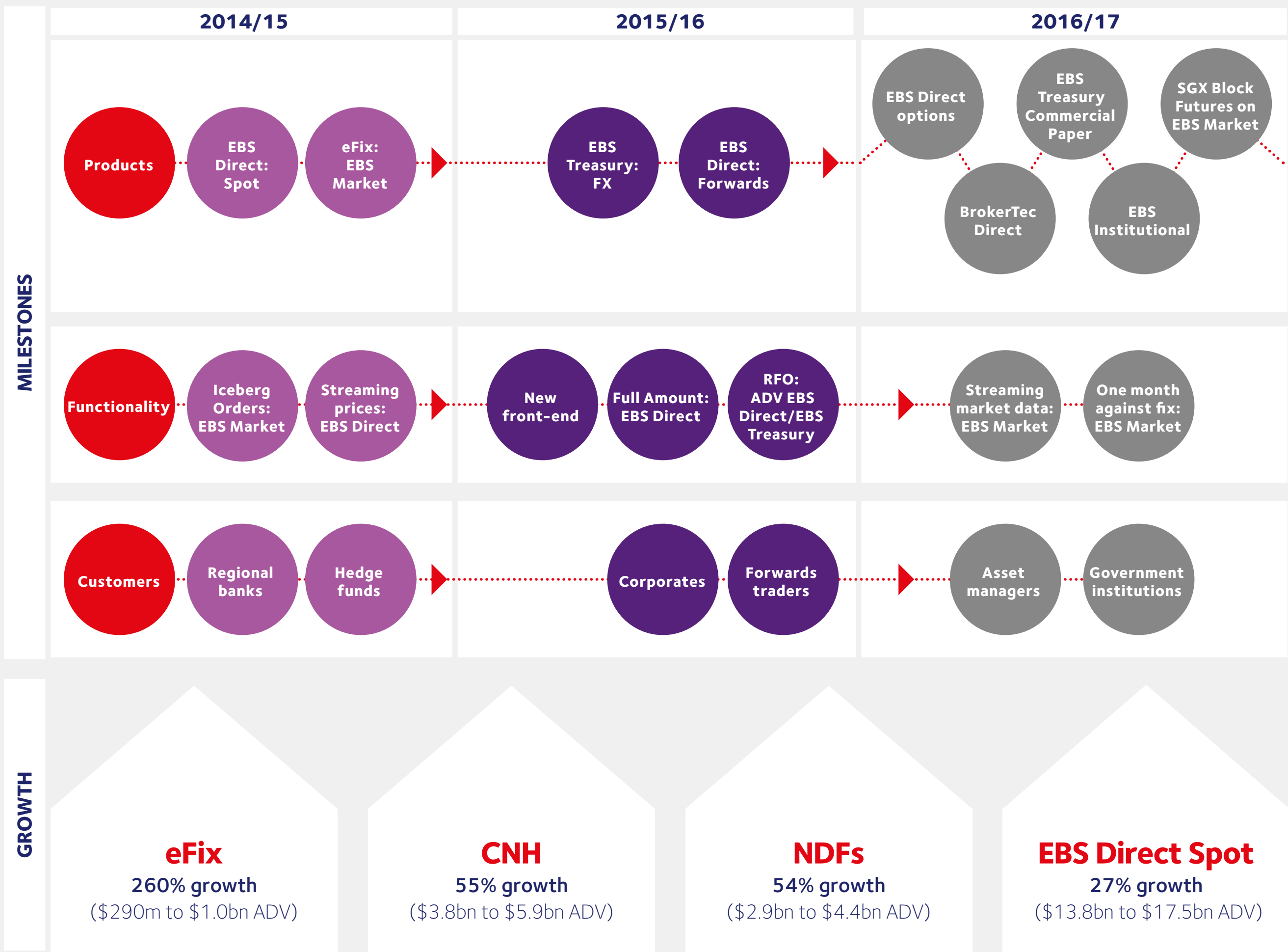
In February, EBS Market announced that it is redesigning its premium FX market data service, EBS Live, and will move to streaming real-time market data. The EBS Live Ultra feed will provide significantly improved price discovery and transparency. The new service is in response to demand and consultation with customers who continue to work with EBS because of its deep liquidity.

EBS eFix, the matching service that enables customers to execute fix interest electronically on the EBS Market platform, has continued to demonstrate significant growth. Average daily volume (ADV) has increased by more than 260% over the previous year to more than $1 billion matched per day.

EBS Direct, which launched in November 2013, is a platform that allows liquidity providers to stream tailored prices directly to liquidity consumers. Interest in the platform continues to grow and the platform has more than 33 liquidity providers and 460 liquidity consumers using the service, compared with 17 and 268 respectively last year. ADV on the platform increased to $20 billion in the last quarter of 2015/16 compared with $15 billion in the same period last year. In December, FX forwards and swaps were launched in beta, a significant part of the FX market in which EBS has never previously participated, which delivers the ability to attract corporates and asset managers onto the platform.

EBS BrokerTec – production innovation and expansion

New products and functionality – roadmap



Jenny Knott
Post Trade Risk and Information CEO

"PTRI is an aligned group of businesses providing a complementary suite of solutions to customers across the transaction life cycle."

POST TRADE RISK AND INFORMATION

The Post Trade Risk and Information (PTRI) division operates leading market infrastructures for post trade processing and risk management across a number of asset classes and enables users of financial products to reduce operational and system-wide risks. The services offered by the PTRI division enable customers to increase the efficiency of trading, clearing and settlement and facilitate the effective management of capital and associated cost.

The portfolio risk services business comprises Reset and TriOptima which identify, neutralise, reconcile and remove risk within portfolios of derivatives transactions; Traiana, which provides pre trade risk and post trade processing solutions; and the information and data sales business.

During the year, the PTRI division invested £17 million in development in order to offer new products and enhance the functionality of existing services, of which £9 million was charged to the income statement.

In March the PTRI division announced that it had successfully completed a proof of technology test case for a distributed ledger using blockchain and smart contract technologies. The proof of technology demonstrated the potential to re-engineer processes and significantly transform post trade operations, while complying with new market practices within the post-crisis regulatory environment. Going forward, the PTRI division will assess how to realise technology savings using the blockchain technology while ensuring compliance with regulations intended to make markets safer and more efficient.

For the year ended 31 March 2016, revenue increased by 5% on a constant currency basis and increased by 7% on a reported basis to £245 million (2014/15: £228 million). The trading operating profit remained flat at £97 million (2014/15: £97 million) and the trading operating profit margin reduced by 3 percentage points to 40% primarily driven by continued investment in new solutions.

Revenue

	2016 £m	2015 £m	Change %
TriOptima	72	67	7
Traiana	53	53	–
Reset	37	39	(5)
Information Services	83	69	20
Total – reported	245	228	7
– constant currency		233	5
Trading operating profit	97	97	–
Trading operating profit margin	40%	43%	(3)ppt

The table above is presented on a total Group basis and, therefore, includes continuing and discontinued operations. See note 2 to the financial statements for a breakdown between continuing and discontinued operations.

ICAP Information Services

ICAP Information Services (IIS) leverages the Group's unique position in the wholesale financial markets to provide access to an unrivalled array of OTC market information including high-quality pricing, live and historical trade data and a variety of compliance, risk and research solutions.

The IIS product offering and development strategy have expanded to meet the evolution in market demand. IIS has continued to broaden its distribution options.

IIS launched the BrokerTec European government bonds (EGB) premium pricing data product which provides EGB order book and trade prices on over 1,000 bonds in 10 countries, aiding price discovery and helping customers conduct effective historical analysis of the EGB market. The indices and benchmarks offering has been developed to include two new indices. The ICAP Euro Interest Rate Swap Index is intended to track the return of a strategy that invests in euro interest rate swaps. The index incorporates proprietary ICAP transaction prices that are published on ISDA reference pages. The Sterling Repo Index Rate aims to provide a measurement of effective cost of funding through repo trades in the UK government bond market. It is a solution developed by IIS in response to market demand.

TriOptima

TriOptima, through triReduce and triResolve, is a leader in risk mitigation solutions for OTC derivatives, primarily through the elimination and reconciliation of outstanding transactions. It continues to benefit from the strategic alignment of its offerings with the G20 policy objectives of transparency and risk reduction in the financial system.

For the year ended 31 March 2016, revenue increased by 14% on a constant currency basis and by 7% on a reported basis to £72 million (2014/15: £67 million) driven by increased participation in triReduce portfolio compression cycles and the uptake of the portfolio reconciliation service, triResolve.

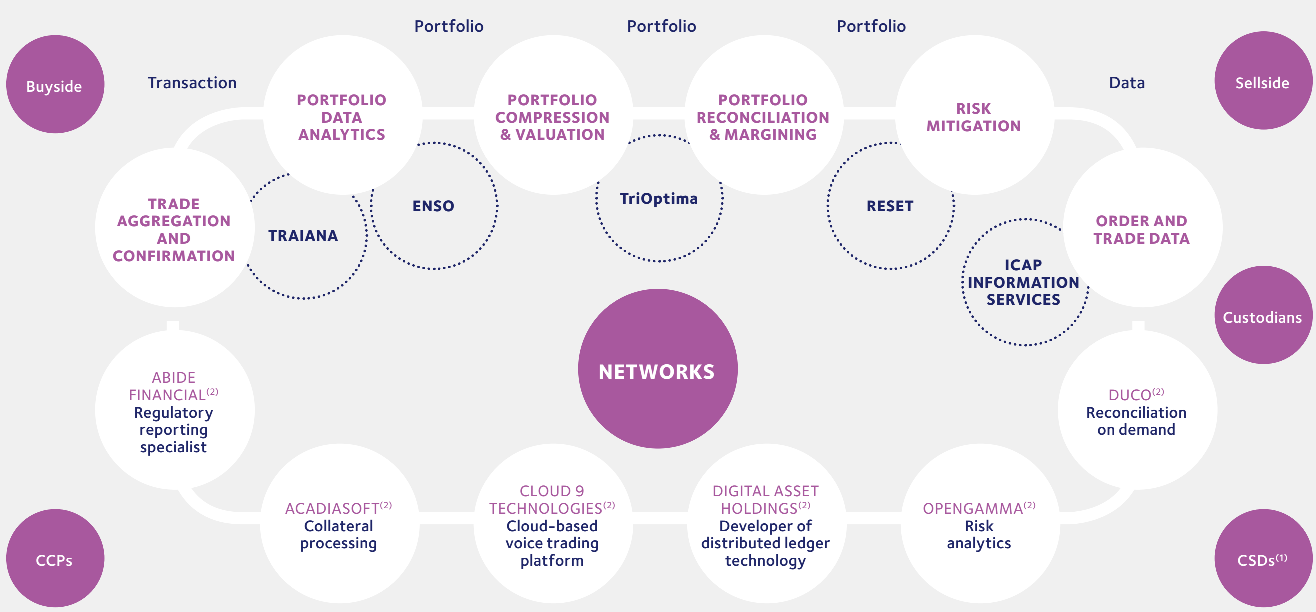
During the year triReduce terminated $168 trillion of gross notional outstanding (2014/15: $150 trillion). The more stringent leverage ratio included within the Basel III rules continues to drive demand from banks for the triReduce compression service. Since launch, more than 210 financial institutions worldwide have participated in eliminating $768 trillion in total notional outstanding from the OTC derivatives market. This significant achievement includes compression across a broad spectrum of products: cleared and uncleared interest rate products in 27 currencies, credit default swaps, commodity swaps, inflation swaps, cross-currency swaps and FX forwards. Currently TriOptima delivers triReduce compression for cleared trades in collaboration with leading clearing houses including LCH, SGX, Nasdaq and CME. TriOptima also offers triReduce to CLS members for FX forwards.

In March, triReduce announced that 18 SwapClear members had compressed 40% of outstanding notional and 49% of outstanding trades in Polish zloty (PLN) interest rate swaps and forward rate agreements in the largest PLN triReduce compression cycle that SwapClear has run to date. The local and international participants eliminated 2.6 trillion PLN/$654 billion in the multilateral triReduce cycle. In January, triReduce announced the first inflation swap compression cycle terminating $98 billion notional in inflation index swaps for the EU.

Strong demand for triResolve, the reconciliation service, continues to be driven by both standard portfolio reconciliation, as required by regulation, and the new repository reconciliation service to validate reported data. For repository reconciliation triResolve supports interfaces to trade repositories globally. The number of institutions using the triResolve service has increased from 1,380 during 2015/16 to more than 1,680 who participate in 384,000 party-to-party reconciliations each month (2014/15: 330,000).

In July 2015, TriOptima announced the launch of triResolve Margin, a margin processing solution delivered in collaboration with AcadiaSoft which will enable customers to easily access an automated, streamlined tool to reduce fragmented and manual processing. triResolve Margin assists customers in meeting the

Post Trade Risk and Information – Ecosystem



Focus: An aligned group of businesses providing a complementary suite of solutions to customers across the transaction life cycle

(1) Central Securities Depositories (2) Minority strategic investments under Euclid

Traiana: simplifies and automates cross-asset transaction workflow and distribution for messaging, matching, credit, risk and reporting.

TriOptima: minimises credit and operational risk, reduces costs and improves counterparty exposure management through a suite of portfolio compression, reconciliation, margining and valuation tools.

Reset: reduces basis risk within portfolios from fixings or exposure imbalances in numerous markets including interest rate, FX and inflation products.

Information Services: provider of transaction, market, customer focused data and analytics.

Euclid Opportunities: identifies and provides investment to emerging financial technology firms that drive efficiency, transparency and scale across the post trade life cycle.

challenges posed by the new regulatory requirements for margining uncleared OTC derivatives by automating the margin process in a comprehensive, scalable and cost-effective solution. ICAP increased its investment in AcadiaSoft, a Euclid investment, in July 2015.

Traiana

Traiana operates the leading market infrastructure for pre and post trade risk management and post trade processing across multiple asset classes. Its solutions and the Harmony network have become the market standard for post trade processing of FX, exchange-traded derivatives, fixed income, CDS, and synthetic and cash equity transactions. Traiana's Harmony network connects more than 750 global banks, broker/dealers, buyside firms and trading platforms.

For the year ended 31 March 2016, revenue decreased by 4% on a constant currency basis and remained flat on a reported basis at £53 million (2014/15: £53 million) as the reduction in FX-related volume-based services was only partly offset by the increase in other subscription-based services.

Traiana continues to innovate, grow and diversify its business into other asset classes, delivering network-based solutions for all financial market participants, while also continuing to innovate in FX. In August, Traiana reached a key milestone in the development of its CreditLink service which was used to check credit limits for an FX NDF trade on a SEF. In September, in partnership with Bloomberg, Traiana announced plans to develop straight-through processing infrastructure to further streamline the workflow of FX options. The solution integrates Traiana's Harmony messaging network with Bloomberg's trade processing tools.

In March, ICAP announced that the PTRI division had made a series of enhancements that will significantly expand its existing suite of regulatory services to offer customers an end-to-end menu of products which meet MiFIR/MiFID II cross-asset reporting and processing obligations. The enhanced solutions leverage connectivity and build on functionality delivered by Traiana, for similar requirements under the Dodd-Frank Act, EMIR and other global regulatory regimes. The new service suite includes the provision of trade certainty for venue executed trades, trade and transaction report submission to Approved Publication Arrangements and Approved Reporting Mechanisms respectively, and global CCP connectivity for OTC executed trades.

Reset

Reset is a provider of services that reduce the basis risk within portfolios from fixings in the interest rate, FX and inflation derivatives and bond markets. Basis risk results from the structure of the instruments traded and unintended mismatches of exposure over time.

For the year ended 31 March 2016, revenue decreased by 12% on a constant currency basis and by 5% on a reported basis to £37 million (2014/15: £39 million) as the core business continues to be affected by low short dated interest rate volatility and further dampened volatility as a result of the ECB's quantitative easing programme. The reduction in revenue was partly offset by increased demand for the Reset service in September, as market commentators speculated about the timing of an increase in US interest rates. This was repeated in the run-up to the actual rate rise by the Federal Reserve in December.

ICAP Information Services

ICAP Information Services (IIS) delivers independent data solutions to financial market participants. ICAP Indices, the index arm of IIS, develops and publishes a range of transaction-broked indices. IIS generates subscription-based fees from a diversified global suite of products and services, while ICAP Indices' fee structure is based on assets under management of the products which are linked to the proprietary indices as well as licensing other index administrators for the use of ICAP data in their indices.

For the year ended 31 March 2016, revenue increased by 14% on a constant currency basis and 20% on a reported basis to £83 million (2014/15: £69 million) partly driven by a change to bill some customers directly, increasing both revenue and the related operating expenses. The IIS product and service range includes real-time and historical data from the Group's electronic trading venues, EBS and BrokerTec, and the Global Broking division as well as from partners.

IIS has continued to both broaden its distribution throughout global financial markets and develop its product suite based on customer demand and market trends. During the period, IIS extended the delivery of real-time EBS data directly to customers and through new licensed distributors.

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Definitions

Euclid Opportunities

ICAP is building a portfolio of early-stage technology investments within Euclid Opportunities. It identifies and provides investment to emerging financial technology (fintech) firms providing new platforms, business models and technologies that have the potential to drive efficiency, transparency and scale across the transaction life cycle for the financial services industry and are complementary to Newco's products.

During the period, Euclid Opportunities invested in Abide Financial, a market-leading regulatory reporting specialist, Digital Asset Holdings, a provider of distributed ledger technology and Cloud9, a cloud-based trading communication provider. In addition, Euclid made a further investment in Duco, a global provider of data control services and AcadiaSoft, an industry collaboration to automate collateral management.

In April 2016, ICAP announced it had acquired ENSO Financial Analytics – a portfolio analytics provider to asset managers and hedge funds. Euclid made its first investment in ENSO in June 2013, which was followed by a subsequent investment in October 2014 to enable further growth of the business. ENSO will become a subsidiary of ICAP's PTRI division.

Euclid Opportunities

PURPOSE

To build a portfolio of early-stage fintech firms > **which provide the potential over time to become** > **next generation market structure technology companies**

DRIVERS

- Market's need for new platforms, operating models and methods
  - Regulation, efficiency, standardisation and transparency
- Accelerating technology trends
  - Cloud, data analytics, open models, parallel computing and machine learning

STATUS

- Synergies, leverage and adjacencies emerging across PTRI
- Businesses complementary to PTRI ecosystem

INVESTMENTS

AbideFinancial Regulatory Reporting Solutions
DUCO
OpenGamma
Digital Asset Holdings
ACADIASOFT
ENSO FINANCIAL ANALYTICS
Cloud9 TECHNOLOGIES

David Casterton
Global Broking CEO

GLOBAL BROKING

Global Broking provides services to wholesale markets across a wide range of geographies and asset classes. ICAP's brokers leverage their deep customer relationships, help identify potential trading interest, access liquidity and facilitate price discovery in a vast array of financial instruments.

The commentary below excludes closed desks.

For the year ended 31 March 2016, revenue decreased by 5% on a constant currency basis and by 3% on a reported basis to £687 million. The ongoing combination of structural and cyclical factors, including historically low and negative interest rates, low levels of volatility, and bank deleveraging resulting in reduced risk appetite from bank customers, continue to act as headwinds for the business. Global economic uncertainties and oil price reductions have generated spikes in activity but overall market activity remains subdued.

Investments in e-commerce and Global Broking's hybrid footprint have driven a 14% increase in matching revenue. During the year, Global Broking launched Scrapbook, allowing customers to efficiently manage corporate bond positions and, in March 2016, launched CrossTrade on TrueQuote, a new portal for buyside customers after a successful pilot.

Revenue by asset class

	2016 £m	2015 £m	Change %
Rates	244	254	(4)
Commodities	119	116	3
Emerging markets	112	125	(10)
Equities	109	103	6
FX and money markets	68	73	(7)
Credit	35	39	(10)
Closed desks	7	79	n/a
Total – reported	694	789	(12)
– constant currency		805	(14)
Trading operating profit	46	62	(26)
Trading operating profit margin	7%	8%	(1)ppt

The table above is presented on total Group basis and, therefore, includes continuing and discontinued operations. See note 2 to the financial statements for a breakdown between continuing and discontinued operations.

Rates

The rates business comprises interest rate derivatives, government bonds and repos. Rate products contribute the largest share of Global Broking's revenue (35%) of which interest rate derivatives represent the most significant component. For the year ended 31 March 2016, revenue decreased by 4% on a reported basis.

ICAP's interest rate derivatives franchise remained strong with i-Swap forming an integral part of the hybrid offering in G3 interest rate swaps. Low interest rates and a reduced risk appetite from bank customers continued to dampen market activity. Trading activity in dollar interest rate swaps decreased year-on-year despite the long-awaited increase in the US Federal funds rate in December which was well anticipated and generated only modest activity. Revenue from euro interest rate swaps also decreased as the prior year benefited from the volatility around the introduction of quantitative easing.

Trading activity in US government bonds increased on the prior year as global market uncertainty drove a flight to quality especially in the fourth quarter. Activity in European government bonds continued to be hampered by a reduction in risk appetite and bank customers' balance sheet constraints. Global market uncertainty boosted repo activity in the Americas, a market which is heavily focused on the short term. The Relative Value business launched in August 2014 continued to grow and expand its footprint.

Commodities

The commodities business comprises energy (including refined products, electricity, natural gas, crude oil, coal and alternative fuels), environmental markets, forward freight derivatives, metals, agricultural and soft commodities.

For the year ended 31 March 2016, revenue increased by 3% on a reported basis. Refined products make up the majority of the oils business and experienced moderate growth, while the smaller crude oil business was impacted by reduced hedging activity in addition to a tough comparable period in 2014/15. Trading activity in iron ore nearly doubled as extreme volatility broadened the customer base for hedging instruments in Asia. Growth in trading activity in freight and US electricity was partly offset by decreased activity in natural gas, ethanol and coal volumes. UK and European natural gas was impacted by commission rate pressure from low cost competitors, while downward price pressure from over-supply continued to hamper the US natural gas market.

After many market participants delayed hedging activity in the autumn seeking higher winter prices, the second half of the year saw improved US electricity volumes as necessary hedging could no longer be deferred. UK and European electricity volumes remained steady as compared to the prior year.

Emerging markets

ICAP is active in emerging markets across Asia Pacific, Latin America, central and eastern Europe and Africa. Emerging market revenue includes domestic activity in local markets and cross-border activity in globally traded emerging market money and interest rate products.

For the year ended 31 March 2016, revenue decreased by 10% on a reported basis.

In addition to low global market volatility, economic and political concerns dampened trading activity in Latin America and central Europe. After a strong start to the year, growth in offshore renminbi-related products slowed in the second half although there was an increase in trading activity in other Asian products

Global Broking strategy

Following the 2014/15 cost review, Global Broking developed a strategic plan for the business, designed to support our vision to be the leading and most respected global broker in professional markets. The strategy will deliver the expertise of our specialist brokers with bespoke technology, providing an integrated service that the markets of today require. It focuses on our people, customers and innovation, in particular regarding e-commerce solutions. We have demonstrated our strategy in action with the launch of a cleared Exchange For Physical solution, giving us dominant market share in that product. With Scrapbook we have enabled our customers to more efficiently manage their balance sheet positions. CrossTrade expands our customer base to the buy side, providing them with a portfolio optimisation solution which has seen positive take up and which is expected to grow significantly in the next 12 months.

During 2015/16 we undertook a comprehensive review of our business IT function which encompassed people, change, data and systems in order to drive efficiencies through streamlining the development process, improving our change management decisions and rationalising our systems. We also reviewed our IT governance processes and improved stakeholder engagement in IT.

During the second half of the year, many of our employees have been engaged in both the separation of the Global Broking business from ICAP and its planned integration with Tullett Prebon. This complex exercise involving many interdisciplinary teams across the business and infrastructure functions has progressed well, in anticipation of the Transaction closing later this year.

due to uncertainty over the Chinese economy. Matching sessions continue to boost revenue in NDFs and generate a high portion of revenue in emerging market credit products.

Equities

The equities business principally comprises equity derivatives. For the year ended 31 March 2016, revenue increased by 6% on a reported basis.

Equity market volatility drove revenue growth but extreme volatility actually led to periods of reduced activity at times. Summer volatility in the equity markets boosted performance especially in the Americas, while significant growth in the Hong Kong equity derivatives marketplace was driven by the volatility in China. The launch of technology solutions in equity derivatives continued to improve the market position of the business.

FX and money markets

The FX and money markets business comprises spot, forwards and cash products. For the year ended 31 March 2016, revenue decreased by 7% on a reported basis.

Illiquid FX markets driven by the continuation of the low interest rate environment and a low risk appetite negatively impacted trading activity. Asia Pacific benefited from a restructuring of its FX presence in Singapore and Australia. Cash trading in the Americas remains strong driven by its positioning as the short-term funding tool of choice in the market.

Credit

The credit business comprises corporate bonds.

For the year ended 31 March 2016, revenue decreased by 10% on a reported basis. Inventory shift from banks to buyside, driven by balance sheet constraints, remains a headwind for the business. Activity in high-yield instruments was stronger than investment grade bonds as investors sought greater returns.

In response to a lack of liquidity in the corporate bond market, Global Broking launched Scrapbook and expects to launch I-Sam (ICAP's sponsored access for corporate bonds initiative) in the first quarter of 2016/17. Scrapbook allows traders to efficiently manage corporate bond positions which are available via Global Broking's e-commerce portal.

FINANCIAL REVIEW

Stuart Bridges
Group Finance Director

A highly cash generative business creating long-term value.

Trading profit before tax

The results for the 2015/16 section of the strategic report (pages 22 to 30) focus on the Group's divisional revenue and trading operating profit. Management plans and reviews the financial performance of the business using trading results that exclude acquisition and disposal costs and exceptional items (see the basis of preparation note to the financial statements). We choose to focus on trading results as we believe that it provides a clearer view of the business performance and in particular is expected to convert fully into cash over the medium term.

In November 2015, we announced that we had entered into a Transaction which will, when completed, involve the disposal of our global hybrid voice broking and information business, including our associated technology and broking platforms (including i-Swap and Fusion), certain of our joint ventures and our associates (IGBB), to Tullett Prebon. For the year ended 31 March 2016, the Group's performance is therefore reported in the Group consolidated income statement separately for continuing and discontinued operations (net of tax). Discontinued operations consist of financials attributable to IGBB, adjusted for certain provisions in the SPA. The table below provides a breakdown of the Group's performance for the year.

The Group's £221 million trading operating profit (2014/15: £252 million) converted to a trading profit before tax of £203 million (2014/15: £229 million) after deducting net finance costs of £25 million (2014/15: £31 million) and recording a share of profit of joint ventures and associates after tax of £7 million (2014/15: £8 million).

Trading net finance costs were £25 million for the year, £6 million lower than the prior year primarily reflecting the higher cost of the €300 million eurobond (settled in July 2014) and the double running of bonds in the prior year. See note 9 to the financial statements.

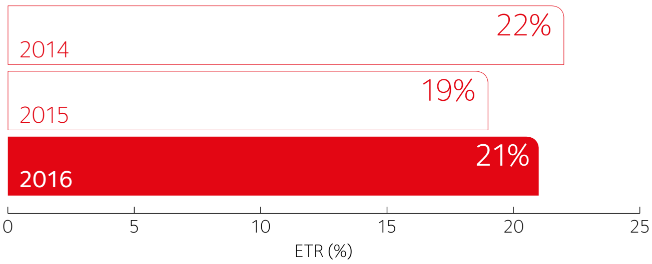
	Year ended 31 March 2016			Year ended 31 March 2015		
	Continuing £m	Discontinued £m	Group £m	Continuing £m	Discontinued £m	Group £m
Trading operating profit	139	82	221	154	98	252
Net finance costs	(29)	4	(25)	(32)	1	(31)
Share of profit of joint ventures after tax	1	3	4	(1)	5	4
Share of profit of associates after tax	(1)	4	3	1	3	4
Trading profit before tax	110	93	203	122	107	229
Tax	(23)	(20)	(43)	(26)	(18)	(44)
Trading profit for the year	87	73	160	96	89	185
Acquisition and disposal costs, net of tax	(58)	–	(58)	(41)	(3)	(44)
Exceptional items, net of tax	(7)	(27)	(34)	(15)	(42)	(57)
Profit for the year	22	46	68	40	44	84
Trading EPS (basic)			24.6p			28.7p
Full-year dividend per share			22.0p			22.0p

The discontinued profit after tax is presented on one line in the consolidated income statement. A separate discontinued income statement is presented in note 4 to the financial statements.

Trading profit before tax of £203 million includes £110 million from continuing operations (2014/15: £122 million) and £93 million from discontinued operations (2014/15: £107 million). The continuing income statement is not reflective of the financials of Newco going forward. The Group expects to receive dividend income for its investment in TP ICAP.

The £26 million decrease in trading profit before tax includes an £11 million year-on-year adverse movement from FX losses. Excluding the FX loss, trading profit before tax was down 7% on the prior year. Trading profit before tax was adversely affected by increased investment in the development of new products and solutions across the business, which offset the synergies realised in the year from the prior year cost savings programme.

Tax on trading profit



The Group's tax charge of £43 million on trading profit before tax represents an ETR of 21% (2014/15: 19%). The ETR primarily reflects the various statutory tax rates applied to taxable profits in territories in which the Group operates.

The trading ETR is 2 percentage points higher than the prior year primarily driven by certain one-off adjustments in the prior year.

The Group manages its tax affairs in accordance with its tax strategy. The tax strategy was presented to the Audit Committee during the year (see the Audit Committee report in the governance section on pages 48 to 50).

Acquisition and disposal costs

Acquisition and disposal costs in the year were £74 million (2014/15: £59 million) before a tax credit of £16 million (2014/15: £15 million).

The continuing acquisition and disposal costs of £74 million include £25 million of impairment charges relating to our investments in certain non-core associates (2014/15: £nil), £38 million of amortisation charges on acquired intangibles (2014/15: £55 million), and a £9 million write down on reclassification of the shipping business to held for sale. During the year the Group undertook a review of the recoverability of its investments in non-core associates, in particular those that are associated with the voice broking business but will be retained by Newco. The review resulted in £25 million of impairment charges relating to the Group's investment in Howe Robinson Partners Pte Ltd, BSN Holdings Limited and Capital Shipbrokers Limited.

Other intangibles attributable to TriOptima were fully amortised in the prior year which explains the £17 million decrease in amortisation charges in the year. For a more detailed breakdown of the Group's acquisition and disposal costs see notes 2 and 14 to the financial statements.

Exceptional items

The Group discloses separately items that are non-recurring and material in terms of both size and nature. This allows appropriate visibility of these items and reflects how information is reviewed by management. It allows focus on the Group's trading performance, as well as due attention specifically on the exceptional items.

For the year to March 2016 exceptional items were £40 million (2014/15: £75 million) before a tax credit of £6 million (2014/15: £18 million). This includes £9 million relating to continuing operations (2014/15: £16 million) and £31 million relating to discontinued operations (2014/15: £59 million).

The discontinued exceptional costs represent Transaction-related costs including costs of sale and separation costs that were incurred and provided at 31 March 2016. The provision at 31 March 2016 does not include those Transaction-related costs which do not meet the provision recognition criteria. The £9 million continuing exceptional costs relate to exiting non-core businesses within Electronic Markets and are therefore presented in the continuing income statement.

The prior year costs principally related to the prior year restructuring programme of £60 million and the remaining £15 million related to regulatory matters including an £11 million provision relating to a €14.9 million (£10.9 million) fine imposed by the European Commission for alleged competition violations in relation to yen Libor.

For further information, see note 3 to the financial statements.

Trading EPS and dividend

Trading EPS (basic) is calculated based on the trading profit for the year.

Management believes that trading EPS (basic) is the most appropriate EPS measurement ratio for the Group as this most closely reflects the ongoing generation of cash attributable to shareholders and in turn the Group's ability to fund sustainable dividends. In line with this the Remuneration Committee considers trading EPS (basic) in its review of management performance and uses that metric in the remuneration of the executive directors; see the remuneration report on pages 59 to 70.

The Group reported a trading EPS of 24.60p per share, a decrease of 14% on the prior year driven by a combination of a decrease in the trading profit before tax and the increase in the ETR. See note 5 to the financial statements.

The directors recommend a final dividend of 15.40p per share. If approved, the final dividend will be paid on 22 July 2016 to shareholders on the register at the close of business on 1 July 2016. The shares will be quoted ex-dividend from 30 June 2016.

The full-year dividend will be 22.00p (2014/15: 22.00p) including the payment of the 6.60p interim dividend on 5 February 2016. The full-year dividend per share is covered 1.1 times (2014/15: 1.3 times) by trading EPS of 24.60p.

Free cash flow

The Group's free cash flow conversion for the year was 96% (2014/15: 121%) of the Group's trading profit. Cash generated from operating activities before exceptional items of £273 million was £69 million lower than the prior year. The decrease was driven by a combination of a lower trading EBITDA and adverse year-on-year working capital movements. See note 11 to the financial statements.

Free cash flow	Year ended 31 March 2016 £m	Year ended 31 March 2015 £m (re-presented)*
Cash generated from operating activities**	273	342
Interest and tax	(57)	(66)
Cash flow from trading activities	216	276
Capital expenditure	(71)	(57)
Dividends from associates, joint ventures and investments	9	6
Trading free cash flow	154	225
Free cash flow conversion (%)	96%	121%

* Before exceptional items.
** Re-presented to exclude effects of short-term timing differences arising from unsettled matched principal trades as at 31 March 2016.

Application of free cash flow

Cash flow from trading activities of £216 million (2014/15: £276 million) was used to pay £141 million in dividends to shareholders as the Group continues to maintain strong dividend payments.

Capital expenditure of £71 million includes £66 million invested in technology assets. Additionally, £93 million of cash spend on technology during the year was directly charged to the income statement. ICAP's market-leading position has been achieved and maintained through substantial investment over many years in technology and market user infrastructure. ICAP is committed to maintaining a high level of investment in technology assets, especially in growth areas in the Electronic Markets and PTRI divisions, over the coming years as we continue our drive to improve and widen our product offerings to our customers.

Balance sheet highlights

The Group's net assets as at 31 March 2016 were £1,018 million (2014/15: £1,018 million).

The retained deficit in the year of £73 million (net of £141 million dividends) was offset by £61 million of gains arising from favourable FX movements and £12 million of other favourable movements in reserves.

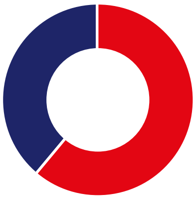
	As at 31 March 2016			As at 31 March 2015
	Continuing £m	Held for sale £m	Group £m	Group £m
Net assets				
Intangible assets arising on consolidation	826	83	909	930
Cash and cash equivalents	157	359	516	481
Borrowings	(583)	(81)	(664)	(549)
Restricted funds	26	33	59	43
Other net assets	60	138	198	113
Total net assets	486	532	1,018	1,018

The assets and liabilities attributable to IGBB are presented as held for sale assets and liabilities on the face of the consolidated balance sheet which net to £532 million.

The Group's financial position is presented separately for the IGBB business from the retained Group in the consolidated balance sheet (see page 81). Assets and liabilities attributable to IGBB, subject to certain provisions in the SPA, are disclosed on the balance sheet in two separate line items: held for sale assets and held for sale liabilities. The continuing balance sheet is not reflective of the balance sheet of the retained Goup going forward. On completion, the Group will receive £330 million of cash from the enlarged Tullett Prebon and will recognise an available-for-sale investment equal to the fair value of its stake in the enlarged Tullett Prebon.

The significant balance sheet line items, including intangible assets arising on consolidation, trade receivables and payables, cash and cash equivalents and borrowings are discussed on pages 34 and 35, together with regulatory capital.

Intangible assets arising on consolidation



	£m
Electronic Markets	507
Post Trade Risk and Information	319
Total	**826**

The continuing Group's goodwill and other intangible assets arising from consolidation as at 31 March 2016 were £826 million (2014/15: £930 million). During the year, £92 million of goodwill primarily attributable to IGBB was transferred to held for sale. Other intangible assets were amortised by £38 million (2014/15: £55 million) during the year.

The board reviewed the Group's goodwill and other intangible assets arising on consolidation for impairment as at 31 March 2016 and concluded that there was no impairment at that date.

The review was based on certain estimates and assumptions, including future cash flow projections and discount rates. The Audit Committee challenged management's judgements and estimates and has approved the appropriateness of management assumptions. See the report of the Audit Committee in the governance section on pages 48 to 50 .

Trade receivables and payables

The increase in trade receivables and payables is principally due to a change in clearing arrangements for certain US Treasuries within BrokerTec. This resulted in an increase in matched principal receivables and payables.

	As at 31 March 2016 £m	As at 31 March 2015 £m
Receivables		
Continuing	59,322	–
Held for sale assets	20,788	23,351
	80,110	23,351
Payables		
Continuing	(59,322)	–
Held for sale liabilities	(20,738)	(23,307)
	(80,060)	(23,307)
Net	50	44

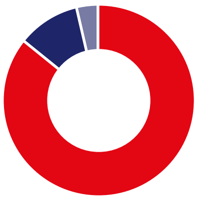
Liquidity and funding

The Group's overall funding position at 31 March 2016 remains strong.

The gross debt position, including that of IGBB, increased by £115 million to £664 million as at 31 March 2016. This position includes overdrafts of £83 million (2014/15: £33 million), net of fees. The increase relates to the £110 million drawdown of the revolving credit facility (less fees of £2 million), the Japanese yen loan of £62 million, a £25 million adverse impact of FX and the £50 million increase in overdrafts driven by short-term timing differences arising as a result of unsettled matched principal trades as at 31 March 2016, which subsequently reversed within a few days. The adverse movement was partially offset by a £130 million repayment of the guaranteed subordinated loan notes in June 2015. As at 31 March 2016, the Group had committed undrawn headroom under its core credit facilities of £315 million (2014/15: £425 million). The Group agreed an extension of the maturity date on its revolving credit facility to March 2018.

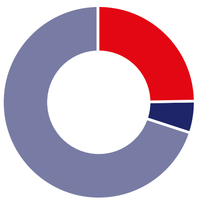
In November 2015, following the announcement of the Transaction with Tullett Prebon, Moody's changed its outlook for the Group from negative to stable while its rating remained as Baa3. Fitch maintained its rating of BBB (stable) throughout the year.

Cash*



	£m
Cash held in regulated trading entities	494
Cash held in unregulated entities	61
Cash held in central treasury function	20
Total	**575**

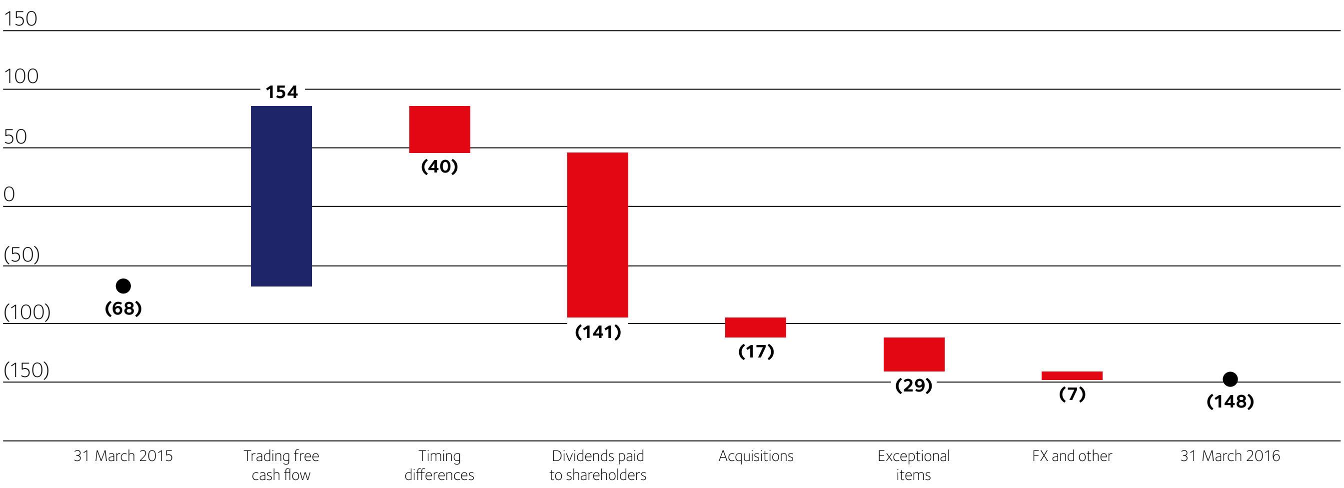
Cash held by segment*



	£m
Electronic Markets	138
Post Trade Risk and Information	30
Global Broking	387
Total	**555**

* Cash includes cash and cash equivalents of £516 million and £59 million of restricted funds.

Net debt (£m)



Net debt

Net debt, including that of IGBB, increased by £80 million in the year to £148 million as at 31 March 2016. The increase in net debt was principally driven by £40 million short-term timing differences arising from unsettled matched principal trades which reversed subsequently within a few days. The remainder was a result of a combination of factors including £17 million of further investments in new businesses in the PTRI division and a £29 million payment in relation to one-off Transaction-related costs and payout in relation to last year's global broking restructuring programme.

Regulatory capital

ICAP operates its business under an investment firm waiver, which currently runs until December 2017. The waiver modifies the basis on which regulatory capital is assessed and, at 31 March 2016, ICAP had £0.8 billion (2014/15: £0.7 billion) of headroom on this basis. The effect of the waiver is to exclude goodwill and other intangibles from the assessment and, in doing so, allows the Group to undertake acquisitions using debt rather than equity finance. In the event that the waiver was not renewed, applying a consolidated approach would increase the regulatory capital requirement by approximately £0.5 billion which, in line with recent precedent, would most likely be met through retained profit over time.

Following the disposal of IGBB, it is expected that the retained Group will not be subject to consolidated regulatory capital requirements.

ICAP operates 43 regulated subsidiaries globally. Each is locally capitalised and regulated. Together these entities hold £494 million of cash (including restricted funds) of which £348 million (2014/15: £357 million) is held by the Global Broking business. Electronic Markets and PTRI hold £126 million (2014/15: £55 million) and £20 million (2014/15: £18 million) respectively.

Strategic report approval

The strategic report was approved by the board and signed on its behalf by:

Stuart Bridges
Group Finance Director
16 May 2016

CHAIRMAN'S STATEMENT

We strive to be a good investment, a great employer and a valued contributor to our communities, year after year.

Dear shareholders,
In November 2015, we announced that we had entered into the Transaction which will, when completed, involve the disposal of our global hybrid voice broking and information business to Tullett Prebon. We see our future as a financial technology company and a post trade services group.

We, the board, questioned every step of the negotiations to make sure we had secured the best terms for our shareholders: we are satisfied that the Transaction will create value for you and your support at the shareholder meetings in March was most encouraging.

Many people in ICAP have been involved at various stages of the Transaction and I would like to thank them for their hard work. This includes members of the GEMG who, while still managing their businesses, committed a significant amount of time to the Transaction. On the board's behalf, I would like to thank Michael in particular, for without his support and outstanding commitment the Transaction would not be happening.

Reinforcing culture

Advancing and maintaining the right corporate culture is a key part of the board's agenda. We define our culture as our personality as it encapsulates what we value and believe in as an organisation and how we behave, both collectively and individually. There has been much discussion on the need for cultural change within the financial services industry. We have a strong culture already: what we must do now is reinforce it through clear articulation and greater alignment across all our businesses.

Our culture is underpinned by our commitment to the highest standards of professional conduct. This is essential to maintaining the trust of our customers and to achieving sustainable financial performance. During 2015/16 we have strengthened this foundation using a number of new measures. They include a new Group training programme which uses recently publicised cases within the financial services industry to highlight examples of unacceptable behaviour and the effect they have on individuals and the institutions they work for. These training tools have helped to define behavioural boundaries.

The board monitors conduct risk and we are developing an aggregated dashboard to track our performance in this area. All this activity is supported by a strong ethos that good professional conduct must be the norm and is in all of our best interests. We do not tolerate misconduct which, should it occur, is dealt with swiftly and rigorously.

A review of our FX business during the year highlighted how effective we have been at instilling this culture within our organisation. The review formed part of an FCA planned cross-market remediation exercise following enforcement action against a number of banks because of their business practices. I chaired the committee responsible for our internal review and am happy to report that our findings, overseen by external assessors, gave me confidence that we are setting high standards and have created an environment in which issues are quickly escalated and addressed.

Advancing investor relations

It is important that our policies on pay are consistent with our values. We highlighted in our 2014 Annual Report that we would be introducing a new remuneration policy for executive directors with effect from 1 April 2015 to ensure that the structure going forward was aligned with the Company's strategic objectives, in the long-term interests of shareholders and in line with best practice, including that of financial regulators.

During the year we consulted with a number of shareholders representing more than 50% of our share capital together with relevant proxy advisory bodies, including Institutional Shareholder Services (ISS) which represents a number of institutional shareholders, on our remuneration proposals. Shareholders we consulted with were broadly supportive of our initial proposal and, in response to some comments, we made a number of small changes to the proposed plans.

Due to a lack of engagement on ISS's part, it was very difficult to consult with them until the design phase had all but been completed and the new arrangements were due to be implemented. The result was a lack of time to provide ISS with sufficient context to the changes and a recommendation from ISS to vote against both our remuneration policy and the 2015 remuneration report. While we recognise that all proxy advisory bodies have limited resources with which to engage with FTSE 350 companies, we do not feel it is appropriate for stewards of shareholdings, particularly of those held in tracker or index funds which, by their nature, have less opportunity to sell shares in those companies whose governance policies they do not approve of, to exercise their stewardship on important matters without a proper understanding of the background to proposals.

As pressure has grown on institutional shareholders to exercise their voting rights, the providers of proxy voting services have become more influential. We understand why many institutional shareholders favour proxy voting and we try to have the same open and constructive dialogue with proxy voting firms on our corporate governance that we have with our own shareholders. When a proxy firm recommends voting against a remuneration policy, going forward we would welcome the opportunity to address their concerns with our shareholders before the vote to ensure we can fully explain the rationale for the decisions made. I have written to ISS, one of the most active proxy voting firms, and to the FRC setting out my views, to ensure that proxy voting bodies fully understand the impact of their recommendations on companies and to ask for the fairer treatment of companies.

Strengthening our leadership

The board is committed to promoting good governance and ensuring that the Group's leadership team possesses the appropriate skills and experience to deliver long-term shareholder value.

We have made a number of significant appointments during the year. We welcomed Stuart Bridges to the board in September, as our new Group Finance Director, and Jenny Knott in August, as Chief Executive Officer of the PTRI division, and both became members of the GEMG. In November, Tim Cartledge, Chief Strategy Officer of EBS BrokerTec, Steve Gibson, Chief Executive Officer of Euclid Opportunities and Per Sjöberg, Chief Executive Officer of TriOptima, were also appointed to the GEMG. These appointments strengthen the leadership of the Group; they all have strong track records in financial services and have had a positive impact on the Group.

Diane Schueneman resigned as a non-executive director with effect from 31 December 2015 because of her appointment and commitments as a non-executive director of Barclays PLC. I would like to thank Diane for her considerable contribution to the board and to the Group as a whole. As yet we have not appointed a new non-executive director as we will be reviewing the composition of the board in light of the changes to our business model following completion of the Transaction.

I am proud to be part of a board that has such high levels of engagement and enthusiasm. In my experience, having board members who are involved, accessible and approachable is essential to good governance. I enjoy coming into the office and being able to see for myself how our people go about their business.

The structure of the Group may be changing but our ambitions remain the same. We strive to be a good investment, a great employer and a valued contributor to our communities, year after year. Thank you for continuing to support these goals.

Charles Gregson
Chairman
16 May 2016

In this governance and directors' report

Leadership
Read more, pages 40 and 41

Effectiveness
Read more, pages 45 to 47

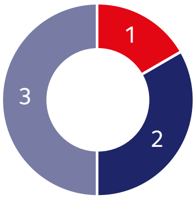
Accountability
Read more, pages 48 to 53

Relations with shareholders
Read more, pages 43 and 44

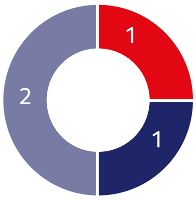
Remuneration
Read more, pages 59 to 70

DIRECTORS' BIOGRAPHIES

Balance of the board as at 31 March 2016



Chairman and non-executive directors' tenure as at 31 March 2016



Board experience and diversity
All ICAP directors have a good understanding of the markets, regions, regulatory and risk management frameworks within which the Group operates as well as the technology it uses. The non-executive directors all have international experience of ICAP's business divisions. The biographies of the directors highlight the skills and experience each director brings to the board.

Other director during the year

Diane Schueneman Non-executive director (Age 64)

Appointed to the board:	Independent:
July 2010 Resigned on 31 December 2015	Yes

Key to board committee membership

G Governance
N Nomination
A Audit
R Risk
Re Remuneration

Charles Gregson Non-executive Chairman (Age 68)

Appointed to the board:	Independent:
August 1998	No

Committees: G N Chairman

Skills and experience
Charles led the development of Garban plc from a small London-based FX and deposit broker to an international business with leading positions in FX, currency deposits, OTC derivatives, government and corporate bonds. Garban merged with Intercapital in 1998, becoming ICAP plc in 2001.

Charles brings considerable senior board level expertise and a thorough understanding of the importance of maintaining strong relationships with the institutional investor community, media and regulatory bodies. He has served on a number of boards in the financial services and media sectors including as non-executive chairman of St James's Place plc and CPP Group plc and as deputy chairman of Provident Financial plc. Charles was also a non-executive director of United Business Media plc and PR Newswire Europe Limited.

Charles holds a degree in Law from the University of Cambridge and qualified as a solicitor.

Other appointments
Charles is a non-executive director of Caledonia Investments plc and Non-Standard Finance plc. He is a director of ICAP Newco plc.

Michael Spencer Group Chief Executive Officer (Age 60)

Appointed to the board:	Independent:
September 1999	No

Committees: G N Member

Skills and experience
Having worked in financial services for more than 30 years, Michael is well respected within the industry. He founded Intercapital in 1986 and became its Chairman and Chief Executive in October 1998. He chairs the GEMG, the executive committee responsible for the Group's strategy and its implementation.

Michael brings immense knowledge and experience to the board. He has a deep understanding of the markets in which ICAP operates and substantial entrepreneurial and senior management expertise. Michael, together with IPGL and its subsidiary companies, is a substantial shareholder in the Company.

Michael was instrumental in founding ICAP's Charity Day in 1993. To date, it has contributed nearly £127 million across more than 2,000 charities worldwide.

Michael holds a degree in Physics from the University of Oxford.

Other appointments
Michael is chairman of IPGL and is on the boards of many of its investments. He is the chairman of The Conservative Party Foundation Limited and a director of ICAP Newco plc.

Stuart Bridges Group Finance Director (Age 55)

Appointed to the board: September 2015

Independent: No

Committees: (G) Member

Skills and experience

Prior to joining ICAP, Stuart was Chief Financial Officer at Hiscox Limited where he had been since 1999. He has held posts in various financial services companies in the UK and US, including Henderson Global Investors. Stuart brings wide ranging experience of implementing change and achieving business success and profitability.

Stuart helps lead the strategic direction of the Group and is responsible for the Group's finance, company secretarial, investor relations and regulatory affairs functions. He chairs the GFC and is a member of the GEMG and the GOC.

Stuart holds an MA degree in Engineering from the University of Cambridge and is a Chartered Accountant.

Other appointments

Stuart is a non-executive director of Caledonia Investments plc, a member of the Audit Committee of the Institute of Chartered Accountants in England and Wales and a member of the Finance Committee of The Royal Institution. He is a director of ICAP Newco plc.

Ivan Ritossa Non-executive director (Age 54)

Appointed to the board: July 2013

Independent: Yes

Committees: (N) (A) (R) (Re) Member

Skills and experience

Ivan has extensive electronic and voice market experience in FX, commodities, credit, prime services and equities and brings more than 30 years of global investment banking expertise to the board.

Prior to joining ICAP, he served on the executive committee for Barclays Investment Bank, as a non-executive director of ABSA Group and an executive director of Barclays' Saudi Arabia board.

Ivan has been a member of numerous industry committees including the New York Federal Reserve Foreign Exchange Committee, the Bank of England Foreign Exchange Joint Standing Committee and the Singapore Foreign Exchange Markets Committee.

Ivan holds an honours degree in Finance from the University of New South Wales, Australia.

Other appointments

Ivan is a non-executive director of ICAP Global Derivatives Limited and ICAP SEF (US) LLC. He is chairman of Exotix Partners.

John Sievwright Senior independent director (Age 61)

Appointed to the board: July 2009

Independent: Yes

Committees: (A) (R) Chairman (G) (N) (Re) Member

Skills and experience

John has extensive experience in investment banking including a 20-year career with Bank of America Merrill Lynch (formerly Merrill Lynch) where he held a number of senior management positions including that of Chief Operating Officer, International, based in New York, Tokyo and London. He was previously senior independent director of FirstGroup plc and was chairman of its audit committee. John brings extensive financial and operational experience of the financial services sector to the board.

John holds an MA degree in Accounting and Economics from the University of Aberdeen and is a member of the Institute of Chartered Accountants in Scotland.

Other appointments

John has no other appointments.

Robert Standing Non-executive director (Age 56)

Appointed to the board: July 2010

Independent: Yes

Committees: (Re) Chairman (N) (A) (R) Member

Skills and experience

Robert is a principal of LDF Advisers LLP which was founded within the JPMorgan group in 1995 and spun out in 2002. Robert joined Chemical Bank in 1982, spending two years developing new products before joining the Capital Markets division in 1985. Following acquisitions by JPMorgan, he worked in a range of roles before becoming Head of Fixed Income and Foreign Exchange for EMEA in 1998.

Robert is one of the founders of the Hedge Fund Standards Board. He has extensive product knowledge and senior management experience.

Robert holds a degree in Engineering from the University of Cambridge.

Other appointments

Robert is a director of London Diversified Fund Management (UK) Limited.

CORPORATE GOVERNANCE STATEMENT

The Code

This corporate governance statement illustrates how the Company has applied the main principles and complied with the provisions of the Code during the year ended 31 March 2016. The remuneration report is set out on pages 59 to 70. The Code can be found on the FRC's website at www.frc.org.uk.

Code principle: Leadership

Role of the board and committees

The principal responsibility of the board is to oversee the Group's strategy and ensure that necessary resources are available and appropriate risk management controls, processes and culture are in place to deliver it. The board seeks to ensure that the right balance is achieved between the ultimate focus on long-term growth and the delivery by management of its short-term objectives. Details of the Group's business model and strategic priorities are given in the strategic report on pages 1 to 35.

The roles of the Chairman and Group Chief Executive Officer are clearly defined and distinctly separate. This division of responsibilities has been set out in writing and approved by the board. Further details of the Chairman and Group Chief Executive Officer's respective responsibilities can be found on page 41.

To assist the board in carrying out its duties and to ensure that there is appropriate oversight of internal controls and risk management, the board delegates certain roles and responsibilities to its five principal committees as shown in the diagram below, being the Governance, Nomination, Audit, Risk and Remuneration Committees. A delegated committee structure affords committee members the time and opportunity to probe the subject matter of a meeting more deeply. Each committee has written terms of reference which clearly set out its authority and duties. These terms of reference can be found on the Company's website at www.icap.com.

Membership of the board's principal committees consists primarily of the independent non-executive directors and, in some cases, the Chairman. Membership of the three executive committees consists of the executive directors and senior management only. The Nomination Committee makes recommendations for appointments to the Audit and Risk Committees. The board makes all other committee appointments.

The membership and work of each of the board's committees are shown on pages 47 to 53. All members of the Group are required to adhere to policies and delegated authorities mandated by the board.

Executive committees

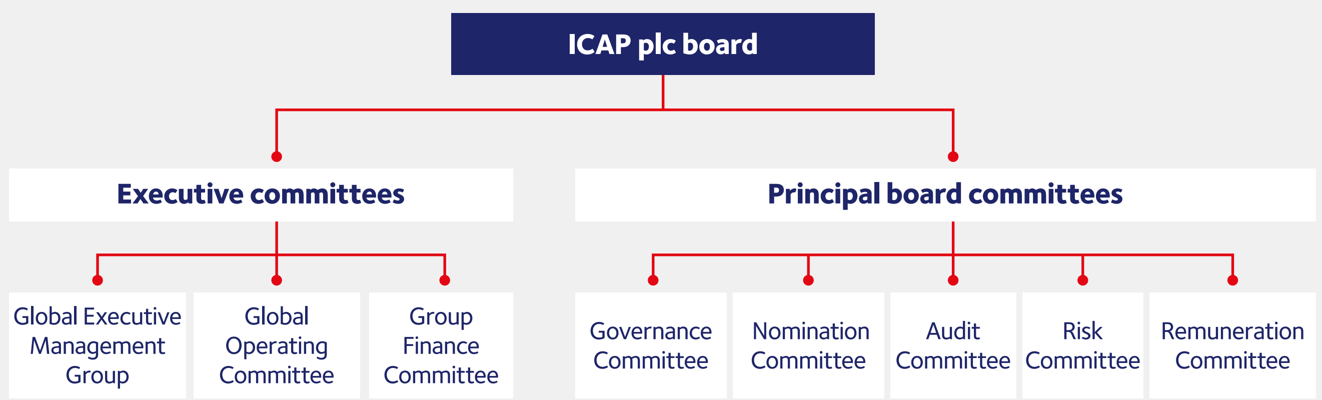
The work of the Group's executive committees complements and supports the work of the board and its principal committees. The GEMG is responsible for proposing commercial strategy to the board, overseeing the strategic and operational performance of the Group and setting its commercial direction within the scope of delegated authorities. Details of the skills and experience of the GEMG members can be found on pages 54 and 55.

The GOC has executive responsibility for the Group's operations and reports to the board, the Audit Committee and the Risk Committee, as required. The GFC has executive responsibility for the Group's financial structure and control environment. The GFC reports to the GEMG, Audit Committee and Governance Committee, as required.

Board members

For the majority of the year, the board comprised the Chairman, two executive directors (the Group Chief Executive Officer and the Group Finance Director) and four independent non-executive directors. Stuart Bridges was appointed Group Finance Director on 1 September 2015. Diane Schueneman resigned from the board on 31 December 2015.

Governance framework



Key responsibilities

Title	Name	Responsibility
Chairman	**Charles Gregson**	The Chairman is responsible for leadership of the board and ensuring its effectiveness on all aspects of its role. The Chairman encourages all directors to maximise their contributions to the board and ensures that the board determines the nature and extent of risks the Company is willing to embrace in the implementation of its strategy. The Chairman engages and consults with major shareholders and key regulators when necessary. The Chairman also ensures that the Chairman of the Remuneration Committee maintains contact, as required, with the Company's principal shareholders and stakeholders regarding remuneration.
Group Chief Executive Officer	**Michael Spencer**	The Group Chief Executive Officer leads the GEMG and oversees the operational performance of the Group. He recommends the Group's commercial strategy to the board and ensures its implementation.
Group Finance Director	**Stuart Bridges**	The Group Finance Director manages the Group's financial affairs and is responsible for the Group's finance, company secretarial, investor relations and regulatory affairs functions.
Senior independent director	**John Sievwright**	In addition to his role as an independent non-executive director, the senior independent director is available to shareholders should they have any concerns which cannot be resolved through normal channels of communication. No such concerns were raised during the year.
Independent non-executive directors	**Ivan Ritossa** **Robert Standing**	The independent non-executive directors provide constructive challenge to the executive directors and support the Chairman and the executive directors in instilling appropriate culture, values and behaviours in the boardroom and beyond. During the year, the non-executive directors included Diane Schueneman.
Group Company Secretary	**Deborah Abrehart**	The Group Company Secretary works closely with the Chairman of the board and the chairmen of the committees to set the agendas for meetings and to ensure the timely presentation of high-quality information to the board. All directors have the power to propose items for discussion at board meetings and regularly did so during the year.

Attendance at board meetings

Six scheduled board meetings were held during the year in three locations: London, Jersey City and Singapore. The board also convened a further five times during the year by conference call and held five ad hoc meetings, principally in connection with the Transaction.

The table below sets out the directors who served on the board in 2015/16 and their meeting attendance.

Due to unavoidable circumstances, Diane Schueneman was unable to attend the board meeting on 30 September 2015. She did, however, provide input to the Chairman in advance of the meeting so that her views were known to the other board members.

All directors who will be proposed for re-election or appointment at the 2016 annual general meeting attended each board meeting in the year.

Board meetings are held at various Group locations to assist with the board's greater understanding of the business and to provide an opportunity for the directors to meet with local management and employees to gain a wider view of the businesses and local cultural issues.

Further insight into the board's key activities and discussions during the year is provided on page 42.

Board meeting attendance in 2015/16

	Maximum possible meeting attendance	Number of meetings attended	% of meetings attended*
Executive directors			
Stuart Bridges**	4	4	100%
Michael Spencer	6	6	100%
Non-executive directors			
Charles Gregson	6	6	100%
Ivan Ritossa	6	6	100%
Diane Schueneman***	4	3	75%
John Sievwright	6	6	100%
Robert Standing	6	6	100%

* % based on the number of board meetings each director was entitled to attend.
** Stuart Bridges was appointed to the board on 1 September 2015.
*** Diane Schueneman resigned from the board on 31 December 2015.

Standing items on the board's agenda

Discussions
- Group Chief Executive Officer's report
- Strategic developments and investment opportunities
- Trading results and financial performance
- Business presentations
- Legal, company secretarial and regulatory updates
- Investor reports and feedback from engagement with shareholders
- Group communications and marketing update

Approval/review
- Approval of minutes of previous board and board committee meetings
- Review of progress of agreed actions
- Review of GEMG and GOC minutes

Strategic report
Governance and directors' report
Financial statements
Definitions

Key board activities and discussions in 2015/16

Topic	Linked to remuneration	Board discussions and activities	Outcomes
Growth and protection	✓	• Debated and agreed a strategy to bring together two world-class, customer-focused broking businesses, with improved profitability and scale • Continued to focus on expanding ICAP's addressable market by developing new products and services which will cater for a wider customer base	• Approved the Transaction to combine ICAP's global hybrid voice broking business with Tullett Prebon, allowing for an improved use of technology and innovation in products and services for the benefit of ICAP's customers, employees and shareholders • Approved a further investment in AcadiaSoft, Inc and the acquisition of ENSO Financial Analytics
People and culture	✓	• Debated the board's cultural responsibilities including the FCA's perspective of culture and its focus on conduct • Discussed the board's composition and reviewed board, executive and senior management succession planning • Discussed the results of a global employee communications survey and feedback received from employee focus groups	• Continued engagement with global cultural initiatives in order to provide a better and sustainable business environment • Following Diane Schueneman's departure from the board, changes were implemented to strengthen the composition of the board's principal committees • Appointed four new members to the GEMG to ensure a strong leadership team and an appropriate level of representation across all ICAP businesses
Controls and governance	✓	• Reviewed and approved the Group's ICAAP for 2015 • Regularly reviewed the Group's risk appetite statements and debated the risk profile of the Group • Discussed the requirements of the Code and the Competition and Markets Authority's Statutory Audit Services Order 2014, particularly in respect of tendering the Group's external audit contract • Reviewed the effectiveness of the Group's internal audit function, risk management and internal control frameworks	• Used the 2015 ICAAP to assess and inform the Group's risk appetite framework and identified improvements for the 2016 ICAAP process • Maintained close oversight of the Group's key and emerging risks, with an increased focus on the information risk profile of the Group and potential cyber and technological threats • Launched a competitive external audit tender process resulting in a new external auditor being proposed for appointment for the year ending 31 March 2018, subject to shareholder approval • Appointed a new Head of Internal Audit to lead the Group's internal audit function
Profitability	✓	• Monitored and assessed the Group's financial performance in line with budget and market expectations • Reviewed and approved the 2015 preliminary results and Annual Report • Regularly reviewed ICAP's share price and performance metrics	• Challenged and approved the Group's 2016/17 budget, capital structure and funding plan • Reviewed the Group's dividend policy
Stakeholder relationships		• Regularly reviewed and discussed shareholder and investor feedback including in relation to the Transaction and the directors' executive remuneration arrangements • Considered the appropriate actions in response to key regulatory changes faced by the Group and industry as a whole	• Focused areas of the Chairman's 2016 statement to address issues raised by shareholders • Enhanced the Group's internal systems and controls following ICAP's participation in an FCA planned cross-market remediation exercise

Code principle: Relations with shareholders

SHAREHOLDER ENGAGEMENT

The Company's annual general meeting is a key date in the diary for the board. Shareholders who attend the meeting typically receive a brief update from the Group Chief Executive Officer on the activities and performance of the Group since the prior financial year end. All directors attended the 2015 annual general meeting and were available to answer questions from shareholders on matters put to the meeting. For those shareholders who are unable to attend annual general meetings, particularly the overseas shareholder base, ICAP has put in place systems to allow for electronic proxy voting through the ICAP share portal website (www.icap-shares.com). The geographic breakdown of ICAP's institutional shareholders by region is shown in the diagram below. Full details of the ways in which the Company engages with its shareholders are set out on page 44.

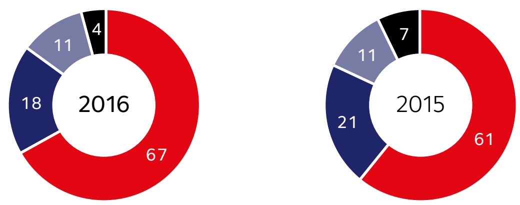
The board maintains an effective and transparent dialogue with shareholders and, as such, gives high priority to shareholder and investor communications. The board receives regular investor reports which detail the feedback from investor meetings. It also receives the results of investor perception studies which are undertaken by external consultants. This feedback helps inform board discussion particularly as it relates to the views of investors and analysts on strategy. Movements on the share register are monitored and reviewed at board meetings to maintain the board's understanding of the Company's share register.

Key themes arising from shareholder feedback received during the year are summarised on page 44. Subject to regulatory constraints, the executive directors and members of senior management hold regular meetings with investors and analysts to update them on the Group's strategy and performance. These meetings take a variety of forms, including roadshows and investor conferences where individual discussions and group meetings are held with current and potential investors. The table below shows the proportion of these meetings which were attended by the Group Chief Executive Officer, the Group Finance Director and the Chief Executive Officer of EBS BrokerTec. The Chief Executive Officer of PTRI presented the PTRI strategy to investors since joining ICAP in August 2015. A series of meetings followed the announcement of the Transaction and centred on the rationale for the Transaction and drivers for future growth for Newco.

In the past year the Chairman of the board, the Chairman of the Remuneration Committee, the Group Company Secretary and the Group Head of HR also met with key institutional shareholders to discuss feedback received on the directors' remuneration policy which was approved at the annual general meeting held in 2015.

The non-executive directors are available to meet with shareholders but no such requests for engagement were received during the year.

Institutional shareholders by region



	2016	2015
UK	67%	61%
US	18%	21%
Rest of Europe	11%	11%
Rest of the world	4%	7%

Executive attendance at key investor meetings in 2015/16

	Meetings attended
Group Chief Executive Officer	43%
Group Finance Director	52%
Chief Executive Officer, EBS BrokerTec	26%
Chief Executive Officer, PTRI	4%

Investor relations programme in 2015/16

May
2015 results presentation (London)
Investor roadshow (London)

June
Investor conferences (New York, Nice, London)

July
Q1 interim management statement (IMS) conference call
2015 annual general meeting (London)
Investor group meeting (London)

September
Investor conferences (London, New York)

November
Half-year results presentation (London)
Investor group meeting (London)
Investor roadshows (Boston, London, New York)

December
Investor conference (London)
Investor roadshow (Frankfurt)

February
Q3 IMS conference call
Investor group meeting (London)
Investor roadshow (San Francisco)

March
Investor roadshow (Edinburgh)
Investor conference (London)

2016 annual general meeting

The Company's eighteenth annual general meeting will be held on Wednesday 13 July 2016 at 2 Broadgate, London EC2M 7UR.

In accordance with the Code and the Company's articles of association, Stuart Bridges will stand for appointment and all other directors will stand for re-election in July 2016. Full details of the resolutions to be proposed at the annual general meeting are set out in the notice of annual general meeting. The notice is made available to shareholders on the Company's website or sent to them, if they have elected to receive hard copies, at least 20 working days before the meeting.

Details of proxy votes for and against each resolution, together with votes withheld, will be made available after the vote has been dealt with on a show of hands and the results of the meeting will published on the Company's website.

2015 annual general meeting

All resolutions proposed at the 2015 annual general meeting were duly passed. The resolutions to approve the 2014/15 remuneration report and directors' remuneration policy, however, received a significant proportion of votes against (34.15% and 30.68% respectively). The board was disappointed at this outcome and sought further feedback as a result of which a change has been made to the recruitment policy for directors. Further details are set out on page 62.

Overall, the board was pleased to note that the total number of proxy votes received for all resolutions at the 2015 annual general meeting represented more than 83% of the total voting rights of the Company (2014 annual general meeting: more than 80%).

Shareholder approval of the Transaction

On 24 March 2016, ICAP plc held two shareholder meetings to approve the Transaction – a court meeting and a general meeting. All resolutions were conducted on a poll and passed with at least 93% of shareholder votes in favour of all resolutions. The total number of votes received for both meetings represented more than 84% of the total voting rights of the Company.

Shareholder feedback themes for 2015/16

- **Strategy:** recognised the rationale for the Transaction and requested an explanation of the growth drivers for the next two to four years
- **Investments:** supportive of strategic investments made during the year, with particular recognition given to Euclid Opportunities' fintech investments
- **Regulation:** recognised the potential opportunities of MiFID II for the Company
- **Global environment:** sought to understand the effect of the US interest rate rise on the Company's businesses

How we engage with our shareholders

Annual general meeting

- All shareholders are invited to attend or appoint a proxy to attend on their behalf
- The annual general meeting provides an excellent opportunity for our shareholders, in particular our private shareholders, to hear about the general development of the business and to ask questions of the Chairman of the board and other directors

Financial reporting and regulatory news

- Annual Report, including the full-year financial statements
- Half-year financial statements
- Regular trading updates

Investor and analyst briefings, meetings and presentations

- Executive directors and senior management meet with major shareholders throughout the year
- Presentations are given on financial results and key business developments which are subsequently made available on the ICAP website

Website – www.icap.com

- Access to reports, presentations and regulatory news
- Monthly volume data on electronically traded products
- Share price and dividend information
- Financial calendar
- Board and GEMG members' biographies
- Registrar contact details including a dedicated helpline number for ICAP shareholders and a link to the ICAP share portal

Code principle: Effectiveness

EFFECTIVENESS

The Chairman manages the board and oversees the operation of its committees. The composition of the board and its committees is reviewed to ensure there is the right mix of skills, experience and knowledge of the Company to enable them to perform effectively. Throughout the year, at least half of the board, excluding the Chairman, comprised non-executive directors. The balance of the board as at 31 March 2016 is illustrated on page 38.

Time commitment

In order to effectively discharge their responsibilities, non-executive directors must commit sufficient time to their role. The Chairman has confirmed that, in his view, each non-executive director continued to demonstrate commitment to their role during the year, particularly in light of the Transaction. Outside of ICAP, neither the Chairman nor the non-executive directors took on further significant commitments during the year. The Chairman, who is based at ICAP's London office, continued to commit as much time as was necessary to fulfil his duties with his responsibilities to ICAP taking priority over his other business commitments.

In addition to the time spent preparing for, and attending, board and committee meetings, the Chairman and the non-executive directors are expected to allocate sufficient time to further their understanding of the Group. This typically takes the form of meetings with executive management and key stakeholders as well as training sessions to ensure ongoing business awareness.

Throughout the year, each board committee meeting was attended by all of its members as detailed in the table below:

	Governance	Nomination	Audit	Risk	Remuneration
Executive directors					
Stuart Bridges*	2/2	–	–	–	–
Michael Spencer	2/2	1/1	–	–	–
Non-executive directors					
Charles Gregson	2/2	1/1	–	–	–
Ivan Ritossa**	–	1/1	2/2	7/7	3/3
Diane Schueneman***	–	–	4/4	5/5	2/2
John Sievwright****	2/2	1/1	6/6	7/7	1/1
Robert Standing	–	1/1	6/6	7/7	3/3

* Stuart Bridges was appointed a member of the Governance Committee on 30 September 2015.

** Ivan Ritossa was appointed a member of the Nomination and Audit Committees on 31 December 2015.

*** Diane Schueneman was a member of the Nomination, Audit, Risk and Remuneration Committees until 31 December 2015, when she resigned from the board.

**** John Sievwright was appointed a member of the Remuneration Committee on 31 December 2015.

Board and committee evaluations

The performance of the board and its committees is assessed annually to ensure their effectiveness is maintained and that they remain fit for purpose. Evaluating performance helps to identify areas that might need to be strengthened or developed.

The 2014/15 evaluations of the board and its committees were externally facilitated by Lintstock. Due to a significant proportion of the board's activities having been focused on the Transaction since 31 March 2015, Lintstock was asked to focus its 2015/16 evaluations on the Audit, Risk and Remuneration Committees. The 2015/16 board evaluation was undertaken by way of an internal assessment.

Lintstock does not provide any other advisory services to ICAP.

An internal review of the composition and performance of the Governance and Nomination Committees concluded that the activities of both committees had been impacted by the Transaction. The board agreed that both committees should be externally evaluated in 2016/17 and their terms of reference would be reviewed following completion of the Transaction.

Board evaluation

The board's evaluation focused on information and board dynamics. The evaluation confirmed that agenda items were appropriate and supported by good quality and relevant information. The board's skills and experience contributed to a well functioning board which had both the opportunity and independence to challenge executive management.

Audit Committee evaluation

The 2015/16 Audit Committee evaluation confirmed that the committee had successfully implemented the key focus areas highlighted by the previous external review including additional training on technical accounting matters and Annual Report disclosures and a continued focus on financial reporting processes.

For 2016/17, the evaluation recommended that the committee focus on the accounting issues arising from the separation of Newco and IGBB and continue the training and development of committee members.

Risk Committee evaluation

The Risk Committee's performance in 2015/16 was rated positively, particularly the committee's understanding of the key risks facing ICAP and the committee's performance in reviewing the quality and effectiveness of the Group's risk management framework. The committee had successfully implemented a number of the focus areas identified by the previous external review, namely an enhanced focus on risk appetite methodology and metrics and increased dialogue with senior members of the risk management team.

The evaluation identified a continued assessment of the risks arising from the separation of Newco and IGBB and an improved understanding of the risks on which regulators are focusing as key focus areas for 2016/17.

Remuneration Committee evaluation

The overall performance of the Remuneration Committee was positively rated although the vote against the remuneration report was disappointing in view of the work and consultation undertaken.

The committee felt that the alignment of executive management's interests with the strategy of the Group had been effectively implemented but noted that further changes would be required in view of the Transaction and in order to drive appropriate outcomes for shareholders. This will be a focus for 2016/17.

How we inducted Stuart Bridges

Stuart joined the board in September 2015. In his previous role, he was Chief Financial Officer of Hiscox Limited, joining the company in 1999. Stuart has been a non-executive director of Caledonia Investments plc since January 2013.

With Stuart's listed company experience and background in regulated financial services, his induction focused on the Group's operations, culture and strategy in order to assist his understanding of ICAP. Stuart met with a number of executive and senior managers and visited ICAP businesses in Jersey City, New York and Singapore. In particular, he was briefed on:

- the Group's strategic and business objectives, with particular focus on the Transaction;
- ongoing culture and leadership initiatives within the Group;
- the global markets and regulatory landscape which ICAP faces; and
- ICAP's products and technology including an in-depth view of its trading and post trade systems. This included time spent on a number of trading desks to gain a further understanding of the business.

Stuart completed a number of ICAP-specific online training modules and, in order to increase his understanding of ICAP's shareholder profile, he met with a number of current and potential investors in Boston, Frankfurt, London and New York. He was also briefed on shareholder feedback from the 2015 annual general meeting.

Chairman's evaluation

The Chairman's 2015/16 evaluation was led by John Sievwright as senior independent director. The evaluation concluded that the Chairman fully discharged his duties in terms of leadership during the year. The Chairman was noted to have an excellent grasp of his role, encouraging open board debate and actively seeking the counsel of the non-executive directors. In particular, the Chairman's excellent lines of communication with the Group's senior executive team and a highly constructive working relationship with the Group Chief Executive Officer provided a strong foundation for effective board discussions.

The Chairman is accessible outside of scheduled meetings and uses the senior independent director as a sounding board on major issues. Matters raised by the non-executive directors were incorporated into full and balanced board meeting agendas and the Chairman arranged for advisors and specialists to present to the board as appropriate throughout the year.

The Chairman has agreed that, following completion of the Transaction, the composition of the board will need reviewing and he has undertaken to make this a focus for the Nomination Committee.

Independence of the non-executive directors

Non-executive directors are expected to be independent in character and judgement and free from any business or other relationship which could materially interfere with the exercise of that judgement.

The board considers and reviews the independence of each non-executive director on an annual basis. In carrying out its review, consideration is given to factors such as length of tenure and each director's ability to provide objective challenge to management. The board determined that each non-executive director was independent against the criteria stated in the Code.

Board induction and training

The Chairman of the board ensures that new directors receive a tailored and comprehensive induction programme to introduce them to the Group's businesses and a wide range of senior management. Following an assessment of the specific skills which a director brings to the board, the programme typically comprises a combination of briefings on specialist topics and meetings with, among others, the directors, Group Company Secretary, Global Chief Operating Officer, Chief Risk and Compliance Officer, Group Head of Internal Audit, Group General Counsel, Group Head of HR and CFO Group Finance.

The purpose of the programme is to ensure each new director understands the unique opportunities and challenges which ICAP faces, enabling every director to contribute fully to the board's strategic discussions and oversight of the business.

During the year all directors received a number of updates on the regulatory environment, from both external advisors and ICAP's senior managers, and briefings on governance changes and their implications for ICAP. In particular, the board received detailed training on directors' duties in the context of the Transaction.

The directors may obtain independent professional advice in respect of their duties to the board and its committees at the Company's expense.

Directors' conflicts of interest

The board has procedures in place for the disclosure of conflicts of interest. The directors are aware of their responsibility to avoid a situation whereby they have an actual or potential conflict of interest and the requirement to inform the Chairman and the Group Company Secretary of any change in their situation. An effective procedure is in place for the board to authorise conflict situations should they arise, in accordance with the Companies Act 2006 and the Company's articles of association.

The Group Company Secretary is responsible for keeping appropriate records, including the scope of any authorisations granted by the board. The board undertakes an annual review of conflict authorisations. No additional conflicts of interest were required to be authorised during the year.

Compliance with the Code

It is the board's view that, for the year ended 31 March 2016, the Company has applied all the main principles and been fully compliant with all provisions set out in the Code.

Code principle: Accountability

GOVERNANCE COMMITTEE

In order to facilitate efficient and effective management and deliver long-term shareholder value, the role of the Governance Committee is to review, offer recommendations and make decisions in relation to all aspects of the Group's governance environment. The committee reports to the board.

Members

The Governance Committee's membership is made up of the Chairman of the board, the senior independent director, the Group Chief Executive Officer and the Group Finance Director. The committee is chaired by the Chairman of the board. The Global Chief Operating Officer and the Group General Counsel have standing invitations to attend committee meetings.

The table on page 45 sets out the committee members' attendance at committee meetings during the year.

Key activities

During the year, the Governance Committee discussed and reviewed the impact of a number of regulatory developments on the Group's governance framework including potential changes to the regulation of benchmarks and the Fair and Effective Markets Review.

The committee also oversaw an ongoing programme of work to consolidate the Group's corporate structure in connection with the Transaction and continued its assessment of the Group's progress with cultural change. The committee was pleased to conclude that, although there is more work to be done, the Group's cultural remediation programme has been successful in implementing cultural change throughout the Group.

During the year, the committee discussed and approved terms of reference for the FX Remediation Oversight Committee, a sub-committee of the board which was established to oversee the implementation of enhancements to the Group's internal systems and controls. A review of the activities undertaken by this committee is set out on page 53.

How we measure effective governance

In line with its responsibility for maintaining core governance standards across the Group, the Governance Committee reviewed the Group's governance framework for regulated subsidiaries during the year and evaluated the findings of an internal audit review on corporate governance. Action items arising from both reviews will be a focus area for the committee in 2016/17.

Code principle: Effectiveness

NOMINATION COMMITTEE

The Nomination Committee is primarily responsible for reviewing the structure, size, composition and succession planning of the board. The committee reports to the board.

Members

Members of the Nomination Committee are appointed by the board and comprise a majority of independent non-executive directors. The committee is chaired by the Chairman of the board.

The table on page 45 sets out the directors who served on the committee during the year and their committee attendance.

Key activities

Key elements of the Nomination Committee's work on succession planning during the year followed on from the Transaction and Diane Schueneman's decision to step down from the board. As part of these discussions, the committee determined that the industry skills and experience of Ivan Ritossa would enhance the composition of the Nomination and Audit Committees and that John Sievwright's understanding of key shareholder and investor concerns as the senior independent director would further strengthen the skill set of the Remuneration Committee.

Following completion of the Transaction, the committee will undertake a detailed review of the composition, skills and experience of board members in order to deliver an appropriately balanced board for Newco. This review will include consideration of the current non-executive directors' tenure and take into account the need for progressive refreshing of the board.

How we appoint new board members

The Nomination Committee ensures that a formal, rigorous and transparent procedure exists for the appointment of new directors. All board appointments are made on merit acknowledging the benefits a diverse range of skills, experience, background and gender can bring to the board's leadership and effectiveness.

The first stage of the process involves the committee conducting a detailed evaluation of the composition of the board. Assisted by external search consultants, where appropriate, the members of the committee then meet with a short list of candidates. The final recruitment decision is determined by the full board of directors.

The appointment of Stuart Bridges was described in the 2015 Annual Report and an overview of his induction is provided on page 46.

Code principle: Accountability

AUDIT COMMITTEE

Chairman's overview

As Chairman of the Audit Committee, I am pleased to introduce this report which sets out how the committee has discharged its responsibilities during the year.

A key item on the committee's agenda has been oversight of a comprehensive tender process for the Group's external audit contract. The committee decided to initiate this process given the timing of the current auditor's lead partner rotation and in light of the Transaction and recent changes in audit tender requirements.

The tender included members of the board and representatives of key business and control functions meeting with a number of potential auditor candidates in London and New York. These meetings were a useful opportunity for candidates to meet with key stakeholders in the Group and ensured that the Company received a strong round of initial proposals. Each candidate then provided a written submission to the committee and an additional committee meeting was scheduled in May 2016 to receive formal presentations. Each proposal was evaluated in detail focusing on audit quality, team experience and cultural fit.

The tender concluded with the committee's recommendation to the board that Deloitte LLP be appointed as the Company's auditor for the year ending 31 March 2018, subject to shareholder approval at the 2017 annual general meeting.

The committee is very aware of an increased spend during the year on non-audit services provided by our external auditor (PwC) as described in more detail on page 50. The significant increase was due to a number of assignments which were required to support the Transaction, referred to as the corporate finance transaction services and other assurance services in note 2 to the financial statements. The committee carefully considered the impact of using PwC for this work and, while it would have been possible to use another firm this would have been inefficient and subject to even higher fees as that firm would have had to replicate PwC's underlying audit work. The committee also noted that it was not unusual for this type of work to be undertaken by an existing auditor on the basis that they are familiar with the business and, as a result, able to perform the services in a timely and cost-effective manner.

The committee therefore decided that, with the appropriate independence and objective procedures in place, it would be in the best interests of shareholders for PwC to undertake this work and a one-off exception to the Group's internal policy on non-audit services was approved. The board is required to provide a statement that, taken as a whole, it believes the Annual Report and financial statements to be fair, balanced and understandable. The governance framework to provide such assurance to the committee and to the board is set out on page 49. The statement itself is on page 58.

I would like to take this opportunity to thank each member of the committee for their hard work and commitment to the activities and responsibilities undertaken by the committee and to management for their responsiveness to the committee's questions and challenges.

John Sievwright
Chairman, Audit Committee
16 May 2016

Audit Committee

The Audit Committee is responsible for the effective governance of the Group's financial reporting, including the adequacy of financial disclosures and both the external and internal audit functions. It is authorised by the board to carry out any activity within its terms of reference. The Audit Committee reports to the board.

The Audit Committee may seek any information it requires from any employee and all employees are directed to co-operate with any request made by the committee. The committee may obtain outside legal or other independent professional advice and secure the attendance of outsiders with relevant experience and expertise, if the committee considers this necessary, at the Group's expense.

Members

The Audit Committee members are all independent non-executive directors and it is chaired by John Sievwright. The board is satisfied that at least one member of the committee has recent and relevant financial experience and that all members bring extensive expertise to the committee.

The table on page 45 sets out the directors who served on the committee during the year and their attendance.

Meetings are regularly attended by the Chairman of the board, the Group Finance Director, the Global Chief Operating Officer, the Group General Counsel, the CFO Group Finance, the Group Head of Internal Audit and the external audit partner.

The Chairman of the Audit Committee maintains contact with attendees throughout the year. There were two meetings during 2015/16 when the committee met with the Group Head of Internal Audit and the external audit partner without any executive director or member of management present.

Key activities

An annual work plan is prepared to ensure all areas of significance are considered by the Audit Committee and that business and reporting requirements are met. The committee's key activities during the year included reviewing and discussing:

- the appointment of a Group Head of Internal Audit;
- the appropriateness of the Group's half-year and annual financial statements and financial announcements to the London Stock Exchange;
- the viability assessment and viability statement on page 58;
- the going concern statement on page 58 and the appropriateness of preparing the Group's half-year and annual financial statements on a going concern basis;
- reports from the external auditor;

- the effectiveness of the Group's internal control systems for financial reporting;
- an annual schedule of work to be conducted by the external and internal audit teams; and
- the effectiveness of the external and internal audits.

The committee members also received training updates from the external auditor on accounting developments, corporate governance and reporting and the new viability statement requirements.

Financial reporting

The Audit Committee reviews the Group's accounting policies and monitors the integrity of the Group's financial statements, including the half-year and annual reports, and other announcements relating to the Group's financial performance to ensure that they present a balanced and clear assessment of the Group's financial position and outlook.

During the year, the committee considered certain accounting and financial reporting areas to be of a more subjective nature. Throughout the year, management presented to the committee its position on those areas that were material in nature and involved significant management judgement and assumptions. Such areas included management's review of goodwill impairment, the recoverability of investments (in particular non-core investments that were associated with the Group's voice broking business but are not being sold), contingent liabilities and management's viability assessment. In reviewing management's judgements and estimates in these areas, where appropriate, the committee discussed these judgements and estimates with the external auditor.

The committee considered and approved the Group's significant accounting policies, including management's position on provisions and its definition of exceptional items (see the basis of preparation note to the financial statements on pages 85 to 87), which remained consistent with the prior year. The committee discussed and approved the appropriateness of items, considering their nature and materiality, that were presented in the exceptional items column in the consolidated income statement. The committee, where appropriate, discussed management's judgements and estimates with the external auditor and approved the provisions as at 31 March 2016.

The announced disposal of the IGBB business satisfied the criteria for held for sale and discontinued operations under IFRS5. As a result, management presented financials attributable to the IGBB business and to the retained Group separately. The committee also considered and approved management's approach to include non-GAAP financials in the strategic report to make the financial statements clearer and more understandable, in particular comparability with the prior year's reported financials.

The committee considers the annual goodwill impairment review to be a significant judgement area and, as such, reviewed the impairment testing which was undertaken by management during March 2016. The impairment test identified that there was no impairment. In reviewing this area, the committee considered the appropriateness of management's judgements and estimates; see note 14 to the financial statements.

The committee also considered the impairment review of investments in non-core associates which was undertaken by management as at 31 March 2016. There was £25 million of impairment charge recorded for the year. In reviewing this area, the committee considered the appropriateness of management's judgements and estimates; see note 22 to the financial statements.

The committee considered management's viability statement and the appropriateness of management's judgements, estimates and assumptions made in assessing the viability of the Group. The committee is satisfied that the directors of the Company carried out an assessment of the long-term solvency and liquidity of the Group in accordance with the provisions of the Code. The viability statement is disclosed on page 58 and should be read together with the Group's principal risks and uncertainties and risk management framework as set out in the risk management section of the strategic report on pages 16 to 21.

Additionally, auditing standards require the external auditor to presume risks of fraud in revenue recognition as a significant audit risk area and to perform procedures to address those risks. The committee concluded that, based on the findings reported by the external and internal auditors, and from its own review of the Group's internal control and risk management frameworks, the financial statements for the year ended 31 March 2016 were not exposed to a material risk arising from this risk area.

The committee considered and approved the Group's tax strategy, the objectives of which were to deliver shareholder value by complying with all tax obligations and working constructively with relevant tax authorities.

The work described above, together with a review of the content of the strategic report, provided the assurance to the committee, and to the board, that the Annual Report for the year ended 31 March 2016, taken as a whole, is fair, balanced and understandable and provides the information necessary for shareholders to assess the Group's and the Company's position and performance, business model and strategy.

The committee has delegated responsibility for the day-to-day financial management and monitoring of financial controls to the GFC.

Internal audit

The internal audit function is overseen by the Group Head of Internal Audit who is supported by KPMG (as outsourced providers) and reports to the Audit and Risk Committees. Internal audit establishes an annual audit plan based on discussions with management and an assessment of the risks inherent in the Group's activities. The results of these audits provide assurance to management and to the Audit and Risk Committees that the system of internal control achieves its objectives and highlights gaps and areas for improvement.

The effectiveness of the internal audit function has been assessed on an ongoing basis by challenge to the content of the internal audit plan and the performance of the function against this approved plan. As a result of such assessment, changes have been made to the plan, for example to allow for an unexpected change in circumstances and to amend a protocol around the process to ensure management remained focused on implementing recommendations.

External auditor

In line with the requirements of the Competition and Markets Authority's Statutory Audit Services Order 2014 and as described in more detail on page 48, the board has decided to recommend that Deloitte LLP be appointed as the Company's external auditor for the year ending 31 March 2018, subject to approval by shareholders at the 2017 annual general meeting.

At the 2016 annual general meeting, the Group's current auditor, PwC, will be proposed for re-appointment for the year ending 31 March 2017.

Non-audit services

In line with best practice, the Audit Committee is responsible for determining the non-audit services that the external auditor may or may not provide to the Group and monitoring the balance of spend on audit and non-audit fees to ensure the continued independence of the Group's external auditor. All non-audit services provided to the Group are in accordance with applicable legislation. Any proposed non-audit assignments with fees in excess of £100,000 are subject to the Audit Committee's prior approval. Fees below this limit are approved by the Chairman of the Audit Committee and reported to the committee.

The total spend on non-audit services during the year was £3.6 million being 90% of the audit fee (2014/15: 21%). This was primarily due to corporate finance and other assurance services required in connection with the Transaction. As described in more details on page 48, the committee debated the benefits of engaging an alternative firm to provide these services but determined that to do so would be inefficient and result in further additional fees.

With these procedures in place, and following consideration of the work to be undertaken, the committee recommended to the board a one-off exception to the Group's internal policy on non-audit services to be provided by the external auditor.

Note 2 to the financial statements provides further details of the fees paid for audit and non-audit services during the year.

Effectiveness

During the year, the committee assessed the effectiveness of the external audit process on an ongoing basis. The committee agreed that the external audit team continued to be effective throughout the Group. Any issues which were brought to the committee's attention were satisfactorily dealt with at the time.

Statutory Audit Services compliance

The Company confirms its compliance with the requirements of the Statutory Audit Services for Large Companies Market Investigation (Mandatory Use of Competitive Tender Processes and Audit Committee Responsibilities) Order 2014 for the year ended 31 March 2016.

Code principle: Accountability

RISK COMMITTEE

Chairman's overview

I am pleased to introduce the Risk Committee report for 2015/16. My role as Chairman of the Risk Committee is to safeguard the independence and oversee the performance of the Group's risk function, including that of the Chief Risk and Compliance Officer.

Oversight of the Group's risk function is carried out at committee meetings, the activities of which are described more fully on page 51, and also by the committee's relationships with the Group Chief Executive Officer, the Group Finance Director, the Global Chief Operating Officer, the internal audit function and senior management of the divisions. Many of these individuals attend committee meetings on a regular or ad hoc basis. In addition, I and the other committee members spend time outside meetings with senior managers to ensure we are fully apprised of the issues faced by the businesses.

During the year, the directors carried out regular and robust assessments of the principal risks facing the Group, including those that would threaten its business model, future performance, solvency or liquidity. ICAP's six principal risks are strategic, operational, liquidity, reputation, credit, and legal and regulatory. The Group also recognises and manages three further significant risks: cross-risk, market and financial. These remain unchanged from the prior year. Further detail of these risks and how they are being managed and mitigated is set out in the risk management section of the strategic report on pages 16 to 21.

The Group's risk appetite framework provides a clear and measurable statement of the Group's risk appetite in line with which the committee can exercise its oversight and governance responsibilities. The committee receives quarterly Group risk appetite statement reports which are discussed and reviewed in detail. These discussions can lead to further information requests and, if appropriate, follow-up reports. The committee believes that this framework is becoming increasingly embedded into the businesses and used to inform key business decisions.

Technology risks, including cyber, continue to be a focus for the committee which receives regular updates of the work being undertaken to identify potential issues and remediation actions. As part of the committee's training programme, an extended session on cyber risk, the changing environment and its impact on ICAP was provided by an expert third party during the year.

In February 2016, the committee discussed the effectiveness of the risk function following its reorganisation in April 2015, under Wendy Phillis, Chief Risk and Compliance Officer. The findings confirmed the improvements which the committee had witnessed, particularly increased engagement between senior management and the risk function and the provision of higher-quality data and information in respect of risk appetite reporting. There was recognition by the risk function, endorsed by the committee, that continuing improvement of the function would be critical to ensure effective oversight of risk management and controls.

I would like to take this opportunity to thank each member of the committee for their continued commitment to, and enthusiastic participation in, the work of the committee and to management for their responsiveness to the committee's questions and challenges.

John Sievwright
Chairman, Risk Committee
16 May 2016

Risk Committee

The Risk Committee reports to the board and is responsible for setting the overall risk strategy, risk appetite and risk tolerance for the Group in order to ensure that the risk management function within the Group promotes the success of the Company. The committee is authorised by the board to carry out any activity within its terms of reference. Its principal areas of responsibility include:

- ensuring that the Group's principal risks (including emerging threats) are properly identified, assessed and mitigated on an ongoing basis;
- regularly reviewing the quality and effectiveness of the Group's risk management and internal control frameworks; and
- reviewing the internal audit programme as part of integrated assurance.

Members

The Risk Committee members are all independent non-executive directors and the committee is chaired by John Sievwright. The table on page 45 sets out the directors who served on the Risk Committee during the year and their committee attendance.

The Chairman of the board, the Group Finance Director, the Global Chief Operating Officer, the Group General Counsel, the Chief Risk and Compliance Officer, the Group Head of HR, the Group Head of Internal Audit and the external audit partner regularly attend meetings of the committee.

The Chairman of the Risk Committee maintains contact with attendees throughout the year and has met with the Group Head of Internal Audit, Chief Risk and Compliance Officer and Global Chief Operating Officer without other members of the executive being present.

Key activities

An annual work plan is prepared to ensure all areas of significance are considered by the committee and that business and reporting requirements are met. The committee's key activities during the year included reviewing and discussing:

- regular and robust assessments of the principal risks facing the Group;
- the adequacy and effectiveness of the Group's risk management and internal control frameworks on an annual basis;
- updates on operational risk and compliance issues;
- approval of the Group's 2015 ICAAP and an improved stress testing strategy for 2016;
- approval of a new policy for significant business initiatives within the Group;
- review of the Group's risk appetite framework to align more closely with the Group's business strategy and divisions;
- business risk reviews (Shipping, Traiana, Fusion and BrokerTec);
- review of internal audit, legal, regulatory and government affairs reports;
- updates on the Group's information risk profile including cyber and technological threats facing the Group and the results of global penetration testing; and
- monitoring levels of mandatory risk and compliance training in risk and compliance matters, identifying and escalating non-adherence.

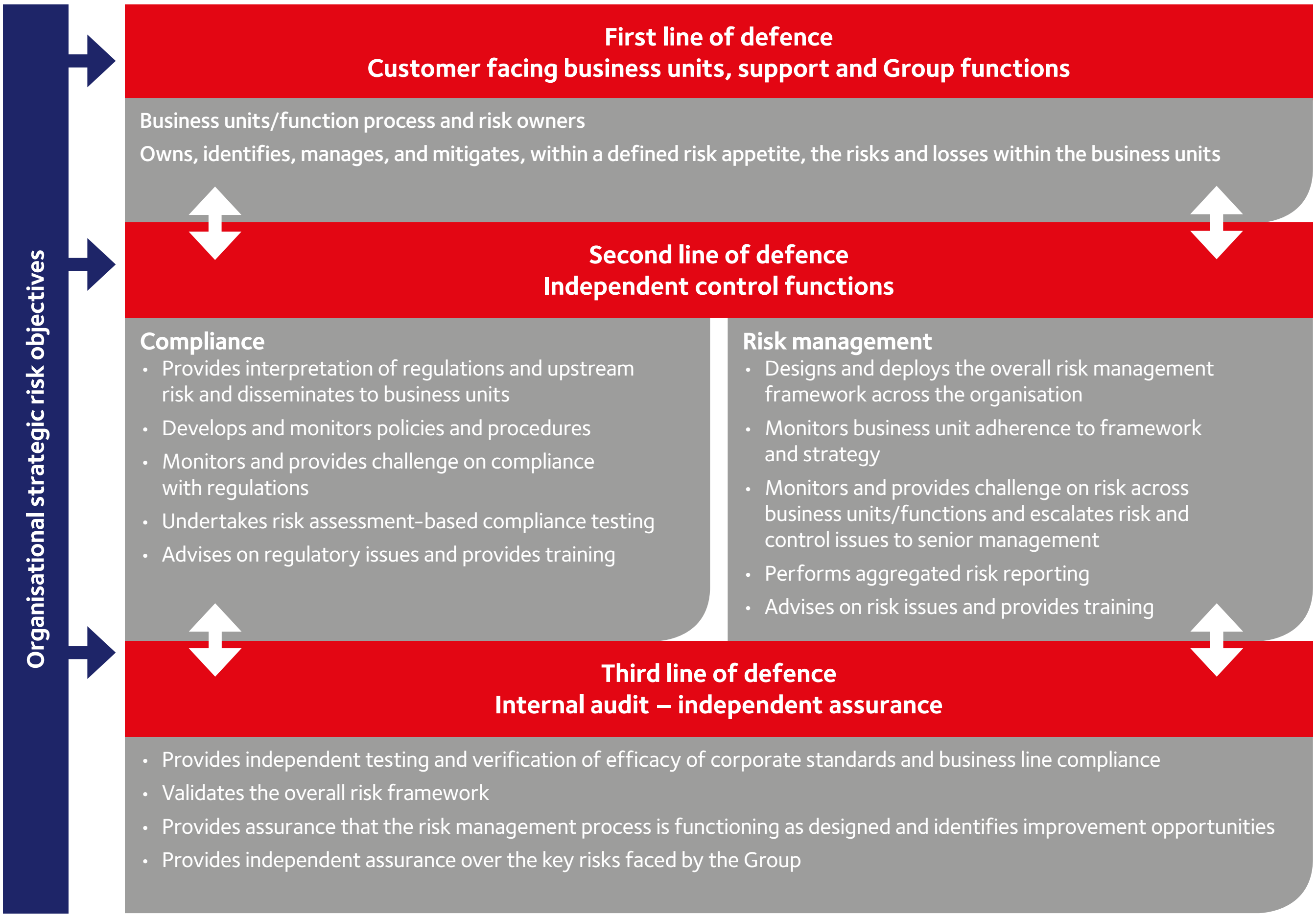
Risk control and management framework

Effectiveness review

Our internal controls and risk oversight have been reviewed as a result of FRC guidance and changes made to ensure compliance.

The board reviews the adequacy and effectiveness of the Group's risk management and internal control frameworks on an annual basis. This review is supported by the Group's independent control functions and any remediating actions which are identified are reported to the board. No significant failings or weaknesses in the Group's systems of risk management or internal control were identified during the year.

Three lines of defence model



To support the Risk Committee in the day-to-day risk management of the Group certain responsibilities have been delegated to the GOC. The Audit Committee, the Risk Committee and the GOC have terms of reference that require all aspects of the Group's risk management activities to be regularly reviewed. The Chief Risk and Compliance Officer is a member of the GOC. In addition to the Audit Committee, the Risk Committee and the GOC, internal and external risk events are also monitored and reviewed at a divisional level with divisional committees facilitating discussion and challenge between front office management and the Group risk function.

The Risk Committee monitors the Group's risk management and internal control systems. The significant risks of the Group are continually assessed and managed by operating a three lines of defence model for the risk and control of the businesses. The three lines of defence model is an industry standard concept. A key aspect of the three lines of defence model is that senior management, in particular those with responsibility for front office, support functions and Group functions, have full accountability for the management of the risks in their specific businesses. This is done within the limits and the control environment established by the Group.

All employees and managers are required to take a prudent approach to risk taking and to review regularly the effectiveness of their control environment and compliance with the Group's risk appetite. The Group's risk management processes are dynamic, reflecting changes in the Group's strategies and the external risk drivers in the global market in which it operates.

The Group's internal control and risk management systems in relation to financial reporting are described on page 49.

Risk management and compliance

Representing the second line of defence, the Group's risk management function operates independently to the first line under the mandate set by the board. The Chief Risk and Compliance Officer reports to the Risk Committee and, functionally, to the Global Chief Operating Officer. The risk function is organised to recognise the individual risk profiles, oversight and challenge needs of the divisions, as well as the need for consistent identification, assessment and monitoring of risk across the Group in support of the board's requirements. The Chief Risk and Compliance Officer is a member of the GOC.

Day-to-day management of risk and its mitigation is the responsibility of business heads. Risk management provides an independent assessment of the Group's risks and supports the business heads in identifying, monitoring, mitigating and reporting risks through the use of a range of tools. In this way, risk management reviews and challenges the Group's activities both functionally and globally.

These tools include:

- independent monitoring and analysis of the Group's current and projected liquidity exposures;
- credit risk limits based on an internal scoring system with near real-time monitoring of credit exposure globally;
- management information, including key and emerging risks, and risk appetite indicators at Group and divisional levels;
- global risk management framework policies and procedures including the Group's risk appetite framework;
- operational risk framework, policies and standards;
- periodic risk and control self-assessments of key processes and controls across the Group's business and support functions; and
- stress testing of risk-based capital assessments of current risk exposures and plausible but unlikely scenario analysis.

Qualitative and quantitative measures are monitored by risk management to ensure that the businesses' risks remain within acceptable risk appetite and tolerances. Using these measures, the Group produces risk intelligence reports which are disseminated through the governance structures at all levels as appropriate. The Group's risk department undertakes a global assessment of the Group's risk and control framework on an annual basis and provides this assurance to the Risk Committee.

Representing the second line of defence, the Group's compliance function reports to the Chief Risk and Compliance Officer and operates independently to the first line of defence under the mandate set by the board. Dedicated compliance departments support the businesses operating in EMEA, the Americas and Asia Pacific regions, each under the leadership of regional heads of compliance who are members of regional and business level risk committees.

The Group's compliance department implements and manages ICAP's compliance risk management framework. This framework is designed to provide assurance that ICAP's business is conducted in accordance with applicable rules, regulations and regulatory standards. As such, the compliance risk management framework incorporates the requirements of applicable law and published international best practice standards, including business advisory support, compliance risk assessment and mitigation, compliance monitoring and surveillance, anti-money laundering compliance and the reporting and escalation of potential and crystallised risks.

The Group's compliance department undertakes an annual risk assessment in each region as the basis for the annual compliance plan for those legal entities, desks, offices and business and operating units which will be the subject of compliance review and examination. ICAP's compliance risk management framework is risk based, which means that ICAP assesses and ranks its compliance risks and prioritises its compliance resources on a Group, regional and business unit basis.

Internal control

The board is responsible for reviewing the effectiveness of the risk management and internal control systems, which management is responsible for maintaining, and it does this through the Audit and Risk Committees. A description of the key risks faced by each division are detailed on page 21. The day-to-day business of the Group is managed through a system of financial, operational and compliance controls and monitored by a series of risk management systems. Internal controls are designed to manage rather than eliminate risks and can provide only reasonable and not absolute assurance against material misstatement or loss. The effectiveness of the internal control system is reviewed regularly by the internal audit function.

The Group has investments in a number of joint ventures and associates. Internal control procedures for joint ventures and associates rests with the senior management of those operations and the Company seeks to monitor such investments and exert influence through board representation. The board's review of the effectiveness of the system of internal control in those entities is consequently less comprehensive than in its directly-owned subsidiaries.

FX Remediation Oversight Committee

The FX Remediation Oversight Committee was established in April 2015 as a result of an FCA planned cross-market remediation exercise in relation to systems and controls in FX business areas following enforcement actions undertaken against certain banks. ICAP was required by the FCA to conduct a review and consider processes and oversight in a number of areas including spot FX and FX derivatives and structured products. Due to the wide ranging and broad scope of the required remediation programme, and the requirement for the Group Chief Executive Officer to provide an attestation of the work undertaken, the board agreed that oversight of the programme within ICAP should be undertaken by a separate committee, chaired by the Chairman and reporting to the board.

Committee members

The committee consisted of the Chairman of the board, a non-executive director, the Group General Counsel and the Global Chief Operating Officer.

Activities during the year

Due to the scope of the review, the remediation programme was a significant undertaking and a number of recommendations were made. The committee met ten times during the year to review progress and implementation of the key recommendations. The output of the programme supported the internal certifications and attestation provided to the FCA. As a result, the committee, having fulfilled its terms of reference, has been disbanded.

GOVERNANCE AND DIRECTORS' REPORT

GLOBAL EXECUTIVE MANAGEMENT GROUP

Michael Spencer
Group Chief Executive Officer
Chairman, GEMG

Michael's biography is set out on page 38.

Stuart Bridges
Group Finance Director

Stuart's biography is set out on page 39.

Tim Cartledge
Chief Strategy Officer, EBS BrokerTec

Tim was appointed Chief Strategy Officer of EBS BrokerTec and a member of the GEMG in November 2015, bringing significant expertise in electronic trading within both the FX and fixed income markets. He was formerly Head of Global Fixed Income Currencies and Commodities Electronic Trading at Barclays Bank and Managing Director at Barclays Capital, where he was responsible for building Barclays' highly successful electronic FX business. Prior to this Tim held roles at Dresdner Bank, Credit Suisse and Goldman Sachs.

David Casterton
Chief Executive Officer, Global Broking

Since September 2012, David has been responsible for the Global Broking division with regional management teams reporting to him. David was previously responsible for all voice broking and related support functions in London and EMEA. Between 1995 and 2008, David worked in a number of senior broking roles and had responsibility for interest rate derivatives, money markets, repos, government bonds and financial futures. Prior to joining ICAP in 1995 he had been with MW Marshalls and Guy Butler International.

Hugh Gallagher
Chief Executive Officer, Asia Pacific, Global Broking

Since September 2010, Hugh has been responsible for voice broking, technology and support functions throughout Asia Pacific. Hugh has held several senior positions within ICAP since joining in 1988, including Chief Executive Officer ICAP Australia. Prior to joining ICAP, Hugh worked for Citibank and Lloyds in FX and money markets. He has more than 25 years' experience working in OTC markets in the Asia Pacific region.

Steve Gibson
Chief Executive Officer, Euclid Opportunities

Euclid Opportunities is ICAP's fintech investment division. Steve sits on the board of a number of Euclid portfolio companies including Duco Technology Limited, a rapidly growing reconciliation on-demand platform; OpenGamma, an award winning risk analytics provider; ENSO Financial Analytics, a portfolio analytics service for asset managers and hedge funds; Abide Financial, the regulatory reporting firm; and AcadiaSoft, a collateral management hub. Steve previously held senior management positions with Calypso Technology, Ipreo and Siebel (now Oracle). He was appointed a member of the GEMG in November 2015.

Seth Johnson
Head of Strategy, Global Broking

Seth is responsible for developing Global Broking's strategy, focusing on growing revenue, improving the application of technology to its business model and expanding customer coverage. Prior to this, Seth led the expansion of ICAP's Electronic Markets product portfolio in his role as Chief Executive Officer of both BrokerTec and ISDX. He joined ICAP as a graduate trainee and has worked in the Company for more than 20 years. For ten years, Seth was the Managing Director of the interest rates options and inflation swaps desks. He oversaw the introduction of new and innovative trading solutions, including the volume match system.

Laurent Paulhac
Managing Director and Chief Executive Officer, ICAP SEF

Laurent joined ICAP in April 2014. He is responsible for leading ICAP's global SEF initiative including the SEF's strategic direction with regard to new regulatory reforms and alliances and partnerships with exchanges and CCPs. Laurent is also a director of iSwap Limited. Laurent joined ICAP from the CME Group where he was a member of the management team and Senior Managing Director for Interest Rate and OTC Products and Services with responsibility for CME Group's global listed interest rate franchise and all OTC businesses, including OTC clearing.

Jenny Knott
Chief Executive Officer, PTRI

Jenny was appointed Chief Executive Officer of the PTRI division and a member of the GEMG in August 2015. Jenny's career in financial services spans nearly 30 years and includes Standard Bank Group, where she held a variety of roles including Chief Executive Officer of Standard Bank Plc and CIB International, Global Corporate and Investment Banking Chief Financial Officer and Chief Operating Officer. Prior to this Jenny worked at Nomura and UBS. Jenny is responsible for leading the strategic direction of the PTRI division and heads the Traiana, TriOptima, Reset, Euclid and ICAP Information Services businesses.

Ken Pigaga
Global Chief Operating Officer

Ken was appointed Global Chief Operating Officer in November 2013. He joined ICAP in 2006 as Chief Operating Officer for ICAP Americas and led a programme on the use of technology to implement efficiency and control. He also led a multi-disciplined team responsible for the development of ICAP's SEF. Prior to joining ICAP, Ken was a managing director at JPMorgan in the Investment Bank focused on e-commerce activities. From 1991 to 2001 he was at Goldman Sachs where he held several roles in emerging markets trading, portfolio structuring and e-commerce. Ken chairs the GOC and is a member of the GFC.

Gil Mandelzis
Chief Executive Officer, EBS BrokerTec

Since December 2014, Gil has been responsible for the combined EBS BrokerTec business. Prior to this, he led the Group's electronic FX business, EBS. Gil co-founded Traiana in April 2000 and led Traiana's growth from a small start-up to a recognised global leader in post trade services resulting in Traiana's acquisition by ICAP in 2007. Gil was appointed to the New York Federal Reserve's Foreign Exchange Committee in 2012.

Per Sjöberg
Chief Executive Officer, TriOptima

Per has served as Chief Executive Officer of TriOptima since 2011 and was appointed a member of the GEMG in November 2015. A co-founder of TriOptima, he was previously its Executive Vice President. Per directs the overall strategic development of TriOptima, identifying business opportunities in the evolving financial markets landscape and maintaining a dialogue with TriOptima's broad client base. Per has 20 years' experience working with technology solutions for OTC derivatives focusing on the design, development and sales of trading and risk management systems for OTC derivatives including SunGard Front Arena.

OTHER STATUTORY INFORMATION

Set out below is additional statutory information that ICAP is required to disclose in its directors' report. Some of the matters normally included in the directors' report have instead been included in the strategic report on pages 1 to 35 as the board considers these to be of strategic importance.

Related party transactions

Details of related party transactions are set out in note 28 to the financial statements.

Environment

Details of the Group's environmental policy are given on page 14 of the strategic report.

Employees

Details of the Company's policies in respect of employee involvement, diversity and human rights are given on pages 12 to 14 of the strategic report.

Post balance sheet event

On 13 April 2016, the Group increased its investments in ENSO LP and ENSO Financial Management LLP. Further details are given in note 29 to the financial statements.

Dividends

The directors recommend a final dividend of 15.4p per share to be paid on 22 July 2016 to shareholders on the register on 1 July 2016. The shares will be quoted ex-dividend from 30 June 2016.

Dividend history

	Year end	Amount	Payment date
Interim	31 March 2016	6.6p	5 February 2016
Final	31 March 2015	15.4p	24 July 2015
Interim	31 March 2015	6.6p	6 February 2015
Final	31 March 2014	15.4p	25 July 2014
Interim	31 March 2014	6.6p	7 February 2014

Political donations

No political donations were made during the year (2014/15: nil).

Directors' indemnity arrangements

Throughout the financial year the Company has maintained Directors' and Officers' liability insurance in respect of itself and its directors and officers, when acting in their capacity as a director of the Company or associated companies.

Appointment and retirement of directors

The appointment and retirement of directors is governed by the Company's articles of association, the Code, the Companies Act 2006 and related legislation. The board has the power to appoint additional directors or to fill a casual vacancy among the directors. Any such director holds office only until the next annual general meeting, when that director will stand for appointment by shareholders. In accordance with the Code, the articles of association also provide that all directors are subject to annual re-election by shareholders.

Articles of association

The Company's articles of association may be amended by special resolution at a general meeting of shareholders. No changes to the articles of association of the Company will be proposed at the 2016 annual general meeting. ICAP plc's articles of association are available on the Company's website at www.icap.com.

Share capital

Fully paid ordinary shares of 10p each	31 March 2016	31 March 2015
Issued share capital	664,537,006	664,537,006
Treasury Shares	12,986,546	15,314,513
Treasury Shares as a % of issued share capital	1.95%	2.30%

Each ordinary share in issue carries equal rights including one vote per share on a poll at general meetings of the Company. Treasury Shares carry neither voting rights nor an entitlement to a dividend while held as Treasury Shares. There are no other restrictions on the transfer of ordinary shares.

Powers of directors to issue or buy back the Company's shares

The powers of the directors are determined by the Companies Act 2006 and the Company's articles of association. The directors are authorised to issue and allot shares and to buy back shares subject to annual shareholder approval at the annual general meeting. Such authorities were granted by shareholders at the 2015 annual general meeting. It will be proposed at the 2016 annual general meeting that the directors be granted new authorities to allot and buy back shares.

Repurchase of shares

The Company did not purchase any of its own shares during the year (2014/15: nil). As at 31 March 2016, and at 11 May 2016, the Company had an unexpired authority to repurchase shares up to a maximum of 64,967,139 ordinary shares of 10p each. All changes in share capital are detailed in note 25 to the financial statements.

Employee share trusts

The ICAP Trust holds ordinary shares which may be used to satisfy options and awards granted under the Company's share plans. The voting rights of ordinary shares held in the ICAP Trust are exercisable by the trustees in accordance with their fiduciary duties. The right to receive dividends has been waived in respect of the shares held in the ICAP Trust.

Awards under employee share schemes

As at 31 March 2016, share awards and options existed over 14,336,704 of the Company's ordinary shares in relation to employee share awards and option schemes. Of this figure, 4,593,134 are awards and options over existing shares which are held in the ICAP Trust. Awards granted under the Company's share plans are expected to be satisfied by either new issues of shares, the use of Treasury Shares or by shares held in the ICAP Trust. The rules of the Company's share plans contain provisions which may cause options and awards granted to employees under the schemes to vest on a change of control.

Substantial shareholders

The Company's substantial shareholders do not have different voting rights from those of other shareholders. As at 31 March 2016, the Company had been notified under the FCA's Disclosure and Transparency Rules of the following holdings of voting rights in its shares:

	Percentage of voting rights attaching to issued share capital		
Person interested	Indirect	Direct	Total
Michael Spencer together with IPGL, IPGL Limited, INFBV and INCAP Overseas BV*	16.24	0.60	16.84
Schroders plc	13.01	–	13.01
Silchester International Investors LLP	9.94	–	9.94
FIL Ltd	4.94	–	4.94
Newton Investment Management Ltd	–	4.90	4.90
AXA S.A.	3.77	0.80	4.57

* Michael Spencer owns a majority shareholding in IPGL, of which IPGL Limited and INFBV are wholly-owned subsidiaries. Michael Spencer is deemed to be interested in all the shares in ICAP plc held by INFBV and its indirect wholly-owned subsidiary, INCAP Overseas BV, totalling 105,569,560 shares. IPGL Limited holds 250,000 shares in ICAP plc acquired via a contract for difference. A further 3,516,558 shares are held by Sanne Fiduciary Services Limited as trustee of the ICAP Trust. The shares held in the ICAP Trust include basic awards to Michael Spencer under the BSMP and matching awards under the BSMP in respect of which there are no unsatisfied performance or continuity of employment conditions. Michael Spencer has a direct interest in 372,825 shares.

As at 11 May 2016, the Company had been notified that Schroders plc held 12.859% of the voting rights in the Company's issued share capital.

FCA Listing Rules – compliance with Listing Rule 9.8.4C

The majority of the disclosures required under Listing Rule 9.8.4 are not applicable to ICAP. The table below sets out the location of the disclosures required by Listing Rule 9.8.4C:

Applicable sub-paragraph within Listing Rule 9.8.4C	Disclosure provided
(5) details of any arrangements under which a director of the Company has waived or agreed to waive any emoluments from the Company or any subsidiary undertaking	See page 69
(6) where a director has agreed to waive future emoluments, details of such waiver together with those relating to emoluments which were waived during the period under review	See page 69
(12) details of any arrangements under which a shareholder has waived or agreed to waive any dividends	See page 57
(13) where a shareholder has agreed to waive future dividends, details of such waiver together with those relating to all dividends which are payable during the period under review	See page 57

Statement of directors' responsibilities for the Annual Report

The directors are responsible for preparing the Annual Report, the strategic report, the remuneration 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 the directors have elected to prepare the Group's and Company's financial statements in accordance with IFRS as adopted by the EU. 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 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 accounting estimates that are reasonable and prudent;
- state whether applicable IFRS as adopted by the EU have been followed, subject to any material departures disclosed and explained in the financial statements; and
- prepare the financial statements on a going concern basis unless it is inappropriate to presume that the Group and the Company will continue in business.

The directors are responsible for ensuring that the Group and the Company keep adequate 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 enable them to ensure that the financial statements and the remuneration report comply with the Companies Act 2006 and, as regards the Group financial statements, Article 4 of the IAS Regulation.

The directors 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.

OTHER STATUTORY INFORMATION continued

Having taken all the matters considered by the board and brought to the attention of the board during the year into account, the directors are satisfied that the Annual Report, taken as a whole, is fair, balanced and understandable and it provides the information necessary for shareholders to assess the Group and the Company's position and performance, business model and strategy.

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

Directors' statement pursuant to the FCA's Disclosure and Transparency Rules

The directors are required by the Disclosure and Transparency Rules to include a management report containing a fair review of the business and a description of the principal risks and uncertainties facing the Group and the Company. The directors of the Company who were in office during the year, and up to the date of signing the Annual Report, were Charles Gregson, Michael Spencer, Stuart Bridges, Ivan Ritossa, John Sievwright and Robert Standing. Each of these directors, whose function is listed in the directors' biographies, confirms to the best of their knowledge that:

- the financial statements, prepared in accordance with IFRS as adopted by the EU, give a true and fair view of the assets, liabilities, financial position and profit or loss of the Company and the undertakings included in the consolidation taken as a whole; and
- the management report disclosures which are contained in the strategic report include a fair review of the development and performance of the business and the position of the Company and the undertakings included in the consolidation taken as a whole, together with a description of the principal risks and uncertainties that they face.

Going concern

The Group's business activities, together with the factors likely to affect its future development, performance and position are set out in the strategic report. The financial position of the Group, its cash flow, liquidity position, facilities and borrowing position are described in the financial review. Notes 10, 12 and 27 to the financial statements provide further detail on the Group's borrowings and management of financial risks. The strategic report includes an analysis of the principal risks facing the Group and the Group's approach to risk management.

After reviewing the Group's annual budget, liquidity requirements, plans and financing arrangements, the directors are satisfied that the Group and the Company have adequate resources to continue to operate and confirm that the Group and the Company are going concerns. For this reason they continue to adopt the going concern basis in preparing these financial statements.

Viability statement

In addition to the requirement to consider the appropriateness of preparing the Group's financial statements on a going concern basis, the directors have an obligation under the Code to make a statement in the Annual Report with regard to the viability of the Group, including explaining how they have assessed the prospects of the Group, the period of time for which they have made the assessment and why they consider that period to be appropriate.

The Group's viability assessment has been made over a period of three financial years up to 31 March 2019. This period is currently covered by the Group's future projections of profitability as outlined in the Group's strategic plan and the period over which detailed management information exists. The directors are satisfied that a three-year period is sufficient to enable a reasonable assessment of the Group's viability to be made. In making this assessment, the directors have considered a wide range of information relating to present and future conditions, including future projections of profitability, cash flows and capital resources. The directors also considered the possibility of the disposal of IGBB not completing within the next three years which resulted in two sets of viability assessments being performed – one with and one without the disposal of IGBB. Management made certain key assumptions as part of these assessments including an extension of the FCA's consolidation regulatory requirements waiver (which currently runs until December 2017) should the disposal of IGBB not complete before 31 December 2016. They also assessed the potential financial and operational impacts, in severe but plausible scenarios, of the Group's principal risks and uncertainties which are set out on pages 18 to 20.

During the projected three-year period, the directors have a reasonable expectation that the Group will be able to continue in operation and meet its liabilities as they fall due.

Disclosure 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 Company's auditor in connection with preparing its report, of which the Company's auditor is unaware.

Each director has taken all the steps that he is obliged to take as a director in order to make him aware of any relevant audit information and to establish that the Company's auditor is aware of that information. This confirmation is given and should be interpreted in accordance with the provisions of the Companies Act 2006.

By order of the board

Stuart Bridges
Group Finance Director
ICAP plc
2 Broadgate
London EC2M 7UR
Company number 3611426
16 May 2016

REMUNERATION REPORT CHAIRMAN'S STATEMENT

Robert Standing
Chairman, Remuneration Committee

Dear shareholders,
I am pleased to present the remuneration report for 2015/16 explaining how we implemented the directors' remuneration policy approved in July 2015 and describing some minor amendments to the policy.

The committee's primary focus is to ensure that ICAP's remuneration policies and practices are fully aligned with the Group's strategy and culture and meet both regulatory and shareholder expectations.

Although shareholders approved the remuneration policy for 2015/16 onwards, some had concerns with the flexibility around remuneration that we had provided for new recruits and, in particular, the retention of flexibility to make an award outside the limits of the policy and where the committee considered it to be in the best interests of the Company and its shareholders.

In light of this the committee has considered it appropriate to limit the flexibility provided in the recruitment policy in this regard. Going forward the remuneration package for a new recruit will be subject to the limits provided in the remuneration policy table. A summary of the directors' remuneration policy is provided on page 61.

The directors' remuneration policy, approved in July 2015, represented a major shift in the structure of remuneration for executive directors at ICAP, and we continue to be firmly of the view that the structure and the balance between fixed and variable pay described in the policy is robust and appropriate for ICAP as currently constituted. A number of shareholders commented on the change to salary level for the Group Chief Executive Officer implemented this year. Although the change was significant, it was a key component in the rebalanced remuneration structure and represented the first change for more than a decade. No further change to salaries is proposed in this report.

This is the first year in which annual bonuses have been determined under the new directors' remuneration policy. Further detail on the achievements underpinning the bonus award is provided later in this report, but I should like to take this opportunity to summarise some of the key considerations.

Financial and strategic goals were set at the start of the year and referenced in the remuneration report last year. Good progress was made against these goals, with strong defence of existing market share in the majority of business areas and market share growth in parts of the post trade and electronic trading businesses. The Company has also enjoyed strong revenue growth in new products. In addition, the executive directors executed a key step in the Group's long-term strategy of becoming a pure post trade services and electronic trading group through the agreement of the sale of IGBB to Tullett Prebon. The Transaction was approved by shareholders at the shareholder meetings held on 24 March 2016, but is still subject to regulatory clearances. It is hoped that clearances will be granted and the Transaction will complete in 2016.

Given the strategic importance of the Transaction, during the year the committee withdrew two of the financial objectives and one of the strategic objectives as they were no longer capable of being progressed in their current form due to the Transaction.

Performance was outstanding versus the strategic priorities set at the start of the year. An integrated approach to succession planning, talent management, performance management and learning was delivered to more than 200 senior employees in the Group. These initiatives were fully integrated with our culture model.

To reflect the executive directors' commitment to the Group, both directors have elected to defer 100% of their respective bonuses into ICAP shares that will vest after three years. In line with the remuneration policy no matching awards will be made.

The BSMP 2013 matching award did not vest as it failed to meet the performance condition as a result of continuing challenging trading conditions.

> "The primary focus of the committee is to ensure that ICAP's remuneration policies and practices are fully aligned to the Group's strategy and culture and meet both regulatory and shareholder expectations."

Strategic report
Governance and directors' report
Financial statements
Definitions

GOVERNANCE AND DIRECTORS' REPORT
REMUNERATION REPORT
CHAIRMAN'S STATEMENT
continued

Although the current directors' remuneration policy is intended to remain in place for a period of three years, assuming the Transaction goes ahead, a new directors' remuneration policy for Newco will be presented for shareholder approval following completion of the Transaction. The committee will ensure that the new policy supports the Group's strategy. The committee also intends to consider the performance targets attached to unvested PSP awards to ensure that the performance measures reflect the challenges and opportunities presented by the new post trade risk and information and electronic trading business.

The shape of the board changed during the year with the appointment of Stuart Bridges as Group Finance Director and the departure of Diane Schueneman as a non-executive director. Diane has been replaced on this committee by John Sievwright, an existing non-executive director and chairman of the Risk Committee. The remuneration structure for Stuart Bridges was presented in the 2015 Annual Report. A summary of the buy-out arrangements for deferred remuneration from his previous employment was included in last year's report, with further details provided on the actual grant made in this year's report.

The regulatory environment continues to evolve and our policies and processes will adapt accordingly to meet new rules and guidance. The Company will continue to monitor business practice and regulatory developments and participate in consultations on regulatory change.

Risk management is an ever-evolving requirement in all businesses and will continue to be a major focus for ICAP; the progress made over the past few years and the focus from all employees on effective awareness, monitoring and control of risk as a core component in all roles provides a strong platform on which we continue to build. The Global Broking business has fully embedded a standard operational risk model. Monthly reporting of key risk indicators and key performance indicators is now standard practice across the Group and ISO accreditation continues to be expanded.

Assuming the Transaction goes ahead, it is expected that the retained Group will not be subjected to consolidated regulatory capital requirements. This does not, however, lessen the commitment from the committee to apply strong governance to the management of remuneration in the new Group.

The annual report on remuneration will be put to an advisory vote at the 2016 annual general meeting. We look forward to receiving your support.

Robert Standing
Chairman, Remuneration Committee
16 May 2016

DIRECTORS' REMUNERATION POLICY REPORT

Overview of the directors' remuneration policy

An overview of the key remuneration elements in place for executive directors is set out below.

The directors' remuneration policy, approved at the 2015 annual general meeting, of which the following is a summary, continues to be the policy by which the Company is bound. A copy of the approved directors' remuneration policy can be found in the 2015 annual report.

Element	Purpose and link to ICAP's strategy	Summary of approach	Application of policy for 2016
Base salary	Reflects individual role and experience. Set at a level to attract the right talent into the Group to deliver the business strategy.	Reviewed annually in the context of the total remuneration opportunity. Increases are normally in line with the wider employee population, although higher increase may be awarded in exceptional circumstances. Increases effective from 1 April.	Salaries for 2016 are: • Group Chief Executive Officer: £750,000 • Group Finance Director: £500,000
Pension	Element of remuneration to assist employees with retirement planning.	Normally enrolled in pension plan in the country of residence. Directors may opt out of the pension plan and instead receive a cash allowance.	Pension contributions for 2016/17 are: • Group Chief Executive Officer: 5% of salary • Group Finance Director: 5% of salary
Benefits	Element of remuneration to provide a competitive and cost-effective benefits package.	Benefits include, but are not limited to: medical; life insurance; and car and travel benefits. The Group Chief Executive Officer also has the use of a driver. Executive directors may be accompanied by their spouse/partner on business trips, where business reasons justify this.	Benefits provided in line with policy.
Annual bonus and DSBP	Incentivises executive directors to achieve the Company's key financial and strategic objectives, while also aligning interests with those of shareholders. Deferral of a significant proportion of the bonus into shares helps to align the long-term interests of executives with those of our shareholders.	At least 70% of the bonus is assessed against financial measures, with the balance made up of strategic/individual objectives. At least 50% of any bonus award is deferred into shares for at least three years. A further retention period of six months may apply. The maximum award potential is 300% of salary. Malus and clawback provisions apply in exceptional circumstances.	The maximum annual bonus opportunities for 2016/17 are: • Group Chief Executive Officer: 300% • Group Finance Director: 200% For 2016, 70% will be based on financial objectives centred on growth and protection and profitability; and 30% will be based on strategic objectives centred on controls and governance and people and culture. Further details on the performance objectives are set out on page 68.
Performance Share Plan (PSP)	To reward sustained Company performance and the creation of shareholder value over time.	Awards of shares are subject to a performance period of at least three years. Awards are then subject to an additional holding period of at least two years. The maximum award potential is 300% of salary. Malus and clawback provisions apply in exceptional circumstances.	The award for 2016/17 is: • Group Chief Executive Officer: 300% • Group Finance Director: 200% For 2016/17, 50% will be based on EPS performance and 50% will be subject to a relative TSR performance condition against a sector specific group of 13 international comparator companies. Further details on the performance conditions are set out on page 69.
Shareholding requirement	To create alignment with shareholders by encouraging longer-term focus.		Executive directors are required to build up shareholdings in the Company as follows: • Group Chief Executive Officer: 500% of base salary • Group Finance Director: 300% of base salary

Malus and clawback

As set out above, all variable pay may be subject to malus and clawback in any of the following circumstances, for a period of up to five years in line with corporate governance time frames:

- a material misstatement of the Company's or any other Group member's audited financial results;
- a material failure of risk management by the Company, any other Group member or a relevant business unit;
- misconduct or material error on the part of the participant; or
- a material downturn in the financial performance of the Company, any other Group member or a relevant business unit (malus only).

Malus and clawback parameters will remain under review in line with regulatory guidance.

Updated recruitment policy

As noted in the Remuneration Committee Chairman's statement, following feedback from investors regarding the flexibility provided in the recruitment policy, the committee considered it appropriate to limit this flexibility.

For completeness, the following sets out the updated recruitment policy:

In determining remuneration for new appointments to the board, the committee will apply the following principles:

- the committee will consider all relevant factors including, but not limited to, the calibre of the individual, the external market and existing arrangements for the Company's current executive directors, with a view to ensuring that any arrangements offered are in the best interests of the Company and shareholders and without paying any more than is necessary; and
- the committee will seek to align new executive directors' remuneration packages with the remuneration policy as set out above.

Components and approach

Pay on recruitment will be consistent with the usual policy for executive directors, as set out in the policy table.

Where the new appointment is replacing a previous executive director, salaries, pension and total remuneration opportunity may be higher or lower than the previous incumbent dependent on skills and experience.

Where an executive director is appointed from within the Group, the normal policy of the Company is that any existing arrangements would be honoured in line with the original terms and conditions. Similarly, if an executive director is appointed following an acquisition of or merger with another company, legacy terms and conditions would be honoured.

Maximum level of variable pay

The maximum level of variable pay which may be awarded to a new executive director in respect of their appointment shall be limited to that set out in the policy table for each component of remuneration. This excludes any one-off awards made to compensate the director for awards forfeited from their previous employer.

Buy-outs

In order to facilitate recruitment, the committee may make a one-off award to 'buy-out' incentive awards and any other compensation arrangements that a new director has had to forfeit on leaving their previous employer. In doing so, the committee will take into account all relevant factors, including any performance conditions attached to the forfeited awards, the likelihood of these conditions being met, the proportion of the vesting/performance period remaining and the form of the award (for example cash or shares). Where possible, the forfeited awards will be bought-out on a like-for-like basis.

The committee is at all times conscious of the need to pay no more than is necessary, particularly when determining any possible buy-out arrangements.

Contractual terms

The Company's policy on notice periods is up to 12 months' notice by the Company or executive director to provide a reasonable balance between the need to retain the services of key individuals and the need to limit the liabilities of the Company in the event of the termination of a contract.

Recruitment of Chairman and non-executive directors

In the event of the appointment of a new Chairman and/or non-executive director, their remuneration framework will be in line with policy as approved by shareholders.

ANNUAL REPORT ON REMUNERATION

The information in this section up to and including the statement of directors' shareholding and share interests' section is subject to audit. The complete annual report on remuneration is subject to an advisory vote by shareholders.

Single total figure of remuneration

The following table sets out the total remuneration for executive directors and non-executive directors for the years ended 31 March 2016 and 31 March 2015:

	Salary and fees (a) £'000		Benefits (b) £'000		Annual bonus (c) £'000		Pension/cash allowance (d) £'000		Payment in lieu of dividend (e) £'000		Subtotals £'000		Buy-out awards (f) £'000		Total £'000	
	2016	2015	2016	2015	2016	2015	2016	2015	2016	2015	2016	2015	2016	2015	2016	2015
Executive directors																
Michael Spencer	750	360	86	106	1,700	1,818	37	18	1,018	1,018	3,591	3,320	–	–	3,591	3,320
Stuart Bridges[1]	292	–	2	–	450	–	13	–	–	–	757	–	900	–	1,657	–
John Nixon[2]	–	310	–	7	–	1,212	–	–	–	259	–	1,788	–	–	–	1,788
Iain Torrens[3]	–	169	–	1	–	625	–	7	–	61	–	863	–	–	–	863
Non-executive directors																
Charles Gregson	300	300	28	24	–	–	–	–	–	–	328	324	–	–	328	324
Ivan Ritossa	95	106	–	–	–	–	–	–	–	–	95	106	–	–	95	106
Diane Schueneman[4]	60	99	–	–	–	–	–	–	–	–	60	99	–	–	60	99
John Sievwright	110	110	2	5	–	–	–	–	–	–	112	115	–	–	112	115
Robert Standing	90	90	–	–	–	–	–	–	–	–	90	90	–	–	90	90

1. Stuart Bridges was appointed to the board on 1 September 2015.
2. John Nixon resigned from the board on 31 March 2015.
3. Iain Torrens resigned from the board on 12 December 2014.
4. Diane Schueneman resigned from the board on 31 December 2015.

Notes to the table – methodology

(a) Salary and fees – the base salary or fees paid in respect of the relevant financial year.

(b) Benefits – the taxable value of all benefits paid in respect of the relevant financial year. Benefits vary for each executive director but include medical, life insurance, car and travel benefits. Michael Spencer also has use of a driver. The Chairman is provided with an office and is reimbursed for a proportion of the cost of a car and driver to assist with the performance of his duties.

(c) Annual bonus – this represents the bonus awarded in respect of the 2015/16 performance year, including the deferred portion.

(d) Pension/cash allowance – during the year, Michael Spencer participated in the UK defined contribution plan.

(e) Payment in lieu of dividend – the amounts shown reflect payments in lieu of dividends received on legacy awards including the basic and matching awards for 2009 and basic awards and promises granted under the BSMP for 2010, 2011 and 2012.

(f) Buy-out awards – this represents buy-out awards to Stuart Bridges on his appointment as Group Finance Director at the beginning of September 2015 as partial recompense for deferred awards forfeited on leaving his previous employer. On 11 November 2015 197,500 shares in the Company were granted to him with a share price of £4.541. In line with the regulations the full value of grant is disclosed in this table, the shares are subject to continued employment and will vest as follows: 98,750 shares on 1 September 2016; and 98,750 shares on 1 September 2017. Stuart Bridges was also granted a performance based PSP award to the value of £900,000 as recompense for performance based awards forfeited on leaving his previous employer. Further details of the performance conditions attached to this award can be found on pages 65 and 66.

Additional disclosures in respect of the single total figure of remuneration table

2015/16 annual bonus

The bonus plan was structured to incentivise executive directors to meet the corporate objectives of investing to achieve growth and profitability, continuing to develop and promote the corporate culture through strong and risk-aware leadership and aligning their interests with those of shareholders.

The plan was designed so that progress and achievements in the past twelve months can be recognised and rewarded, with a significant proportion deferred for a period of three years to ensure ongoing alignment and positive behaviours.

GOVERNANCE AND DIRECTORS' REPORT
ANNUAL REPORT ON REMUNERATION continued

During 2015/16, the executive directors made good progress against the financial and strategic goals set by the committee at the start of the year, as set out in the table below. They also executed a key step in the Group's strategy of becoming a pure post trade services and electronic trading group through the agreement of the sale of IGBB to Tullett Prebon. The Transaction was approved by shareholders at the shareholder meetings on 24 March 2016 but is still subject to regulatory clearance. Assuming that the Transaction proceeds as agreed, it should complete during 2016. Shareholders of ICAP will benefit significantly from the Transaction, with identified synergy benefits from the combined group of at least £60 million annually, as advised in the ICAP Circular of 1 March 2016, driven by the elimination of duplicated management and support costs with significant additional benefits accruing over time.

Outcomes relative to performance goals

Key strategic areas	Performance measure	Threshold	Target	Maximum	% of element vesting	Additional commentary
Financial objectives (70%)						
Growth and protection (financial) Innovation and sustainable growth in key businesses and new products	Defence of existing market share across global broking				85%	• Retention of market share in global broking and market share growth across key areas of the electronic markets and post trade businesses. • Growth in e-commerce matching revenue within Global Broking. • Revenue from new product initiatives accounted for 23% of Electronic Markets and PTRI revenue (2014/15: 18%). • Acquisition of ENSO in April 2016 will strengthen relationships with the prime broker market and its hedge fund customers. • The Transaction is transformational for the growth of Electronic Markets and PTRI. • An objective to expand the addressable market beyond large investment banks was withdrawn. This was a Group-wide initiative, intended to maximise cross-business marketing and so could not be progressed once the Transaction was underway.
	Market share growth in electronic and post trade					
	Revenue from new products					
Profitability (financial) Profitability through achievement of targets and appropriate cash management	Profit before tax (£m)				58%	• Trading profit before tax of £203 million was 11% down on the prior year. Excluding year-on-year adverse movement from FX losses of £11 million, trading profit before tax was down 7%, primarily driven by incremental investment, particularly in Electronic Markets. • Trading operating profit also fell behind the target level due to the decision to withdraw identified cost reduction measures that would have improved the profit figure but could not be progressed in light of the Transaction. • PTRI operating profit was in line with the prior year, but Electronic Markets and Global Broking were behind target due to incremental investment in the year and continuing revenue headwinds in the market. • Cash conversion was a key component of the profitability objective and closed ahead of expectation for the year at 96% and in line with expectation over the medium term.
	Cash conversion (%)					
Non-financial objectives (30%)						
Controls and governance (non-financial) Efficient and effective controls	Embedding risk management across the organisation				90%	• Risk management tools, methodologies and techniques are now embedded into the business-as-usual environment, with risk appetite an integral part of business strategy and plans. • The measuring and reporting of Group risk appetite improved significantly, with a particular focus on and articulation of key and emerging risks at the divisional level, supporting board oversight. • There was also significant improvement in self-sufficiency (i.e. limited dependency on third parties). • The operations control environment was upgraded in all businesses supported by appropriate KPIs. The operational risk model is now embedded in the majority of businesses, with key risk indicators and KPIs reviewed on a monthly basis. • An entity simplification project eliminated a number of unregulated entities.
	Upgrade operations control environment					

Strategic report
Governance and directors' report
Financial statements
Definitions

Key strategic areas	Performance measure	Threshold	Target	Maximum	% of element vesting	Additional commentary
People and culture (non-financial) The right people working together in the right way	People				90%	• The use of psychometrics in selection, interview skills training for hiring managers, a standard global approach to performance management, a global induction programme and talent mapping have all contributed to a much more professional approach to appointments and alignment of the leadership with the culture and values that drive the right behaviours. The board played an active role in developing the plan to articulate and reinforce our strong culture in everything we do. Diversity training has been enhanced and continues to run globally. • The Newco brand positioning and its visual identity is being developed. Internal and external communication of the Transaction was very successful. • An objective to develop a strategic approach to customer management was originally planned as a cross-Group exercise but was withdrawn once the Transaction was underway and a new project launched for Newco only.
	Culture					

While the committee is mindful of the external expectations on annual bonus target disclosure, it has considered it appropriate not to disclose the actual financial performance targets used for the determination of the annual bonus this year as they reward achievement of the Group's business plan, the disclosure of which the board considers to be commercially sensitive. The committee will keep the level of disclosure provided on the annual bonus under review in the coming year.

The Remuneration Committee determined that, as set out in the above table, a formulaic outcome under the financial element of the annual bonus resulted in 71% of this element being paid out, with 90% of the non-financial element being paid out. This results in a total of 77% of the maximum.

Executive directors are required to defer at least 50% of bonus payments into ICAP shares vesting after three years. Both the Group Chief Executive Officer and the Group Finance Director have elected to defer 100% of their 2016 bonus into ICAP shares vesting after three years. In line with the remuneration policy approved at the 2015 annual general meeting, no matching awards will be made.

2013 BSMP matching award

The BSMP matching award granted in 2013 under the legacy arrangements was subject to a performance condition based on adjusted basic EPS growth over the three financial years to 31 March 2016. The matching award is released only if adjusted basic EPS has grown by at least 9% above RPI over the three financial years to 31 March 2016.

The Company's adjusted trading EPS declined over the three-year period, therefore the award did not vest.

Details of share awards granted in the year

2015 PSP award

On 11 November 2015, PSP awards were granted to the two executive directors as shown in the table below:

	Type of award	Number of shares	Face value (£)	Threshold vesting (% of face value)	Maximum vesting (% of face value)	End of performance period
Michael Spencer	PSP – Conditional share award based on performance	173,262	905,814	25%	100%	31 March 2018
Stuart Bridges	PSP – Conditional share award based on performance	197,500	896,848	25%	100%	31 March 2018
	PSP – Buy-out award (conditional shares) based on continued employment*	98,750	448,424	100%	100%	1 September 2016
	PSP – Buy-out award (conditional shares) based on continued employment*	98,750	448,424	100%	100%	1 September 2017

* Buy-out awards to Stuart Bridges were made to compensate for forefeited deferred awards with his previous employer.

The face value of awards for Michael Spencer is based on the average closing price for the five business days following 15 July 2015, being the date of the 2015 annual general meeting (£5.228). In line with his joining agreement, the face value of awards for Stuart Bridges is based on the closing price on 28 August 2015, being the last business day before he was appointed to the board (£4.541).

For PSP awards subject to performance conditions made in the year the committee selected a combination of trading EPS and relative TSR as the performance conditions on the basis that it safeguards the progress that has been made in the Group's performance and underpins continuing forward growth in the Group's earnings and therefore promotes the long-term success of the Company.

The performance condition for the 2015 PSP award is based on graduated vesting where 25% of the matching award will vest at EPS growth of CPI + 20% over the three-year period and TSR performance at the median level versus the agreed peer group (as set out in last years' remuneration report), increasing to 100% vesting at EPS growth of CPI + 45% over the three-year period and TSR performance at the upper quartile level versus the agreed peer group. The EPS and TSR performance conditions are measured independently and are not contingent on one another.

SAYE options

Michael Spencer participated in the HMRC approved ICAP plc 2008 Sharesave Scheme (SAYE), under which participants may be granted options at a 20% discount to market value at grant. Options granted under the SAYE are not subject to a performance condition.

On 18 June 2015, 2,986 options over ordinary shares in the Company were granted to Michael Spencer at an option price of £4.52.

The exercise period for the options will commence on 1 August 2018 and will last for a period of six months to 31 January 2019.

Payments to past directors

Payments in line with those previously disclosed to shareholders were made in the year. In line with ICAP's policy, John Nixon received a payment of £102,000 in lieu of dividends on his outstanding legacy awards.

Payments for loss of office

No payments for loss of office have been made in the year.

Statement of directors' shareholding and share interests

Minimum shareholding guidelines for executive directors and members of the GEMG have been in place since 2012.

These shareholdings will be built up over time and, for these purposes, will include vested share awards under long term incentive plans but will not include any unvested rights to shares awarded under long term incentive plans or any unexercised options. Any vested shares subject to a holding period under the new PSP will count towards the shareholding guidelines.

Other shares that count towards the guideline include those that are beneficially owned and shares held by the ICAP Trust in respect of BSMP basic awards and any vested but not exercised BSMP matching and PSP awards.

The minimum shareholding guideline for the Group Chief Executive Officer is 500% of base salary and for other executive directors is 300% of base salary. The Group Chief Executive Officer had exceeded his target as at 31 March 2016, based on the share price at the close of business on that date. The Group Finance Director was appointed in September 2015 and has five years from appointment to reach his target.

The table below details the share interests of the directors in office at 31 March 2016:

Director	Note	**Share interests as at 31 March 2016**	Share interests as at 31 March 2015	Outstanding PSP awards without performance condition	Outstanding PSP awards with performance condition	Outstanding BSMP awards	Outstanding SAYE options
Charles Gregson	4	**241,625**	236,263	–	–	–	–
Michael Spencer	1,2	**3,889,383**	3,799,984	–	173,262	4,014,913	4,476
Stuart Bridges	3	**25,000**	–	197,500	197,500	–	–
Ivan Ritossa		**–**	–	–	–	–	–
John Sievwright		**20,873**	20,000	–	–	–	–
Robert Standing		**10,000**	10,000	–	–	–	–

Note
1. Details of Michael Spencer's shareholding, including his connected parties, are set out in a note to the substantial shareholders' section on page 57.
2. The outstanding BSMP awards include the 2008 BSMP matching award which has vested and remains unexercised.
3. Stuart Bridges was appointed to the board on 1 September 2015.
4. Charles Gregson holds one ordinary share of 10p and 499,999 redeemable preference shares of 10p in ICAP Newco plc.

Between 31 March 2016 and 11 May 2016 there were no transactions by the directors in the Company's shares.

External appointments

The Company recognises the opportunities and benefits to both the Company and executive directors serving as non-executive directors of other companies. Executive directors are permitted to take on non-executive directorships with other companies with the approval of the Nomination Committee. Any fees arising from such appointments are retained by the individual.

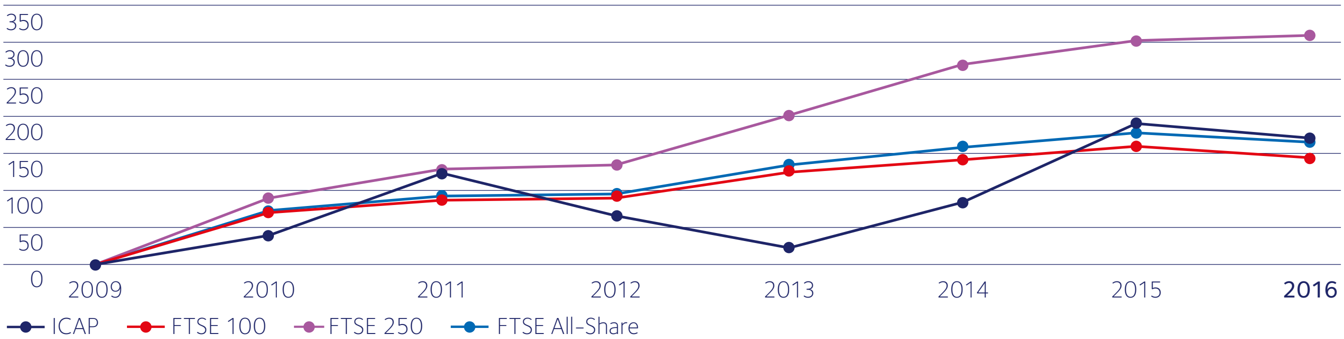
Stuart Bridges received a fee of £26,542, which he retained, for his non-executive directorship of Caledonia Investments plc.

Total shareholder return

The TSR on a holding of the Company's ordinary shares compared with the FTSE 100, FTSE 250 and the FTSE All-Share indices for the seven financial years to 31 March 2016 is shown in the graph below. As a constituent of the FTSE 100 index from June 2006 to September 2012 and the FTSE 250 from that date, the Company considers both the FTSE 100 and the FTSE 250 the appropriate indices for comparison.

Performance graph – value of £100 invested

Seven financial years ended 31 March 2016



Remuneration of the Group Chief Executive Officer

	Previous policy						Current policy
	2009/10	2010/11	2011/12	2012/13	2013/14	2014/15	**2015/16**
Single total figure of remuneration (£'000)	6,069	10,727	5,524	4,326	2,215	3,320	**3,591**
Percentage of maximum bonus paid*	n/a	n/a	56%	41%	12%	25%	**76%**
Percentage of maximum BSMP opportunity vesting	100%	100%	0%	0%	0%	0%	**0%**

* No maximum bonus stated prior to 2011/12.

Change in the remuneration of the Group Chief Executive Officer compared to other employees

The table below shows the percentage change in remuneration awarded to the Group Chief Executive Officer and all other employees of the Group between 2014/15 and 2015/16:

	Salary	Benefits	Bonus
Group Chief Executive Officer	108%	-19%	-6%
All other employees	-12%	-3%	-13%

As set out in the 2015 remuneration report, the salary change for the Group Chief Executive Officer formed part of the redesign of executive compensation and the implementation of a new directors' remuneration policy approved in 2015. The salary change was the first in more than a decade reflecting the re-balancing of compensation towards fixed pay and the reduction in the maximum award. No further change to the salary level is proposed for at least the duration of this policy.

Relative importance of spend on pay

	2015/16 £m	2014/15 £m	Change %
Total remuneration	**653**	743	-12
Dividends	**141**	141	0

Statement of implementation of the directors' remuneration policy in the coming year

The directors' remuneration policy approved by shareholders in 2015 remains in place for the 2016/17 financial year. In the event that the disposal of IGBB completes before 31 March 2017, the committee will be reviewing the directors' remuneration policy and arrangements to ensure that they remain appropriate for the strategy of Newco. A directors' remuneration policy for Newco will be put to a shareholder vote at its first annual general meeting.

We consider that the proposed remuneration arrangements for 2016/17:

- provide synergy with our business strategy going forward;
- provide more alignment with shareholders;
- are more aligned with regulatory and corporate governance developments and should discourage excessive risk-taking or short-term decisions at the expense of the long-term interests of the Company; and
- provide increased transparency and disclosure of individual performance outcomes.

Our directors' remuneration policy for 2016/17, in line with the policy approved by shareholders in 2015, will be as outlined below.

Salary

Following the change in 2015 for the balance of fixed and variable pay to align more closely with the Company risk profile, no further adjustment is proposed for 2016.

Salary levels from 1 April 2016 are shown below:

	Salary	% increase
Group Chief Executive Officer	£750,000	0%
Group Finance Director	£500,000	0%

Pension and benefits

Both executive directors receive a cash equivalent to the standard 5% of salary contribution to the UK defined contribution plan. The cash equivalent is reduced to take account of employers' national insurance contributions. Michael Spencer participated in the UK defined contribution pension plan until February 2016 and received the cash equivalent thereafter. There will be no material change to benefits.

Annual bonus awards in respect of the 2016/17 financial year

The bonus structure for 2016/17 is consistent with that detailed in the directors' remuneration policy section of this report.

Annual bonuses will continue to be assessed based on financial performance, represented by growth and protection objectives and profitability objectives accounting for 70% of the overall award, and strategic priorities with the proportion of the annual bonus based on strategic priorities forming 30% of the overall award. This reflects the importance we place on these objectives.

Further details are set out below:

Maximum opportunity for 2016	**Group Chief Executive Officer: 300% of base salary** **Group Finance Director: 200% of base salary** Up to half of any bonus award will be paid in cash, with the balance deferred into ICAP shares for a three-year period.
Performance measures	The committee has selected measures to directly support ICAP's strategy. The 2016 annual bonus will be subject to the following performance measures: **Financial (70%):** **Growth and protection** – innovation and sustainable growth in key businesses and new products **Profitability** – achievement of profit and revenue targets and appropriate cost management **Strategic priorities (30%):** **Controls and governance** – efficient and effective controls **People and culture** – the right people working together in the right way The targets set for the performance measures are commercially sensitive and (as permitted by the regulations) are not being disclosed in advance. Further details will be provided in next year's annual report (within commercial constraints) with context on performance against those targets and the resulting bonus.

Long term incentive awards

In the 2016/17 financial year, awards will be made under the PSP to the Group Chief Executive Officer and the Group Finance Director. Further details are set out below:

Maximum opportunity	Group Chief Executive Officer: 300% of salary Group Finance Director: 200% of salary
Performance period	Performance will be measured over a three-year performance period. Once they have vested, awards will be subject to an additional holding period of a minimum of two years.
Performance measures and targets	The performance period will run from 1 April 2016 to 31 March 2019. **TSR (50% of the award)** Half the 2016 PSP award will be subject to a total shareholder return performance condition. ICAP's TSR will be measured relative to a sector-specific group of 13 international comparator companies: – BGC – Nasdaq – CME – MarketAxess – Markit – CBOE – Deutsche Börse – BOVESPA – Singapore Exchange – Tullett Prebon – Hong Kong Stock Exchange – InterContinental Exchange – London Stock Exchange

Vesting of awards under the TSR element will be in line with the following schedule:

TSR performance	Percentage of TSR element vesting
Below median	0%
Median	25%
Upper quartile	100%
Straight-line vesting between median and upper quartile	

EPS (50% of the award)

The remaining 50% of the 2016 award will be subject to a cumulative EPS performance condition. Awards under this element will vest in line with the following schedule:

Cumulative EPS	Percentage of EPS element vesting
<CPI + 20%	0%
CPI + 20%	25%
CPI + 45%	100%

Chairman and non-executive directors' fees

The table below shows the non-executive director fee structure as at 1 April 2016:

Position	Fee	% increase
Chairman	£300,000	0%
Non-executive director	£80,000	0%
Additional fees		
Senior independent director	£10,000	0%
Chairman of the Audit Committee	£10,000	0%
Chairman of the Remuneration Committee	£10,000	0%
Chairman of the Risk Committee	£10,000	0%
Chairman of the Nomination Committee*	£5,000	0%
Membership of the ICAP SEF board and/or any other subsidiary board**	£15,000/$25,000	0%

* Charles Gregson waived his entitlement to the additional fee for his role as chairman of the Nomination Committee. There are no fees paid for membership of board committees.
** Additional fees are paid to non-executive directors who sit on the board of ICAP SEF entities due to the additional time commitment for discharging this role.

Remuneration Committee remit and responsibilities

The Remuneration Committee is authorised by the board to review and approve proposals to ensure that ICAP's global reward and employee benefits approach supports the business strategy of the Group.

The committee's responsibility is the oversight of the remuneration strategy for the Group, to ensure that ICAP's approach to remuneration is aligned with the interests of employees and shareholders and to comply with current best practice and regulatory requirements. Full terms of reference can be found on the Company's website at www.icap.com.

The committee's principal areas of responsibility are:

- reviewing and approving the overall remuneration policy of ICAP at least every three years;
- setting remuneration and pension/benefit policies for executive directors, senior staff and other key employees across the business;
- approving any contracts of employment for employees below the board with terms that exceed certain agreed levels of duration, notice period or remuneration;
- ensuring that remuneration proposals are compliant with both the letter and spirit of all local legislation or regulatory guidelines; and
- considering implications for risk management.

Remuneration Committee members

The committee members are appointed by the board and comprise independent non-executive directors. The chairman of the committee is appointed by the board.

The table on page 45 sets out the directors who served on the Remuneration Committee during the year and their committee meeting attendance.

Activities during the year

The principal activities and matters addressed by the committee during the year included:

- review of the implications of the Transaction on incentive plans and share awards;
- review and approval of the executive directors' bonuses for the year ended 31 March 2016, including assessment of the level of achievement of the executive directors' objectives for the year;
- review of performance against the EPS performance target for the 2013 BSMP award;
- review and approval of the remuneration of those individuals fulfilling control functions, including the Group Head of Compliance and the Group Head of Risk, and members of the GEMG; and
- review of the highest earners' compensation arrangements across the Group.

Support to the committee

The committee is supported by the Group Chief Executive Officer, the Group Finance Director, the Group Head of HR and the Group Company Secretary.

The committee received external advice from Deloitte LLP in relation to the design and implementation of executive remuneration arrangements. Deloitte LLP is a member of the Remuneration Consultants Group and as such voluntarily operates under the code of conduct in relation to executive remuneration consulting in the UK. Deloitte LLP was appointed by the Company. The committee is satisfied that the advice received from Deloitte LLP was independent and objective. The total fee in respect of the advice provided was £69,160. Deloitte LLP also provided tax, consulting and corporate finance services to ICAP during the year.

Statement of voting at the 2015 annual general meeting

At the 2015 annual general meeting votes cast in respect of the remuneration report and directors' remuneration policy were:

	Remuneration report		Directors' remuneration policy	
	Total number of votes	Votes cast	Total number of votes	Votes cast
For	371,174,074	65.85%	375,615,718	69.32%
Against	192,466,902	34.15%	166,224,619	30.68%
Number of votes cast	563,640,976		541,840,337	
Votes withheld	3,405,389		25,206,028	

The committee was disappointed with the voting outcome for the remuneration report and directors' remuneration policy. Although the directors' remuneration policy approved in July 2015 remains in place, we have made a change to the recruitment policy set out in the directors' remuneration policy report for directors in light of shareholder feedback as explained in the chairman's statement on page 59.

INDEPENDENT AUDITORS' REPORT TO THE MEMBERS OF ICAP PLC

REPORT ON THE FINANCIAL STATEMENTS

Our opinion

In our opinion:

- ICAP plc's Group financial statements and Company financial statements (the financial statements) give a true and fair view of the state of the Group's and of the Company's affairs as at 31 March 2016 and of the Group's profit and of the Group's and the Company's cash flows for the year then ended;
- the Group financial statements have been properly prepared in accordance with International Financial Reporting Standards (IFRSs) as adopted by the European Union;
- the Company financial statements have been properly prepared in accordance with IFRSs as adopted by the European Union and as applied in accordance with the provisions of the Companies Act 2006; and
- the financial statements have been prepared in accordance with the requirements of the Companies Act 2006 and, as regards the Group financial statements, Article 4 of the IAS Regulation.

What we have audited

The financial statements, included within the Annual Report, comprise:

- the consolidated and Company balance sheets as at 31 March 2016;
- the consolidated income statement and consolidated statement of comprehensive income for the year then ended;
- the consolidated and Company statement of cash flows for the year then ended;
- the consolidated and Company statement of changes in equity for the year then ended; and
- the notes to the financial statements, which include a summary of significant accounting policies and other explanatory information.

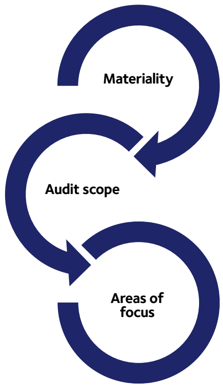
Certain required disclosures have been presented elsewhere in the Annual Report, rather than in the notes to the financial statements. These are cross-referenced from the financial statements and are identified as audited.

The financial reporting framework that has been applied in the preparation of the financial statements is IFRSs as adopted by the European Union and, as regards the Company financial statements, as applied in accordance with the provisions of the Companies Act 2006, and applicable law.

Our audit approach

Overview

The judgements that have the greatest effect on the nature, extent and timing of our audit procedures – materiality, scoping and the key areas of audit focus – are summarised here and explained in detail below.



- Overall Group materiality: £10.1 million which represents 5% of continuing and discontinued profit before tax, acquisition and disposal costs and exceptional items.
- We conducted an audit of the complete financial information of 13 individually financially significant business reporting units.
- Additional business reporting units were selected to increase the level of audit evidence for each account balance, on which a combination of controls testing and substantive tests of detail were undertaken.
- Business reporting units that are not subject to specific audit procedures are still subject to audit work on entity level controls and Group level analytical review procedures over their financial information.

The areas of focus for our audit to which we allocated the greatest amount of our resources and effort were:

- sale of IGBB;
- presentation and disclosure of exceptional items;
- goodwill impairment assessment; and
- fraud in revenue recognition.

The scope of our audit and our areas of focus

We conducted our audit in accordance with International Standards on Auditing (UK and Ireland) (ISAs (UK & Ireland)).

We designed our audit by determining materiality and assessing the risks of material misstatement in the financial statements. In particular, we looked at where the directors made subjective judgements, for example in respect of significant accounting estimates that involved making assumptions and considering future events that are inherently uncertain. As in all of our audits we also addressed the risk of management override of internal controls, including evaluating whether there was evidence of bias by the directors that represented a risk of material misstatement due to fraud.

INDEPENDENT AUDITORS' REPORT TO THE MEMBERS OF ICAP PLC continued

The risks of material misstatement that had the greatest effect on our audit, including the allocation of our resources and effort, are identified as areas of focus in the table below. We have also set out how we tailored our audit to address these specific areas in order to provide an opinion on the financial statements as a whole, and any comments we make on the results of our procedures should be read in this context. This is not a complete list of all risks identified by our audit.

Area of focus	How our audit addressed the area of focus
Sale of IGBB	
On 11 November 2015, ICAP reached an agreement to sell IGBB (the disposal group) to Tullett Prebon plc. The agreement is still subject to fulfilment of conditions of execution and approval by the responsible authorities. Until the conditions are met, the business will remain part of ICAP and will continue to contribute to the Group results. As a result of the Transaction, management is required to consider if this met the held for sale criteria which include a number of judgements in relation to both measurement and disclosure requirements. We have focused on the held for sale classification and whether the disposal was measured at the lower of carrying value and fair value less cost to sell. We also considered whether IGBB operations and cash flows were clearly distinguished, operationally and for financial reporting purposes, leading to the results of IGBB being shown as discontinued in the income statement for both the current and prior period.	We understood management's rationale for both the held for sale determination and the classification of IGBB as a disposal group. We focused on the key judgements taken, specifically that management is committed to the plan to sell, the sale is highly probable and is expected to complete within one year from the date of classification. Through our review of the sale and purchase agreement, review of publicly available documents and discussions with management we were satisfied that management's accounting assessment was appropriate. We obtained and evaluated management's valuation assessment of IGBB to confirm that the disposal group was classified as held for sale at the lower of the carrying value and fair value less cost to sell. Supporting calculations were tested to check that only the appropriate assets and liabilities of the entities and business as specified in the agreement were considered. The carrying value was the lower amount and this was used to report the assets and liabilities as held for sale. We found no material exceptions in these tests. We also assessed the accuracy and completeness of assets and liabilities moved to held for sale by ensuring that they were included in the IGBB disposal group as per the sale and purchase agreement. In doing this we also assessed whether the operations and cash flows of the disposal group were clearly distinguishable. We also assessed the prior year comparatives and whether they have been accurately restated and presented on a consistent basis in accordance with IFRS5. We did not find any material exceptions. Relevant references in the Annual Report, note 4.
Presentation and disclosure of exceptional items	
Assessment of the Group's performance generally focuses on trading profit, being operating profit before acquisition and disposal costs and exceptional items. This is the fourth consecutive year that ICAP has incurred and reported exceptional costs, although the nature of these costs has varied from year to year. As part of the sale of IGBB, ICAP plc incurred various Transaction costs, principally professional services costs and costs of contractors and temporary staff that have been included in the exceptional items column. We focused on the risk that these costs did not meet the criteria to be classified as such as set out in the accounting policy on page 85, which could have an impact on the disclosed underlying business performance.	We understood management's basis for determining whether or not expenses incurred in relation to the Transaction fell within the classification of exceptional items as described in the accounting policy. We selected a sample of expenses that had been identified as exceptional items and, based on our understanding of the accounting policy and understanding of the Transaction, we formed our own judgement as to whether they were appropriately presented and disclosed in exceptional items. We found no material exceptions. We examined the Group's disclosures in respect of exceptional items, considering the correlation between the narrative provided and the underlying expenses incurred and determined that this appropriately reflected the nature of the underlying expenses. Relevant references in the Annual Report, note 3.

Area of focus	How our audit addressed the area of focus
Goodwill impairment assessment	
We focused on this area due to the size of the goodwill balance and because the directors' assessment of the carrying value of the Group's cash generating units (CGUs) involves judgements about the future results of the business and the discount rate applied to the future cash flow forecasts. We also considered the carrying value based on the fair value less costs to sell for the IGBB CGU. During the period, due to the closure of an e-commerce development business the directors recorded a goodwill impairment charge of £3 million which has been classified as an exceptional item. The annual impairment process did not result in any additional impairment being taken during the period.	We examined the forecasts of future cash flow prepared by management, by comparing them to the latest board approved budgets and by comparing the current year results with the equivalent figures included in the prior year forecast to test historical budgeting accuracy. To determine the recoverable value of the IGBB CGU, we re-performed the computation of the fair value less costs to sell. We found no material exceptions in these tests. We challenged the directors' key assumptions for discount and long-term growth rates using our knowledge of the business, future strategy and past performance and by comparing rates used to past results and external data where available. We found no material exceptions in these tests. We performed independent sensitivity analyses, making adjustments to the assumptions. This exercise did not identify any impairment as there is a considerable margin of safety across all the variables in each of the CGUs. We also challenged the write-off of goodwill of £3 million being recorded as an exceptional item rather than in acquisition and disposal costs. We agreed with the classification as an exceptional item and with management's conclusion that the closing of a business is an exceptional event and therefore sufficiently different to prior years' impairment charges. The appropriateness of disclosures made in relation to goodwill was also reviewed. Relevant references in the Annual Report, note 14.
Fraud in revenue recognition	
We focused on the accuracy and timing of the recognition and the presentation in the income statement of: • commissions from the Group's Global Broking business; • brokerage and access fees from its Electronic Markets business; and • fees from the provision of Post Trade Risk and Information. These revenue streams are dependent on the fulfilment of contractual obligations which may involve subjective estimation with regard to stage completion and are subject to manual intervention which could result in revenue being recognised inappropriately.	We evaluated the relevant IT systems and tested the operating effectiveness of internal controls over the accuracy and timing of commissions and fees recognised in the financial statements. We tested the reconciliations between the revenue systems used by the Group and its financial ledgers and journal entries posted to revenue accounts to help identify unusual or irregular items. We then perfomed testing over these amounts to ensure that they should be recognised as revenue. No execeptions were found in the sample selected. We also tested the timing of revenue recognition, assessing whether the necessary contractual obligations had been fulfilled by taking a sample of revenue transactions and agreeing them back to contracts and did not find any exceptions. Relevant references in the Annual Report, note 1.

INDEPENDENT AUDITORS' REPORT TO THE MEMBERS OF ICAP PLC continued

How we tailored the audit scope

We tailored the scope of our audit to ensure that we performed enough work to be able to give an opinion on the financial statements as a whole, taking into account the geographic structure of the Group, the accounting processes and controls and the industry in which the Group operates.

The Group reports its operating results and financial position along three business lines, being Electronic Markets, Post Trade Risk and Information and Global Broking.

The Group financial statements are a consolidation of these business lines, which comprise 169 separate legal entities located in 34 countries, and the Group's centralised functions.

We identified 13 reporting units across the Global Broking and Electronic Markets legal entities and centralised functions that, in our view, required an audit of their complete financial information due to their size. As part of our planning procedures, the Group engagement team visited the UK and US component teams (the two most significant countries in the Group). Specific audit procedures on certain balances and transactions were performed at a further seven reporting units either due to their size, or their risk characteristics, which included the two largest entities in the PTRI segment, located in Sweden and Israel.

The 20 reporting units accounted for 78% of Group Total Income and 97% of Group Total Assets.

This, together with additional procedures performed at the Group level, gave us the evidence we needed for our opinion on the Group and the Company financial statements as a whole.

Materiality

The scope of our audit was influenced by our application of materiality. We set certain quantitative thresholds for materiality. These, together with qualitative considerations, helped us to determine the scope of our audit and the nature, timing and extent of our audit procedures on the individual financial statement line items and disclosures and in evaluating the effect of misstatements, both individually and on the financial statements as a whole.

Based on our professional judgement, we determined materiality for the Group financial statements as a whole as follows:

Overall Group materiality	£10.1 million (2015: £11.45 million).
How we determined it	5% of continuing and discontinued profit before tax, acquisition and disposal costs and exceptional items.
Rationale for benchmark applied	We based materiality on continuing and discontinued profit before tax, acquisition and disposal costs and exceptional items. The acquisition and disposal costs and exceptional items are significant and are expected to be discrete and non-recurring in nature and thus are not considered to be indicative of the underlying performance of the business. The removal of these items mitigates undue volatility in determining our materiality and provides an appropriate materiality level giving more consideration to the scale of the financial position and operations of ICAP plc.

We agreed with the Audit Committee that we would report to them misstatements identified during our audit above £500,000 (2015: £500,000) as well as misstatements below that amount that, in our view, warranted reporting for qualitative reasons.

Going concern

Under the Listing Rules we are required to review the directors' statement, set out on page 58 in relation to going concern. We have nothing to report having performed our review.

Under ISAs (UK & Ireland) we are required to report to you if we have anything material to add or to draw attention to in relation to the directors' statement about whether they considered it appropriate to adopt the going concern basis in preparing the financial statements. We have nothing material to add or to draw attention to.

As noted in the directors' statement, the directors have concluded that it is appropriate to adopt the going concern basis in preparing the financial statements. The going concern basis presumes that the Group and the Company have adequate resources to remain in operation, and that the directors intend them to do so, for at least one year from the date the financial statements were signed. As part of our audit we have concluded that the directors' use of the going concern basis is appropriate. However, because not all future events or conditions can be predicted, these statements are not a guarantee as to the Group's and Company's ability to continue as a going concern.

Strategic report
Governance and directors' report
Financial statements
Definitions

Other required reporting

Consistency of other information

Companies Act 2006 opinion

In our opinion, the information given in the strategic report and the directors' report for the financial year for which the financial statements are prepared is consistent with the financial statements.

ISAs (UK & Ireland) reporting

Under ISAs (UK & Ireland) we are required to report to you if, in our opinion:

• information in the Annual Report is: – materially inconsistent with the information in the audited financial statements; or – apparently materially incorrect based on, or materially inconsistent with, our knowledge of the Group and the Company acquired in the course of performing our audit; or – otherwise misleading.	We have no exceptions to report.
• the statement given by the directors on page 58, in accordance with provision C.1.1 of the Code, that they consider the Annual Report taken as a whole to be fair, balanced and understandable and provides the information necessary for members to assess the Group's and Company's position and performance, business model and strategy is materially inconsistent with our knowledge of the Group and the Company acquired in the course of performing our audit; and	We have no exceptions to report.
• the section of the Annual Report on pages 48 to 50, as required by provision C.3.8 of the Code, describing the work of the Audit Committee does not appropriately address matters communicated by us to the Audit Committee.	We have no exceptions to report.

The directors' assessment of the prospects of the Group and of the principal risks that would threaten the solvency or liquidity of the Group

Under ISAs (UK & Ireland) we are required to report to you if we have anything material to add or to draw attention to in relation to:

• the directors' confirmation on page 58 of the Annual Report, in accordance with provision C.2.1 of the Code, that they have carried out a robust assessment of the principal risks facing the Group, including those that would threaten its business model, future performance, solvency or liquidity;	We have nothing material to add or to draw attention to.
• the disclosures in the Annual Report that describe those risks and explain how they are being managed or mitigated; and	We have nothing material to add or to draw attention to.
• the directors' explanation on page 58 of the Annual Report, in accordance with provision C.2.2 of the Code, as to how they have assessed the prospects of the Group, over what period they have done so and why they consider that period to be appropriate, and their statement as to whether they have a reasonable expectation that the Group will be able to continue in operation and meet its liabilities as they fall due over the period of their assessment, including any related disclosures drawing attention to any necessary qualifications or assumptions.	We have nothing material to add or to draw attention to.

INDEPENDENT AUDITORS' REPORT TO THE MEMBERS OF ICAP PLC continued

Under the Listing Rules we are required to review the directors' statement that they have carried out a robust assessment of the principal risks facing the Group and the directors' statement in relation to the longer-term viability of the Group. Our review was substantially less in scope than an audit and only consisted of making enquiries and considering the directors' process supporting their statements; checking that the statements are in alignment with the relevant provisions of the Code; and considering whether the statements are consistent with the knowledge acquired by us in the course of performing our audit. We have nothing to report having performed our review.

Adequacy of accounting records and information and explanations received

Under the Companies Act 2006 we are required to report to you if, in our opinion:

- we have not received all the information and explanations we require for our audit; or
- 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 and the part of the directors' remuneration report to be audited are not in agreement with the accounting records and returns.

We have no exceptions to report arising from this responsibility.

Directors' remuneration

Directors' remuneration report – Companies Act 2006 opinion

In our opinion, the part of the directors' remuneration report to be audited has been properly prepared in accordance with the Companies Act 2006.

Other Companies Act 2006 reporting

Under the Companies Act 2006 we are required to report to you if, in our opinion, certain disclosures of directors' remuneration specified by law are not made. We have no exceptions to report arising from this responsibility.

Corporate governance statement

Under the Listing Rules we are required to review the part of the corporate governance statement relating to ten further provisions of the Code. We have nothing to report having performed our review.

Responsibilities for the financial statements and the audit

Our responsibilities and those of the directors

As explained more fully in the Directors' Responsibilities Statement set out on page 57, 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 ISAs (UK & Ireland). Those standards require us to comply with the Auditing Practices Board's Ethical Standards for Auditors.

This report, including the opinions, has been prepared for and only for the Company's members as a body in accordance with Chapter 3 of Part 16 of the Companies Act 2006 and for no other purpose. We do not, in giving these opinions, accept or assume responsibility for any other purpose or to any other person to whom this report is shown or into whose hands it may come save where expressly agreed by our prior consent in writing.

What an audit of financial statements involves

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's 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.

We primarily focus our work in these areas by assessing the directors' judgements against available evidence, forming our own judgements, and evaluating the disclosures in the financial statements.

We test and examine information, using sampling and other auditing techniques, to the extent we consider necessary to provide a reasonable basis for us to draw conclusions. We obtain audit evidence through testing the effectiveness of controls, substantive procedures or a combination of both.

In addition, we read all the financial and non-financial information in the Annual Report to identify material inconsistencies with the audited financial statements and to identify any information that is apparently materially incorrect based on, or materially inconsistent with, the knowledge acquired by us in the course of performing the audit. If we become aware of any apparent material misstatements or inconsistencies we consider the implications for our report.

Christopher Rowland (Senior Statutory Auditor)
for and on behalf of PricewaterhouseCoopers LLP
Chartered Accountants and Statutory Auditors
London
16 May 2016

FINANCIAL STATEMENTS

FINANCIAL STATEMENTS

CONSOLIDATED INCOME STATEMENT

YEAR ENDED 31 MARCH 2016

	Note	Trading £m	Acquisition and disposal costs £m	Exceptional items £m	Total £m
Revenue	1	460	–	–	460
Operating expenses	2	(321)	(75)	(9)	(405)
Other income		–	–	–	–
Operating profit	1	139	(75)	(9)	55
Finance income	9	1	1	–	2
Finance costs	9	(30)	–	–	(30)
Share of profit of joint ventures after tax	21	1	–	–	1
Share of profit of associates after tax	22	(1)	–	–	(1)
Profit before tax from continuing operations		110	(74)	(9)	27
Tax	7	(23)	16	2	(5)
Profit for the year from continuing operations		87	(58)	(7)	22
Profit for the year from discontinued operations	4(a)	73	–	(27)	46
Profit for the year		160	(58)	(34)	68
Attributable to:					
Owners of the Company		163	(58)	(34)	71
Non-controlling interests		(3)	–	–	(3)
		160	(58)	(34)	68
Earnings per ordinary share (pence)					
– basic	5	24.6			10.5
– diluted	5	24.2			10.3

CONSOLIDATED INCOME STATEMENT
YEAR ENDED 31 MARCH 2015

(restated)	Note	Trading £m	Acquisition and disposal costs £m	Exceptional items £m	Total £m
Revenue	1	468	–	–	468
Operating expenses	2	(313)	(58)	(16)	(387)
Other income		(1)	–	–	(1)
Operating profit	1	154	(58)	(16)	80
Finance income	9	2	(1)	–	1
Finance costs	9	(34)	–	–	(34)
Share of profit of joint ventures after tax	21	1	–	–	1
Share of profit of associates after tax	22	(1)	–	–	(1)
Profit before tax from continuing operations		122	(59)	(16)	47
Tax	7	(26)	18	1	(7)
Profit for the year from continuing operations		96	(41)	(15)	40
Profit for the year from discontinued operations	4(a)	89	(3)	(42)	44
Profit for the year		185	(44)	(57)	84
Attributable to:					
Owners of the Company		185	(44)	(57)	84
Non-controlling interests		–	–	–	–
		185	(44)	(57)	84
Earnings per ordinary share (pence)					
– basic	5	28.7			13.0
– diluted	5	28.1			12.8

CONSOLIDATED STATEMENT OF COMPREHENSIVE INCOME

	Note	Year ended 31 March 2016 £m	Year ended 31 March 2015 £m (restated)
Profit for the year		68	84
Other comprehensive income/(expense) from continuing operations			
Items that will be reclassified subsequently to profit or loss when specific conditions are met:			
Revaluation gain in the year	26(a)	1	1
Cash flow hedges			
– fair value losses/gains	26(a)	(20)	(37)
– fair value gains transferred to income statement	26(a)	17	29
		(3)	(8)
Exchange differences		44	66
Deferred tax recognised in other comprehensive income		1	–
Other comprehensive income/(expense) for the year, net of tax, from continuing operations		43	59
Other comprehensive income/(expense) for the year, net of tax, from discontinued operations		19	25
Total comprehensive income/(expense) for the year		130	168
Total comprehensive income/(expense) attributable to:			
Owners of the Company		131	164
Non-controlling interests		(1)	4
		130	168

CONSOLIDATED AND COMPANY BALANCE SHEET

	Note	Group As at 31 March 2016 £m	Group As at 31 March 2015 £m	Company As at 31 March 2016 £m	Company As at 31 March 2015 £m
Assets					
Non-current assets					
Intangible assets arising on consolidation	14	826	930	–	–
Intangible assets arising from development expenditure	13	88	108	–	–
Property and equipment	24	30	40	–	–
Investment in subsidiaries	20	–	–	2,315	2,036
Investment in joint ventures	21	6	13	–	–
Investment in associates	22	52	68	1	1
Deferred tax assets	7	13	6	–	–
Trade and other receivables	17	9	5	124	124
Available-for-sale investments	23	9	17	–	–
		1,033	1,187	2,440	2,161
Current assets					
Trade and other receivables	17	59,461	24,411	34	97
Cash and cash equivalents	11	157	481	–	–
Restricted funds	11	26	43	–	–
Tax receivable		–	–	1	–
Held for sale assets	4(b)	21,393	21	–	–
		81,037	24,956	35	97
Total assets		82,070	26,143	2,475	2,258
Liabilities					
Current liabilities					
Trade and other payables	18	(59,464)	(24,378)	(510)	(279)
Borrowings	10	(64)	(163)	–	–
Tax payable		(41)	(39)	–	–
Provisions	15	(8)	(20)	–	–
Held for sale liabilities	4(b)	(20,861)	(4)	–	–
		(80,438)	(24,604)	(510)	(279)
Non-current liabilities					
Trade and other payables	18	(12)	(37)	–	–
Borrowings	10	(519)	(386)	(135)	(134)
Deferred tax liabilities	7	(67)	(73)	–	–
Retirement benefit obligations		(3)	(6)	–	–
Provisions	15	(13)	(19)	–	–
		(614)	(521)	(135)	(134)
Total liabilities		(81,052)	(25,125)	(645)	(413)
Net assets		1,018	1,018	1,830	1,845
Equity					
Capital and reserves					
Called up share capital	25	66	66	66	66
Share premium account		454	454	454	454
Other reserves	26	77	79	1	1
Translation		104	43	–	–
Retained earnings		276	330	1,309	1,324
Equity attributable to owners of the Company		977	972	1,830	1,845
Non-controlling interests		41	46	–	–
Total equity		1,018	1,018	1,830	1,845

The financial statements and accompanying notes on pages 78 to 137 were approved by the board on 16 May 2016 and signed on its behalf by:

Stuart Bridges
Group Finance Director

CONSOLIDATED STATEMENT OF CHANGES IN EQUITY

Year ended 31 March 2016	Share capital (note 25(a)) £m	Share premium £m	Other reserves (note 26(a)) £m	Translation £m	Retained earnings £m	Attributable to owners of the Company £m	Non-controlling interests £m	Total £m
Balance at 1 April 2015	66	454	79	43	330	972	46	1,018
Profit for the year	–	–	–	–	71	71	(3)	68
Other comprehensive income/(expense)								
Cash flow hedges	–	–	(3)	–	–	(3)	–	(3)
Exchange differences	–	–	–	61	–	61	2	63
Revaluation gains realised in the year	–	–	1	–	–	1	–	1
Income tax	–	–	–	–	1	1	–	1
Total comprehensive income/(expense) for the year	–	–	(2)	61	72	131	(1)	130
Treasury Shares awarded	–	–	–	–	3	3	–	3
Other movements in non-controlling interests	–	–	–	–	4	4	(2)	2
Share-based payments in the year (note 8)	–	–	–	–	8	8	–	8
Dividends paid in the year	–	–	–	–	(141)	(141)	(2)	(143)
Balance at 31 March 2016	66	454	77	104	276	977	41	1,018

Year ended 31 March 2015	Share capital (note 25(a)) £m	Share premium £m	Other reserves (note 26(a)) £m	Translation £m	Retained earnings £m	Attributable to owners of the Company £m	Non-controlling interests £m	Total £m
Balance at 1 April 2014	66	454	86	(44)	379	941	42	983
Profit for the year	–	–	–	–	84	84	–	84
Other comprehensive income/(expense)								
Cash flow hedges	–	–	(8)	–	–	(8)	–	(8)
Exchange differences	–	–	–	87	–	87	4	91
Revaluation gains realised in the year	–	–	1	–	–	1	–	1
Total comprehensive income/(expense) for the year	–	–	(7)	87	84	164	4	168
Treasury Shares awarded	–	–	–	–	1	1	–	1
Share-based payments in the year (note 8)	–	–	–	–	7	7	–	7
Dividends paid in the year	–	–	–	–	(141)	(141)	–	(141)
Balance at 31 March 2015	66	454	79	43	330	972	46	1,018

COMPANY STATEMENT OF CHANGES IN EQUITY

Year ended 31 March 2016	Share capital £m	Share premium account £m	Capital redemption reserve £m	Retained earnings £m	Total £m
Balance as at 1 April 2015	66	454	1	1,324	1,845
Profit for the year	–	–	–	123	123
Total comprehensive income for the year	–	–	–	123	123
Dividends paid in the year	–	–	–	(141)	(141)
Treasury Shares awarded	–	–	–	3	3
Balance as at 31 March 2016	66	454	1	1,309	1,830

Year ended 31 March 2015	Share capital £m	Share premium account £m	Capital redemption reserve £m	Retained earnings £m	Total £m
Balance as at 1 April 2014	66	454	1	1,213	1,734
Profit for the year	–	–	–	251	251
Total comprehensive profit for the year	–	–	–	251	251
Dividends paid in the year	–	–	–	(141)	(141)
Treasury Shares awarded	–	–	–	1	1
Balance as at 31 March 2015	66	454	1	1,324	1,845

CONSOLIDATED AND COMPANY STATEMENT OF CASH FLOW

	Note	Group		Company	
		Year ended 31 March 2016 £m	Year ended 31 March 2015 £m	Year ended 31 March 2016 £m	Year ended 31 March 2015 £m
Cash flows from operating activities	11(a)	147	199	13	–
Cash flows from investing activities					
Dividends received from subsidiaries		–	–	128	141
Dividends received from associates		6	4	–	–
Dividends received from joint ventures		2	1	–	–
Other equity dividends received		1	–	–	–
Payments to acquire property and equipment		(17)	(9)	–	–
Intangible development expenditure		(54)	(48)	–	–
Proceeds from disposal of available-for-sale investments		1	–	–	–
Acquisition of available-for-sale investments		(5)	–	–	–
Acquisition of interests in subsidiaries		–	(1)	–	–
Proceeds from disposal of subsidiaries		–	1	–	–
Acquisition of associates and joint ventures		(17)	–	–	–
Net cash flows from investing activities		(83)	(52)	128	141
Cash flows from financing activities					
Dividends paid to non-controlling interest		(2)	–	–	–
Proceeds from exercise of share options		3	–	–	–
Dividends paid to owners of the Company		(141)	(141)	(141)	(141)
Repayment of borrowings		(126)	(259)	–	–
Funds received from borrowing, net of fees		171	–	–	–
Receipts from subsidiaries		–	–	–	–
Payments to subsidiaries		–	–	–	–
Net cash flows from financing activities		(95)	(400)	(141)	(141)
Net decrease in cash and cash equivalents		(31)	(253)	–	–
Net cash and cash equivalents at beginning of the year		448	697	–	–
FX adjustments		16	4	–	–
Net cash and cash equivalents at end of the year*	11(c)	433	448	–	–

* Net of £83m overdraft as at 31 March 2016 (2014/15 – £33m).

Cash flows of discontinued operations

Cash inflows from operating activities of £23m, cash outflows from investing activities of £15m and cash outflows from financing activities of £2m were incurred in the year relating to the discontinued business.

BASIS OF PREPARATION

Preparation of financial statements

The consolidated financial statements of the Group and the separate financial statements of ICAP plc have been prepared in accordance with IFRSs, as issued by the IASB and the interpretations issued by the IFRS Interpretations Committee (IFRIC) and their predecessor bodies, and as endorsed by the EU and the Companies Act 2006 applicable to companies reporting under IFRS. In publishing the parent company financial statements here together with the Group financial statements, ICAP plc has taken advantage of the exemption in section 408(3) of the Companies Act 2006 not to present its individual income statement, individual statement of comprehensive income and related notes that form a part of these financial statements. The financial statements are prepared in pounds sterling, which is the functional currency of the Company and presented in millions. ICAP plc is incorporated and domiciled in the UK.

The significant accounting policies adopted by the Group and the Company are included within the notes to which they relate and are shaded in blue.

The preparation of financial statements requires management to apply judgements and the use of estimates and assumptions about future conditions. Management considers impairment of goodwill and other intangible assets arising on consolidation (note 14), investment in joint ventures and associates (notes 21 and 22), contingent liabilities (note 16), and the presentation of exceptional items (note 3) to be the areas where increased judgement is required. Further information about key assumptions concerning the future, and other key sources of estimation uncertainty, are set out in the relevant notes to the financial statements. Estimates and assumptions are continuously evaluated and are based on historical experience and other factors, including expectations of future events that are believed to be reasonable under the circumstances. Due to the inherent uncertainty in making estimates, actual results reported in future periods may be based on amounts which differ from those estimates. Revisions to accounting estimates are recognised in the period in which the estimate is revised and in any future periods affected.

In November 2015, the Group announced that it had entered into a Transaction which will, when completed, involve the disposal of its global hybrid voice broking and information business, including the associated technology and broking platforms (including i-Swap and Fusion), and certain joint ventures and associates (together IGBB), to Tullett Prebon. The disposal is subject to approvals from regulatory authorities across jurisdictions. The Group is committed to a plan to sell having signed the SPA with Tullett Prebon and it is anticipated that the required regulatory approvals will be obtained and the Transaction will complete in 2016.

The IGBB business disposal meets the criteria of IFRS5 for held for sale classification. The criteria for held for sale are met as the business is available for sale in its present condition, and the sale is highly probable.

The results of the IGBB business, subject to certain provisions in the SPA, are presented as discontinued operations in the consolidated income statement as the sale is a single co-ordinated plan to dispose of a separate major line of business. The assets and liabilities attributable to IGBB, also subject to certain provisions in the SPA, are presented as held for sale assets and liabilities on the face of the balance sheet.

Presentation of the income statement

The Group maintains a columnar format for the presentation of its consolidated income statement. The columnar format enables the Group to continue its practice of improving the understanding of its results by presenting its trading profit. This is the profit measure used to calculate trading EPS (note 5) and is considered to be the most appropriate as it better reflects the Group's trading earnings. Trading profit is reconciled to profit before tax on the face of the consolidated income statement, which also includes acquisition and disposal costs and exceptional items.

The column 'acquisition and disposal costs' includes: any gains, losses or other associated costs on the full or partial disposal of investments, associates, joint ventures or subsidiaries and costs associated with a business combination that do not constitute fees relating to the arrangement of financing; amortisation or impairment of intangible assets arising on consolidation; any re-measurement after initial recognition of deferred contingent consideration which has been classified as a liability, and any gains or losses on the revaluation of previous interests. The column may also include items such as gains or losses on the settlement of pre-existing relationships with acquired businesses and the re-measurement of liabilities that are above the value of indemnification.

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 Group's results. These are shown as exceptional items on the face of the consolidated income statement.

When the Group has disposed of or intends to dispose of a business component that represents a major line of business or geographic area of operations, it classifies such operations as discontinued. The post tax profit or loss of the discontinued operations is shown as a single line on the face of the consolidated income statement, separate from the other results of the Group. The consolidated income statement for the comparative periods is restated to show the discontinued operations separate from those generated by the continuing operations.

BASIS OF PREPARATION
continued

Basis of consolidation

The Group's consolidated financial statements include the results and net assets of the Company, its subsidiaries and the Group's share of joint ventures and associates.

Subsidiaries

An entity is regarded as a subsidiary if the Group has control over its strategic, operating and financial policies and intends to hold the investment on a long-term basis for the purpose of securing a contribution to the Group's activities.

The purchase method of accounting is used to account for the acquisition of subsidiaries by the Group. The cost of acquisition is measured at fair value of the assets given, equity instruments issued and liabilities incurred or assumed at the date of exchange. Identifiable assets acquired and liabilities and contingent liabilities assumed in the business combination are measured initially at their fair values at the acquisition date, irrespective of the extent of any minority interest. The excess of the cost of acquisition over the fair value of the Group's share of the identifiable net assets acquired is recorded as goodwill. If the costs of the acquisition are less than the fair value of the net assets acquired, the difference is recognised directly in the consolidated income statement.

Fees associated with an acquisition are expensed as incurred. When the Group increases its investment in an entity resulting in an associate becoming a subsidiary, the intangibles related to the acquisition are valued and the element of those not previously recognised as a share of net assets are recorded as revaluation gains realised in the year in other comprehensive income. A change of ownership that does not result in a loss of control is classified as an equity transaction, with the difference between the amount by which the non-controlling interest is recorded and the fair value of the consideration received recognised directly in equity.

Where the Group has issued a put option over shares held by a non-controlling interest, the Group derecognises the non-controlling interests and instead recognises a contingent deferred consideration liability for the estimated amount likely to be paid to the non-controlling interest on exercise of those options. The residual amount, representing the difference between any consideration paid/payable and the non-controlling interest's share of net assets, is recognised in equity. Movements in the estimated liability after initial recognition are recognised within the consolidated income statement. Where the Group has a call option over shares held by a non-controlling interest, the Group continues to recognise the non-controlling interest until it is certain that the option will be called. At that point the accounting treatment is the same as for a put option.

The results of companies acquired during the year are included in the Group's results from the effective date of acquisition. The results of companies disposed of during the year are included up to the effective date of disposal.

The Group treats transactions with non-controlling interests as transactions with equity owners of the Group. For purchases from non-controlling interests, the difference between any consideration paid and the relevant share acquired of the carrying value of net assets of the subsidiary is recorded in equity. Gains or losses on disposals to non-controlling interests are also recorded in equity.

On consolidation, the accounting policies of Group companies (the Company and its subsidiaries) are consistent with those applied by the Group. Intercompany transactions, balances and unrealised gains on transactions between Group companies are eliminated as part of the consolidation process. Unrealised losses are also eliminated unless the transaction provides evidence of an impairment of the asset transferred.

Joint ventures

A joint venture is an entity in which the Group has an interest and, in the opinion of the directors, exercises joint control over its operating and financial policies. An interest exists where an investment is held on a long-term basis for the purpose of securing a contribution to the Group's activities. Following the adoption of IFRS11 'Joint Arrangements' and IAS28 'Investments in Associates and Joint Ventures' on 1 April 2014, investments in joint ventures are recognised using the equity method. Under this method, such investments are initially stated at cost, including attributable goodwill, and are adjusted thereafter for the post acquisition change in the Group's share of net assets.

Associates

The Group classifies investments in entities over which it has significant influence, but not control, and that are neither subsidiaries nor joint ventures, as associates. Investments in associates are recognised using the equity method. Under this method, such investments are initially stated at cost, including attributable goodwill, and are adjusted thereafter for the post acquisition change in the Group's share of net assets.

Foreign currencies

In individual entities, transactions denominated in foreign currencies are recorded at the prior month closing exchange rate between the functional currency and the foreign currency. At each end of the reporting period, monetary assets and liabilities that are denominated in foreign currencies are retranslated at the rates prevailing at the end of the reporting period. Exchange differences are recognised in the consolidated income statement, except for exchange differences arising on non-monetary assets and liabilities where these form part of the net investment of an overseas business or are designated as hedges of a net investment or cash flow and, therefore, the changes in value resulting from exchange differences are recognised directly in other comprehensive income. Non-monetary items carried at historical cost are translated in the balance sheet at the exchange rate on the original transaction date. Non-monetary items measured at fair value are translated using the exchange rate ruling when the fair value was determined.

On consolidation, the results of businesses with non-pound sterling functional currencies are translated into the presentational currency of the Group at the average exchange rates for the year where these approximate to the rate at the date of the transactions. Assets and liabilities of overseas businesses are translated into the presentational currency of the Group at the exchange rate prevailing at the end of the reporting period. Exchange differences arising are recognised within other comprehensive income. Cumulative translation differences arising after the transition to IFRSs are taken to the consolidated income statement on disposal of the net investment.

Goodwill and fair value adjustments arising on the acquisition of a non-pound sterling entity are treated as assets and liabilities of that entity and translated into the presentational currency of the Group at the period closing rate. Where applicable, the Group has elected to treat goodwill and fair value adjustments arising before the date of transition to IFRSs as denominated in the presentational currency of the Group.

In the consolidated statement of cash flows, cash flows denominated in foreign currencies are translated into the presentational currency of the Group at the average exchange rates for the year or at the rate prevailing at the time of the transaction where more appropriate.

Future accounting developments

At 31 March 2016, the following standards have been issued by the IASB which are not effective for these consolidated financial statements:

- in July 2014, IASB issued IFRS9 ‘Financial Instruments’, which will replace IAS39 ‘Financial Instruments: Recognition and Measurement’. The standard will be effective for annual periods beginning on or after 1 January 2018. ICAP intends to adopt IFRS9 for its financial statements for the year ending 31 March 2019; and
- in May 2014, IASB issued IFRS15 ‘Revenue from Contracts with Customers’, which will replace IAS18 ‘Revenue’ and IAS11 ‘Construction Contracts’ and other related interpretations on revenue recognition. The standard will become effective for annual periods beginning on or after 1 January 2017. ICAP intends to adopt IFRS15 for its financial statements for the year ending 31 March 2018.

The impact on ICAP financial statements from the adoption of these IFRS standards is currently being assessed and will be disclosed closer to the time of the adoption.

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NOTES TO THE FINANCIAL STATEMENTS

1. Segmental information

The Group has determined its operating segments based on the management information including trading revenue and trading operating profit reviewed on a regular basis by the Company's board. The Group considers the executive members of the Company's board to be the Chief Operating Decision Maker. ICAP's three operating segments are Electronic Markets, Post Trade Risk and Information and Global Broking.

Revenue comprises brokerage or access fees from its Electronic Markets business, fees from the provision of Post Trade Risk and Information services and commission from the Group's Global Broking division.

Electronic Markets
The Group acts as an intermediary for FX, interest rate derivatives, fixed income products and CDS through the Group's electronic platforms. Revenue is generated from brokerage fees which are dependent on the average trading volumes. The Group also charges fees to use the electronic trading platform for access to liquidity in the FX or precious metal markets.

Post Trade Risk and Information (PTRI)
The Group receives fees from the sale of financial information and provision of PTRI services to third parties. These are stated net of VAT, rebates and other sales taxes and recognised in revenue on an accruals basis to match the provision of the service.

Global Broking
Matched principal and stock lending business
Certain Group companies are involved in a non-advisory capacity as principals in the matched purchase and sale of securities and other financial instruments between our customers. Revenue is generated from the difference between the purchase and sale proceeds and is recognised in full at the time of the commitment by our customers to sell and purchase the security or financial instrument. The revenue generated by the stock lending business is not material to the Group.

Agency business (name give-up)
The Group acts in a non-advisory capacity to match buyers and sellers of financial instruments and raises invoices for the service provided. The Group does not act as principal in name give-up transactions and only receives and transmits orders between counterparties. Revenue is stated net of rebates and discounts, VAT and other sales taxes and is recognised in full on the date of the trade.

Execution on exchange business
The Group also acts as a broker of exchange-listed products, where the Group executes customer orders as principal and then novates the trade to the underlying customer's respective clearing broker for settlement. Revenue is generated by raising an invoice and is recognised on the trade date.

NOTES TO THE FINANCIAL STATEMENTS continued

1. Segmental information continued

(a) Segmental results relating to the Group's total operations

	Year ended 31 March 2016			
	Electronic Markets £m	Post Trade Risk and Information £m	Global Broking £m	Group £m
Continuing operations:				
Revenue	258	194	8	460
Trading operating profit/(loss)	86	70	(17)	139
Profit from joint ventures	–	–	1	1
(Loss)/Profit from associates	–	(3)	2	(1)
Continuing trading EBIT*	86	67	(14)	139
Reconciliation to the consolidated income statement:				
Continuing operations:				
Trading net finance cost** (note 9)				(29)
Trading profit before tax				110
Acquisition and disposal costs				(74)
Exceptional items (note 3)				(9)
Profit before tax from continuing operations				27
Tax on continuing operations				(5)
Profit for the year from continuing operations				22
Profit for the year from discontinued operations, net of tax (note 4)				46
Profit for the year				68
Other segmental information for total Group (including discontinued)				
Trading operating profit margin	30%	40%	7%	18%
Trading EBIT*	78	95	55	228
Trading depreciation	5	3	3	11
Trading amortisation	20	6	11	37
Trading EBITDA***	103	104	69	276
Capital expenditure on intangible developments****	27	11	15	53

* Trading EBIT is the trading profit before deducting net finance cost and tax.
** Given the Group's debt financing arrangements are managed centrally through a treasury function, the ICAP plc board does not incorporate net finance cost in the assessment of the segments' performance, therefore this is presented on a total Group basis.
*** Trading EBITDA is the trading profit before deducting net finance cost, tax and amortisation, depreciation and impairment charges.
**** Total capital expenditure on intangible developments for the Group includes £1m (2014/15 – £1m) investment made to develop corporate intangible assets, which are not segment specific.

The Group did not earn more than 10% of its total revenue from any individual customer.

The Group earned revenue of £352m (2014/15 – £434m) and £468m (2014/15 – £460m) from entities in the UK and US respectively. The remainder of £381m (2014/15 – £382m) came from various entities outside the UK and US. ICAP's UK regulated companies, those that are within the scope of CRD IV disclosures, will disclose certain financial and other information in their 2015/16 financial statements as required under the scope of CRD IV disclosure requirements.

1. Segmental information continued

(a) Segmental results relating to the Group's total operations continued

	Year ended 31 March 2015			
	Electronic Markets £m	Post Trade Risk and Information £m	Global Broking £m	Group £m
Continuing operations:				
Revenue	254	187	27	468
Trading operating profit/(loss)	102	70	(18)	154
Profit from joint ventures	–	–	1	1
(Loss)/Profit from associates	–	(2)	1	(1)
Continuing trading EBIT*	102	68	(16)	154
Reconciliation to the consolidated income statement:				
Continuing operations:				
Trading net finance cost** (note 9)				(32)
Trading profit before tax				122
Acquisition and disposal costs				(59)
Exceptional items (note 3)				(16)
Profit before tax from continuing operations				47
Tax on continuing operations				(7)
Profit for the year from continuing operations				40
Profit for the year from discontinued operations, net of tax (note 4)				44
Profit for the year				84
Other segmental information total Group (including discontinued)				
Trading operating profit margin	36%	43%	8%	20%
Trading EBIT*	93	95	72	260
Trading depreciation	8	3	4	15
Trading amortisation	20	6	8	34
Trading EBITDA***	121	104	84	309
Capital expenditure on intangible developments****	23	12	12	48

(b) Group's continuing and discontinued operations

	Year ended 31 March 2016			Year ended 31 March 2015 (restated)		
	Continuing £m	**Discontinued (note 4) £m**	**Group £m**	Continuing £m	Discontinued (note 4) £m	Group £m
Revenue						
– Electronic Markets	**258**	**4**	**262**	254	5	259
– Post Trade Risk and Information	**194**	**51**	**245**	187	41	228
– Global Broking	**8**	**686**	**694**	27	762	789
	460	**741**	**1,201**	468	808	1,276
Trading operating profit						
– Electronic Markets	**86**	**(8)**	**78**	102	(9)	93
– Post Trade Risk and Information	**70**	**27**	**97**	70	27	97
– Global Broking	**(17)**	**63**	**46**	(18)	80	62
	139	**82**	**221**	154	98	252

Global Broking's trading operating loss from continuing operations of £17m (2014/15 – £18m) includes £14m (2014/15 – £14m) of central support costs that were charged to the voice broking business for the reporting of the segmental results but under the SPA will not transfer to the enlarged Tullett Prebon. The remaining £3m (2014/15 – £4m) relates to ICAP's voice broking business that is outside the IGBB perimeter. Electronic Markets discontinued operations relates to i-Swap. PTRI discontinued operations includes part of ICAP Information Services (IIS) which provides voice broking generated data to the market participants.

NOTES TO THE FINANCIAL STATEMENTS
continued

2. Operating expenses
The table below is presented on a total Group basis, including discontinued operations:

Profit before tax is stated after charging:	Year ended 31 March 2016 £m	Year ended 31 March 2015 £m
Trading operating expenses		
Employee costs*	630	691
Information technology costs**	139	129
Professional and legal fees (including auditors' remuneration)	43	34
Depreciation and impairment of property and equipment (excluding IT)	2	6
Governance costs*	21	22
Clearing and settlement fees	17	19
Operating lease rentals – minimum lease payments	21	23
Exchange adjustments	7	(4)
Other	102	106
Trading operating expenses	982	1,026
Acquisition and disposal costs		
Amortisation of intangible assets arising on consolidation	38	55
Impairment of investment in associates***	25	–
Other acquisition and disposal costs	12	4
Acquisition and disposal costs	75	59
Exceptional items (note 3)	40	75
Operating expenses	1,097	1,160
Attributable to:		
Continuing operations	405	387
Discontinued operations (note 4)	692	773
Auditors' remuneration		
Fees payable to the Company's auditors for the audit of the parent company's and consolidated financial statements	0.8	0.8
Fees payable to the Company's auditors for other services:		
– the auditing of any subsidiary of the Company	3.2	3.0
– audit-related assurance services	–	0.2
– taxation compliance services	0.1	–
– taxation advisory services	0.1	0.2
– other assurance services****	1.0	0.4
– corporate finance transaction services****	2.4	–
	7.6	4.6

* Net employee costs as per note 8(a) are £653m (2014/15 – £743m). Remaining employee costs of £23m are included in governance costs of £17m (2014/15 – £17m), exceptional items of £5m (2014/15 – £35m) and acquisition and disposal costs of £1m (2014/15 – £nil). Governance costs include fees associated with risk, compliance, internal audit and legal.

** Information technology costs include £46m of depreciation and amortisation charges. The remaining £93m of costs incurred include purchase of assets that are individually below the Group's capitalisation threshold, maintenance expenditures, certain enhancements not eligible for capitalisation and research phase related expenditures. Information technology costs do not include employee costs relating to the development of software assets that were not capitalised. These are presented within employee costs.

*** Following the identification of impairment indicators under IAS39, impairment reviews were performed on our investments in non-core associates, resulting in impairment charges of £25m (see note 22).

**** Other assurance services and corporate finance transaction services relate to services provided in connection to the disposal of IGBB.

Contractual arrangements
The Group places reliance on a number of key suppliers to carry out its business and has procedures to ensure that purchasing decisions balance cost against other factors, including service quality, global reach and resilience.

The settlement of matched principal and exchange-traded businesses requires access to clearing houses either directly or through third party providers of clearing and settlement services. In North America the Group is a member of the FICC and NSCC through which it clears US Treasury products, and agency, mortgage and equity trades for its customer base. Clearing arrangements for certain US matched principal and exchange-traded transactions are outsourced to third parties. In Europe and Asia Pacific the majority of the Group's clearing activities are outsourced to third parties where ICAP seeks to partner with one of the leading clearing providers in each market.

3. Exceptional items

Exceptional items are non-recurring significant items that are considered material in both size and nature. These are disclosed separately to enable a full understanding of the Group's financial performance.

	Year ended 31 March 2016 £m	Year ended 31 March 2015 £m
Exceptional items before tax		
Transaction-related costs – discontinued operations	31	–
Other costs – continuing operations	9	–
Restructuring programme – employee termination costs	–	35
Restructuring programme – property exits	–	18
Restructuring programme – other	–	7
Regulatory matters including associated legal and professional fees	–	15
Total exceptional items before tax	40	75
Tax credit	(6)	(18)
Total exceptional items after tax	34	57
Attributable to:		
Continuing operations	7	15
Discontinued operations (note 4)	27	42

The discontinued exceptional items of £31m represent Transaction-related costs arising from the impending disposal of IGBB, including costs to sale and separation costs that were incurred and provided as at 31 March 2016. Other exceptional costs of £9m relate to exiting non-core businesses within Electronic Markets, and are therefore presented in the continuing income statement.

NOTES TO THE FINANCIAL STATEMENTS continued

4. Discontinued operations and held for sale assets and liabilities

On 11 November 2015, the Group signed an SPA with Tullett Prebon for the disposal of its IGBB business at which point it met IFRS5 criteria to be classified as held for sale.

The disposal is subject to approvals from regulatory authorities across jurisdictions as well as finalisation of certain commercial terms and is expected to be completed in 2016.

The results of the IGBB business, subject to certain provisions in the SPA, are presented as discontinued operations as the sale is a single co-ordinated plan to dispose of a separate major line of business. The assets and liabilities attributable to IGBB, also subject to certain provisions in the SPA, are presented as held for sale assets and liabilities on the face of the balance sheet. These assets and liabilities were transferred to held for sale at carrying value.

(a) Results of discontinued operations

Year ended 31 March 2016	Trading £m	Acquisition and disposal costs £m	Exceptional items £m	Total £m
Revenue	741	–	–	741
Operating expenses	(661)	–	(31)	(692)
Other income	2	–	–	2
Operating profit from discontinued operations	82	–	(31)	51
Net finance income	4	–	–	4
Share of profit of associates and joint ventures after tax	7	–	–	7
Profit before tax from discontinued operations	93	–	(31)	62
Tax (note 7)	(20)	–	4	(16)
Profit for the year from discontinued operations	73	–	(27)	46
Attributable to:				
Owners of the Company	77	–	(27)	50
Non-controlling interests	(4)	–	–	(4)
	73	–	(27)	46

Year ended 31 March 2015 (restated)	Trading £m	Acquisition and disposal costs £m	Exceptional items £m	Total £m
Revenue	808	–	–	808
Operating expenses	(713)	(1)	(59)	(773)
Other income	3	–	–	3
Operating profit from discontinued operations	98	(1)	(59)	38
Net finance income	1	1	–	2
Share of profit of associates and joint ventures after tax	8	–	–	8
Profit before tax from discontinued operations	107	–	(59)	48
Tax (note 7)	(18)	(3)	17	(4)
Profit for the year from discontinued operations	89	(3)	(42)	44
Attributable to:				
Owners of the Company	90	(3)	(42)	45
Non-controlling interests	(1)	–	–	(1)
	89	(3)	(42)	44

4. Discontinued operations and held for sale assets and liabilities continued

(b) Breakdown of assets held for sale

	As at 31 March 2016 £m
Non-current assets	
Goodwill and other intangibles arising on consolidation	83
Other	129
Current assets	
Trade and other receivables	20,789
Cash and cash equivalents	359
Restricted funds	33
Total held for sale assets	21,393
Current liabilities	
Trade and other payables	(20,738)
Overdraft	(81)
Provisions	(12)
Other	(4)
Non-current liabilities	
Trade and other payables	(4)
Provisions	(3)
Other	(19)
Total held for sale liabilities	(20,861)
Net assets held for sale	532

5. Earnings per share

The Group presents basic and diluted earnings per share (EPS) for its ordinary shares. Basic EPS is calculated by dividing the profit or loss attributable to ordinary shareholders of the Company by the weighted average number of ordinary shares outstanding during the year, adjusted for own shares held. The Group also calculates trading EPS (basic and diluted) from the trading profit. The Group believes that this is the most appropriate measurement for assessing ICAP's performance since it better reflects the business's trading earnings.

The diluted EPS is calculated by adjusting share capital in issue for the additional weighted average number of ordinary shares that are likely to be issued under various employee share award schemes as at the balance sheet date.

EPS relating to the Group's total operations (including discontinued operations)

	Year ended 31 March 2016			Year ended 31 March 2015		
Trading basic and diluted	Earnings £m	Shares millions	Earnings per share pence	Earnings £m	Shares millions	Earnings per share pence
Trading basic	160	650	24.6	185	645	28.7
Dilutive effect of share options	–	12	(0.4)	–	14	(0.6)
Trading diluted	160	662	24.2	185	659	28.1

	Year ended 31 March 2016			Year ended 31 March 2015		
Basic and diluted	Earnings £m	Shares millions	Earnings per share pence	Earnings £m	Shares millions	Earnings per share pence
Basic	68	650	10.5	84	645	13.0
Dilutive effect of share options	–	12	(0.2)	–	14	(0.2)
Diluted	68	662	10.3	84	659	12.8

Weighted average number of ordinary shares excludes the weighted average number of shares held as Treasury Shares of 14m (2014/15 – 15m) and those owned by employee share trusts relating to employee share schemes on which dividends have been waived, being 5m shares (2014/15 – 6m). Further information is contained in note 25.

NOTES TO THE FINANCIAL STATEMENTS continued

6. Dividends payable

The Company recognises the final dividend payable only when it has been approved by the shareholders of the Company in a general meeting. The interim dividend is recognised when the amount due has been paid.

Amounts recognised as distributions to equity holders in the year	**Year ended 31 March 2016 £m**	Year ended 31 March 2015 £m
Final dividend for the year ended 31 March 2015 of 15.40p per ordinary share (2014 – 15.40p)	**99**	99
Interim dividend for the year ended 31 March 2016 of 6.60p per ordinary share (2015 – 6.60p)	**42**	42
Total dividend recognised in the year	**141**	141

The final dividend for the year ended 31 March 2015 and the interim dividend for the year ended 31 March 2016 were both satisfied in full with cash payments of £99m and £42m respectively.

The directors have proposed a final dividend of 15.40p per share for the year ended 31 March 2016. This has not been recognised as a liability of the Group at the year end as it has not yet been approved by shareholders. Based on the number of shares in issue at the year end, the total amount payable would be £100m. Therefore, subject to shareholders' approval of the proposed final dividend of 15.40p per share, the full-year dividend will be 22.00p per share, which will be covered 1.1 times (2014/15 – 1.3 times) by the trading EPS (basic) of 24.60per share (2014/15 – 28.70p per share).

The right to receive dividends has been waived in respect of the shares held in employee share trusts and no dividend is payable on Treasury Shares.

7. Tax

Tax on the profit for the year comprises both current and deferred tax as well as adjustments in respect of prior years. Tax is charged or credited to the consolidated income statement, except when it relates to items charged or credited to other comprehensive income or directly to equity, in which case the tax is also included in other comprehensive income or directly within equity respectively.

Current tax is the expected tax payable on the taxable income for the period, using tax rates enacted, or substantively enacted, by the end of the reporting period.

Deferred tax is recognised using the liability method, in respect of 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.

Deferred tax is provided on temporary differences arising on investments in subsidiaries, joint ventures, associates and intangibles arising on consolidation, except where the timing of the reversal of the temporary difference is controlled by the Group and it is probable that the temporary difference will not reverse in the foreseeable future.

Deferred tax liabilities are offset against deferred tax assets within the same taxable entity or qualifying local tax group where there is both the legal right and the intention to settle on a net basis or to realise the asset and settle the liability simultaneously.

Calculations of current and deferred tax liability have been 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 recorded initially, such differences will impact the current and deferred tax amounts in the period in which such determination is made.

7. Tax continued

Tax charged to the consolidated income statement in the year

The following tax charge breakdown is based on a total Group basis (including discontinued operations):

Tax on trading profit	Year ended 31 March 2016 £m	Year ended 31 March 2015 £m
Current tax		
Current year	56	41
Adjustment to prior years	(10)	(6)
	46	35
Deferred tax		
Current year	(6)	7
Adjustment to prior years	3	2
	(3)	9
Tax charge on trading profit	43	44
Tax credit on acquisition and disposal costs		
Current year	(3)	–
Deferred tax current	(13)	(15)
Total tax credit on acquisition and disposal costs	(16)	(15)
Tax credit on exceptional costs		
Current year	(6)	(16)
Adjustment to prior years	–	(2)
Total tax credit on exceptional costs	(6)	(18)
Total tax charge to the consolidated income statement	21	11
Attributable to:		
Continuing operations	5	7
Discontinued operations (note 4)	16	4

The Group's share of profit of associates in the consolidated income statement is shown net of tax of £2m (2014/15 – £2m).

The Group's share of joint ventures in the consolidated income statement is shown net of tax of £1m (2014/15 – £1m).

NOTES TO THE FINANCIAL STATEMENTS continued

7. Tax continued

Tax charged to the consolidated income statement in the year continued

The following reconciliation of the tax charge is based on a total Group basis (including discontinued operations):

	Year ended 31 March 2016 £m	Year ended 31 March 2015 £m
Trading profit before tax	203	229
Tax on trading profit at the standard rate of Corporation Tax in the UK of 20% (2014/15 – 21%)	41	48
Reconciling items:		
Expenses not deductible for tax purposes	8	(1)
Non-taxable income	(6)	(2)
Impact of overseas tax rates and bases	8	1
Prior year adjustment to current and deferred tax	(7)	(4)
Impact of change in rates	(1)	2
	2	(4)
Total tax charge on trading profit	43	44
Attributable to:		
Continuing operations	23	26
Discontinued operations (note 4)	20	18

The Group's 2015/16 effective tax rate on trading profit is 21% (2014/15 – 19%).

	Year ended 31 March 2016 £m	Year ended 31 March 2015 £m
Profit before tax	89	95
Tax on profit at the standard rate of Corporation Tax in the UK of 20% (2014/15 – 21%)	18	20
Reconciling items:		
Trading profit (see above)	2	(4)
Acquisition and disposal costs and exceptional items not deductible for tax purposes	5	4
Impact of overseas tax rates on adjusted items	(2)	(7)
Impact of change in rates on adjusted items	(2)	–
Impact of prior years' adjustments on adjusted items	–	(2)
	3	(9)
Total tax charged to the consolidated income statement	21	11

The standard rate of Corporation Tax in the UK changed from 21% to 20% with effect from 1 April 2015. Further reductions to the main rate have been enacted reducing it to 19% from 1 April 2017 and 18% from 1 April 2020. Whilst not yet enacted it has been announced that legislation in Finance Bill 2016 will set the rate at 17% from 1 April 2020. UK deferred tax will therefore unwind at a rate of 19% for periods from 1 April 2017 to 31 March 2019.

For tax expense relating to discontinued operations, see note 4.

Deferred tax balances recognised on the balance sheet

	As at 31 March 2016 £m	As at 31 March 2015 £m
Deferred tax assets	13	6
Deferred tax liabilities	(67)	(73)
Net balances	(54)	(67)

Deferred tax assets of £15m and liabilities of £nil were transferred to held for sale during the year.

7. Tax continued

Deferred tax – movement of Group balances before offset within countries

	Goodwill £m	Intangible assets arising on consolidation £m	Employee-related items £m	Deferred income and accrued expenses £m	Losses carried forward £m	Other £m	Total £m
Net balances at 1 April 2015	(78)	(15)	26	2	–	(2)	(67)
Tax (charge)/credit	4	12	2	1	–	(2)	17
FX adjustments	(2)	–	1	1	–	(2)	(2)
Transfer to held for sale (note 4)	10	–	(12)	(1)	–	1	(2)
Net balances as at 31 March 2016	(66)	(3)	17	3	–	(5)	(54)

	Goodwill £m	Intangible assets arising on consolidation £m	Employee-related items £m	Deferred income and accrued expenses £m	Losses carried forward £m	Other £m	Total £m
Net balances at 1 April 2014	(62)	(29)	22	4	1	2	(62)
Tax (charge)/credit	(7)	15	2	(1)	(1)	(2)	6
FX adjustments	(9)	(1)	2	(1)	–	(2)	(11)
Net balances as at 31 March 2015	(78)	(15)	26	2	–	(2)	(67)

Deferred tax assets of £22m (2014/15 – £23m) have not been recognised in respect of certain trading losses because it is not probable that future profits will be available against which the Group can utilise the benefits. The principal movement in deferred tax relates to the ongoing release of the deferred tax liability on the amortisation and impairment of intangibles arising on consolidation. The brought forward deferred tax liability in relation to US goodwill was overstated by £6.4m as at 31 March 2015. This has been corrected through the tax charge in acquisition and disposal costs in the current period.

8. Employee information and expense

ICAP operates a number of pension plans throughout the Group including both defined benefit and defined contribution schemes. Payments to defined contribution schemes are recognised as an expense in the consolidated income statement as they fall due. Any difference between the payments and the charge is recognised as a short-term asset or liability.

The Group awards share options and other share-based payments as part of its employee incentive schemes as well as other share-based payment transactions. The fair value of services acquired is measured by the fair value of the shares or share options awarded at the grant date and is charged to employee expenses over the period the service is received on a straight-line basis. A corresponding amount is recognised in equity.

(a) Analysis of employee costs

	Year ended 31 March 2016 £m	Year ended 31 March 2015 £m
Gross salaries (including bonuses)	628	714
Social security costs	51	53
Share-based payments (note 8(c))	8	7
Pension costs	11	10
Gross employee costs	698	784
Employee costs capitalised as internally generated intangible assets (note 13)	(45)	(41)
Net employee costs	653	743

As at 31 March 2016, there is a net defined benefit liability position of £8m (2014/15 – £6m) of which £5m has been transferred to held for sale.

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NOTES TO THE FINANCIAL STATEMENTS continued

8. Employee information and expense continued

(b) Number of employees analysed by business segment (including discontinued operations)

	Average		Year end	
	Year ended 31 March 2016	Year ended 31 March 2015	**As at 31 March 2016**	As at 31 March 2015
Electronic Markets	**666**	571	**696**	607
Post Trade Risk and Information	**659**	593	**677**	619
Global Broking	**2,167**	2,671	**2,113**	2,336
Infrastructure	**751**	778	**785**	744
Total	**4,243**	4,613	**4,271**	4,306

(c) Share-based payments

The total charge to the consolidated income statement in respect of employee share awards in the year was £8m (2014/15 – £7m) which includes £1m (2014/15 – £1m) charged to acquisition and disposal costs.

	Year ended 31 March 2016 £m	Year ended 31 March 2015 £m
Bonus Share Matching Plan (BSMP)	**–**	–
Long term incentive plan (LTIP)	**4**	4
SAYE	**1**	1
Other share-based payments schemes	**3**	2
Total	**8**	7

The BSMP is a long term incentive plan for the executive directors where the directors are granted a number of ICAP plc shares with a value equal to half their pre-tax cash bonus. A matching award equivalent to half of the cash bonus is awarded. These awards are subject to certain service and performance conditions.

The LTIP is a long term incentive plan awarded to the GEMG members and certain other senior managers in the Company. These share awards consist of basic and matching awards. Under the basic awards, a certain percentage of the pre-tax bonus is deferred in ICAP plc shares for three years with no performance conditions attached. The matching awards equal the basic awards, but are subject to certain service and performance conditions.

In the prior year, the vesting probability of the 2012 and 2013 LTIP and BSMP awards were revised down to nil, which resulted in a credit to the income statement. Other share-based payment schemes include £1m relating to new share awards this year in one of the Group's subsidiaries, where the awards are in the shares of that subsidiary.

(d) Key management remuneration

Key management consists of the members of the GEMG, including the executive directors of the board. The aggregate remuneration for key management was £17m (2014/15 – £15m). The executive directors' remuneration of £5m (2014/15 – £6m) is disclosed separately in the remuneration report.

A debit of £2m (2014/15 – debit of £1m) was recognised in the consolidated income statement relating to share options held by key management. As disclosed in the remuneration report, the vesting of the matching shares awarded to key management is subject to the satisfaction of certain performance conditions.

Retirement benefits accrued to six (2014/15 – five) members of the GEMG under defined contribution schemes and during the year key management received £0.1m (2014/15 – £0.1m) in post-retirement benefits.

9. Net finance expense

The net finance expense breakdown below is on a Group basis (including discontinued operations).

	Year ended 31 March 2016 £m	Year ended 31 March 2015 £m
Finance income		
Interest receivable and similar income		
Bank deposits	2	4
Other	1	–
	3	4
Other finance income		
Dividends received on equity investments	1	–
Revaluation of deferred considerations*	1	–
Other	1	–
	3	–
Total finance income	6	4
Finance costs		
Interest payable and similar charges		
Bank loans and overdrafts	(28)	(34)
Other finance costs	(2)	(1)
Total finance costs	(30)	(35)
Net finance expense	(24)	(31)
Attributable to:		
Continuing operations	(28)	(33)
Discontinued operations (note 4)	4	2

* The revaluation and unwinding of deferred considerations are presented in the acquisition and disposal costs column of the income statement, in line with the Group's presentation of the income statement policy as disclosed on page 85.

Interest rate risk exposure

The Group has an exposure to fluctuations in interest rates on both its cash positions and borrowings which it manages through a combination of pound sterling, euro and yen debt drawn on fixed and floating rate terms. The Group's objective is to minimise its interest cost and the impact of interest rate volatility on the Group's consolidated income statement. In addition to debt, the Group's treasury policies also permit the use of derivatives including interest rate swaps, interest rate options, forward rate agreements and cross currency swaps to meet these objectives.

NOTES TO THE FINANCIAL STATEMENTS continued

9. Net finance expense continued

Interest rate risk exposure continued

At 31 March 2016, after taking into account the impact of the euro to pound sterling cross currency swaps, the interest rate profile of the Group's cash and debt (including discontinued operations) was as follows:

	Year ended 31 March 2016			Year ended 31 March 2015		
	Floating rates £m	Fixed rates £m	Total £m	Floating rates £m	Fixed rates £m	Total £m
Pounds sterling						
Cash	204	–	204	160	–	160
Debt	(191)	(321)	(512)	(31)	(303)	(334)
Dollars and currencies closely related to the dollar						
Cash	217	–	217	215	–	215
Debt	–	–	–	–	(130)	(130)
Other currencies						
Cash	95	–	95	106	–	106
Debt	–	(152)	(152)	(3)	(82)	(85)
Total						
Cash	516	–	516	481	–	481
Debt	(191)	(473)	(664)	(34)	(515)	(549)

A 100 basis-points parallel increase in Libor and Libid rates, which the Group considers to be an appropriate sensitivity measure, would decrease net finance costs by £1m in relation to pounds sterling and by £2m in relation to dollars. In the event that Libor and Libid rates each diverge by an additional 100 basis-points, net finance costs would increase by £3m in relation to pounds sterling and by £2m in relation to dollars.

At 31 March 2016, £359m of cash and £81m of debt is presented within held for sale assets and liabilities on the balance sheet.

Company

The Company is only exposed to interest rate movements as a result of a loan from a subsidiary of £140m. It is estimated that the impact of a 100 basis-point movement in interest rates would have a £1m impact on the net finance costs of the Company.

10. Borrowings

Long-term borrowings are recognised initially at fair value, being their issue proceeds net of issuance costs incurred. At subsequent reporting dates long-term borrowings are held at amortised cost using the effective interest rate method, with changes in value recognised through the consolidated income statement. Issuance costs are recognised in the consolidated income statement over the period of the borrowings using the effective interest rate method.

The borrowings note is presented on a Group basis, including borrowings attributable to held for sale liabilities.

(a) Long-term borrowings

	Group 2015/16 £m	Group 2014/15 £m	**Company 2015/16 £m**	Company 2014/15 £m
As at 1 April	**386**	540	**134**	135
New long-term borrowings	**108**	–	**–**	–
Reclassified as short-term borrowings	**–**	(117)	**–**	–
Exchange adjustment	**25**	(37)	**1**	(1)
As at 31 March	**519**	386	**135**	134

Analysis of long-term borrowings	**Fair value as at 31 March 2016 £m**	**Group as at 31 March 2016 £m**	Fair value as at 31 March 2015 £m	Group as at 31 March 2015 £m	**Company as at 31 March 2016 £m**	Company as at 31 March 2015 £m
Five-year senior notes repayable 2019	**280**	**276**	262	252	**–**	–
RCF repayable 2016	**110**	**108**	–	–	**–**	–
Retail bond repayable 2018	**131**	**124**	133	124	**124**	124
Ten-year senior notes repayable 2023	**14**	**11**	13	10	**11**	10
	535	**519**	408	386	**135**	134

The five-year senior notes are presented on the balance sheet at amortised cost, net of fees. To enable the Group to manage the translational exposure which arises as a result of the notes being denominated in euros and to meet its risk management objective of minimising both interest cost and the impact of interest volatility on its consolidated income statement, the Group entered into a number of cross currency swaps to convert its obligations over the life of €250m of the notes from euros to pounds sterling at an FX rate of 1.21. These swap from a fixed effective euro interest rate of 3.20% to a fixed pound sterling interest rate of 4.39%. The swaps have been accounted for as a cash flow hedge and at 31 March 2016 have a fair market value of £7m liability (2014/15 – £28m liability) and they offset the effect of FX on the notes. This resulted in a £1m charge (2014/15 – £nil) being recognised in the consolidated income statement and a £3m credit (2014/15 – £nil) in other comprehensive income during the year. The remaining €100m of the notes remain in euros and have been designated as a net investment hedge of the Group's euro-denominated net assets.

£110m of the Group's £425m RCF was drawn at 31 March 2016 (2014/15 – undrawn). This is presented on the balance sheet net of fees of £2m. The RCF has a maturity date of March 2018 and incorporates a $200m swingline facility of which $75m is available as a late day fronted solution. The weighted average effective interest rate for the year was 2.2% (2014/15 – 2.5%).

The Group's bank facilities contain a number of customary financial and operational covenants. Included in these, the Company is required to remain as the ultimate holding company in the Group. The Group and Company remained in compliance with the terms of all its financial covenants throughout the year ended 31 March 2016.

Fair values of the five-year senior notes repayable 2019 and the retail bond repayable 2018 have been measured using level 1 fair value measurement inputs. The fair value measurements of the ten-year senior notes repayable 2023 use level 2 fair value measurement inputs, which are derived from the fair values of similar bonds.

At 31 March 2016, the Group had committed headroom under its core credit facilities of £315m (2014/15 – £425m).

NOTES TO THE FINANCIAL STATEMENTS continued

10. Borrowings continued

(a) Long-term borrowings continued

Committed facilities

	Group as at 31 March 2016 £m Drawn	Group as at 31 March 2016 £m Undrawn*	Group as at 31 March 2015 £m Drawn	Group as at 31 March 2015 £m Undrawn*
Less than one year	62	–	130	–
Between one and two years	108	315	–	425
Between two and five years	400	–	376	–
More than five years	11	–	10	–
	581	315	516	425

* The undrawn balance has been classified based on the maturity date of the facility.

At 31 March 2016, the Group's long-term issuer ratings were Baa3 (stable) by Moody's and BBB (stable) by Fitch.

The retail bond and ten-year senior notes are issued in the Company.

(b) Short-term borrowings

	Fair value as at 31 March 2016 £m	Group as at 31 March 2016 £m	Fair value as at 31 March 2015 £m	Group as at 31 March 2015 £m	Company as at 31 March 2016 £m	Company as at 31 March 2015 £m
Japanese yen loan	62	62	–	–	–	–
Subordinated loan notes repayable 2015	–	–	130	130	–	–
Overdrafts	83	83	33	33	–	–
	145	145	163	163	–	–

For several years, the Group has entered into a series of yen 10bn term loans with Tokyo Tanshi Co Limited, borrowing each for a term of up to six months. These loans have been refinanced either immediately on maturity or a few days thereafter with similar terms.

The subordinated loan notes of £130m were repaid in June 2015.

Bank overdrafts are for short-term funding and are repayable on demand and are generally repaid within a very short time period. £81m of the overdrafts arose due to short-term timing differences from unsettled matched principal trades which reversed subsequently. This £81m is presented in held for sale liabilities on the balance sheet.

11. Cash

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

The Group holds money, and occasionally financial instruments, on behalf of customers (client money) in accordance with local regulatory rules. Since the Group is not beneficially entitled to these amounts, they are excluded from the consolidated balance sheet along with the corresponding liabilities to customers.

Restricted funds comprise cash held with a CCP clearing house, or a financial institution providing ICAP with access to a CCP, and funds set aside for regulatory purposes, but excluding client money. The funds represent cash for which the Group does not have immediate and direct access or for which regulatory requirements restrict the use of the cash.

The cash note is presented on a Group basis, including cash attributable to held for sale assets.

(a) Reconciliation of Group profit before tax to net cash flow from operating activities

	Group year ended 31 March 2016 £m	Group year ended 31 March 2015 £m (restated)
Profit before tax from continuing operations	**27**	47
Profit before tax from discontinued operations (note 4)	**62**	48
Operating exceptional items	**40**	75
Share of profit of associates after tax	**(3)**	(4)
Share of profit of joint ventures after tax	**(4)**	(4)
Amortisation of intangible assets arising on consolidation	**38**	55
Impairment of investment in associates	**25**	–
Amortisation and impairment of intangible assets arising from development expenditure	**37**	34
Depreciation and impairment of property and equipment	**11**	15
Other acquisition and disposal costs	**12**	4
Share-based payments (trading)	**7**	6
Net finance expense	**24**	31
Increase of trading provision	**2**	–
Operating cash flows before movements in working capital	**278**	307
Decrease in trade and other receivables	**12**	33
Timing differences on unsettled match principal trades	**(40)**	(29)
Increase in restricted funds	**(17)**	(4)
Increase in trade and other payables	**–**	6
Cash generated by operations before exceptional items	**233**	313
Operating exceptional items paid	**(29)**	(48)
Cash generated by operations	**204**	265
Interest received	**3**	4
Interest paid	**(26)**	(39)
Tax paid	**(34)**	(31)
Cash flow from operating activities	**147**	199

The movement in trade and other receivables and trade and other payables excludes the impact of the gross-up of matched principal trades as permitted by IAS7 'Statement of Cash Flows'. The gross-up has no impact on the cash flow or net assets of the Group. The cash flow movement in trade and other receivables includes the net movement on matched principal transactions and deposits for securities borrowed/loaned.

NOTES TO THE FINANCIAL STATEMENTS continued

11. Cash continued

(b) Net debt

Net debt comprises total cash less other debt.

	Group as at 31 March 2016 £m	Group as at 31 March 2015 £m
Gross debt (note 10)	(664)	(549)
Cash and cash equivalents	516	481
Net debt	**(148)**	(68)

(c) Total cash

	Group as at 31 March 2016 £m	Group as at 31 March 2015 £m
Cash and cash equivalents	516	481
Overdrafts	(83)	(33)
Net cash and cash equivalents	433	448
Restricted funds	59	43
Total cash	**492**	491

(d) Cash information by businesses

As at 31 March 2016	Electronic Markets £m	Post Trade Risk and Information £m	Global Broking £m	Central treasury £m	Group £m
Cash and cash equivalents	113	30	354	19	516
Overdrafts	–	–	(81)	(2)	(83)
Net cash and cash equivalents	113	30	273	17	433
Restricted funds	25	–	33	1	59
Total cash	**138**	**30**	**306**	**18**	**492**

Discontinued operations hold £359m of cash, £33m of restricted funds and £81m of overdrafts (see note 4).

As at 31 March 2015	Electronic Markets £m	Post Trade Risk and Information £m	Global Broking £m	Central treasury £m	Group £m
Cash and cash equivalents	62	30	345	44	481
Overdrafts	–	–	(33)	–	(33)
Net cash and cash equivalents	62	30	312	44	448
Restricted funds	6	–	36	1	43
Total cash	68	30	348	45	491

(e) Client money

At 31 March 2016, the Group held client money of £12m (2014/15 – £10m). This amount, together with the corresponding liabilities to customers, is not included in the Group's consolidated balance sheet.

(f) Restricted funds

Restricted funds comprise cash held at a CCP clearing house or a financial institution providing ICAP with access to a CCP. The balance fluctuates based on business events around the year end and increased during the year by £16m to £59m at 31 March 2016.

12. Capital and liquidity planning and management

The Group does not seek to take proprietary market risk positions, so does not seek to expose its capital to market risk, and it does not undertake any form of maturity transformation so does not seek liquidity risk. Thus the overall approach to the planning and management of the Group's capital and liquidity is to ensure the Group's solvency, i.e. its continued ability to conduct business, deliver returns to shareholders and support growth and strategic initiatives. This risk profile meets the necessary conditions for an investment firm consolidation waiver and the Group continues to benefit from a waiver under the CRD IV provisions in force since 1 January 2014.

12. Capital and liquidity planning and management continued

Liquidity

Group

The Group incurs exposure to liquidity risk as a result of trades executed as principal and trades executed on exchange on behalf of clients. Since principal trades are executed as matched principal there is no net funding requirement in the normal course of business and the liquidity requirements arise only in relation to the margin and collateral requirements of clearing houses, either directly or via financial institutions that provide ICAP with access to the clearing houses.

In order to execute and clear matched principal trades in securities the relevant entities need access to clearing and settlement facilities, which requires access to credit during the settlement cycle, so typically only for a one to three-day period. In order to execute trades in on-exchange derivatives the entities need access to credit facilities to carry the trades until they are taken up by customers.

In both cases, the Group can be required to post collateral or margin to support the credit lines, so access to liquidity is needed to ensure trades can continue to be supported uninterrupted. The most significant margin requirements arise in the US where, as part of its Global Broking and Electronic Markets businesses, ICAP provides clearing services to customers and is required to deposit margins with the FICC and NSCC. Trading entities of the Group use locally held highly liquid assets, predominantly cash held to meet capital requirements, together with committed and uncommitted credit facilities to meet their liquidity requirements.

The Group has a centralised approach to the provision of contingency funding for its trading entities. Through the GFC, the board periodically reviews the liquidity demands of the Group and the financial resources available to meet these demands. The GFC ensures that the Group, in totality and by subsidiary, has sufficient liquidity available in order to provide constant access, even in periods of market stress, to an appropriate level of cash, other forms of marketable securities and committed funding lines to enable it to finance its ongoing operations, proposed acquisitions and other reasonable unanticipated events on cost-effective and attractive terms. Therefore, to meet its liquidity requirements, the Group has maintained minimum core liquidity, in the form of centrally held cash and undrawn debt facilities, of $250m throughout the year.

As at 31 March 2016, the Group had gross debt of £664m (2014/15 – £549m), the maturity analysis of which is set out in note 10, and cash and cash equivalents of £516m (2014/15 – £481m) (see note 11(c)). Cash held at clearing houses, or a financial institution providing ICAP with access to a CCP, to which the Group has no immediate access in practice is disclosed as restricted funds in the financial statements (note 11(f)).

The Group invests its cash balances in a range of capital protected instruments including money market deposits, AAA-rated liquidity funds and government bonds with the objective of optimising the return, while having regard to counterparty credit risk and liquidity. With the exception of some small, local cash management balances, surplus cash is invested with strong institutions which have an equivalent credit rating of A or better.

Company

The Company's policy is to ensure that it has constant access to an appropriate level of liquidity to enable it to finance its forecast ongoing operations, proposed acquisitions and other reasonable unanticipated events on cost-effective and attractive terms. If the Company has any cash, it is loaned intra-Group for further investment. With the exception of the retail bond of £125m repayable 2018, and the €15m bond repayable 2023, all of the Company's financial liabilities are payable within three months.

Capital management

The Group's capital strategy is to maintain an efficient and strong capital base which maximises the return to its shareholders, while also maintaining flexibility and ensuring compliance with supervisory regulatory requirements. The capital structure of the Group consists of debt (note 10) and equity, including share capital (note 25), share premium, other reserves (note 26) and retained earnings.

The Group seeks to ensure that it has sufficient regulatory capital at Group level and in individual regulated trading entities to meet regulatory requirements. The FCA granted a waiver until December 2017 that allows the Group to disregard the application of the consolidated capital requirements of CRD IV and its requirements include the Group being prohibited from taking proprietary positions. The Group continues to comply with these requirements.

The waiver modifies the calculation of the Group regulatory capital position and in effect excludes goodwill adjustments from the capital computation. As a result of the waiver, the Group's Pillar 1 regulatory capital headroom represents the difference between the capital resources of the Company, on a stand-alone basis, and the regulatory capital requirements of the Group calculated, in accordance with the requirements of the waiver, on an aggregate basis. Pillar 1 headroom is approximately £0.8bn (2014/15 – £0.7bn) and is relatively stable due to the low amount of market and credit risk in the Group, but may fluctuate due to the timing of dividends and the distribution of subsidiaries' profits to the Company.

Regulatory capital at solo entity level depends on the jurisdiction in which it is incorporated and operates. In each case the approach is to hold an appropriate surplus over the local minimum. The highest capital requirements arise in the UK, where they are predominantly driven by the fixed overhead requirement, which is based on the fixed costs of the prior year and so does not fluctuate significantly within the year. As the Group does not take proprietary positions it does not have an inventory of assets so regulatory capital is mostly covered by cash.

ICAP also evaluates at a Group and individual legal entity level the risks facing the business, to determine whether its capital is sufficient to cover any expected losses. The Group uses a scenario-based model which assesses the economic capital required to cover expected risks. The process followed at Group level is consistent with the CRD requirement for ICAP's FCA regulated entities to perform an internal capital adequacy assessment process (ICAAP) under Pillar 2. The results for both are documented, updated and approved annually by the board and the UK regulated entity boards respectively. The Group overall and each regulated trading company complied with their regulatory capital requirements throughout the year.

NOTES TO THE FINANCIAL STATEMENTS
continued

12. Capital and liquidity planning and management continued

Capital management continued

In general, higher levels of market volatility can result in increased demand for the Group's services. However, as the regulatory capital requirement is driven predominantly by the fixed cost base, the impact of changes in volumes on the capital requirement is significantly dampened. As such, absent a material acquisition, loss of the waiver or a change in the computation basis, existing capital resources are viewed as sufficient to operate and to continue to invest in the development of the Group's businesses.

Following the disposal of IGBB, it is expected that the Group will not be subject to consolidated regulatory capital requirements.

13. Intangible assets arising from development expenditure

Development expenditure on software is recognised as an intangible asset in accordance with the provisions of IAS38 'Intangible Assets'. Capitalised expenditure is recognised initially at cost and is presented subsequently at cost less accumulated amortisation and provisions for impairment. Amortisation of these assets is charged to the consolidated income statement on a straight-line basis over the expected useful economic life of the asset of three to five years. The Group reviews the useful economic lives of these assets on a regular basis.

Development costs are incurred and capitalised when a final development plan (including the specifics of the assets to be developed) is signed off by a committee with appropriate delegated authority (including business management boards). As part of the approval process, the committee considers the commercial viability and technological feasibility of bringing the asset into use. When a project is abandoned in the development phase, costs are charged to the income statement. Prior to this stage, costs incurred in the research phase including undertaking feasibility studies are recorded in the income statement. Once an internally generated software asset is brought into use, any ongoing related costs are charged to the income statement to the extent that they relate to ongoing maintenance of the asset. Where any costs are identified by an appropriately authorised management committee to be an enhancement to the original asset, these costs are capitalised and amortised over the remaining expected useful life of the asset.

The Group has an internal threshold for capitalisation of £5,000 for individual assets and £125,000 for software-related projects.

The key component of the development costs is compensation of employees. Each of the Group's businesses and the Group's infrastructure area have their own dedicated IT project development teams.

Amortisation and impairment of intangible assets arising from development expenditure is charged within operating expenses. Amortisation is charged against assets from the date at which the asset becomes available for use.

Group	2015/16 £m	2014/15 £m
Cost		
As at 1 April	274	245
Additions*	54	48
Disposals	(58)	(32)
Transfer to held for sale (note 4)	(85)	–
Exchange adjustments	6	13
As at 31 March	191	274
Accumulated amortisation and impairment		
As at 1 April	166	150
Amortisation charge for the year	37	34
Impairment in the year	4	3
Disposals	(58)	(32)
Transfer to held for sale (note 4)	(49)	–
Exchange adjustments	3	11
As at 31 March	103	166
Net book value		
As at 31 March	88	108

* Included within additions are £45m (2014/15 – £41m) of employee costs (note 8(a)).

Intangible assets arising from development expenditure as at 31 March 2016 include assets under development of £39m (2014/15 – £27m). No amortisation charge was recorded on these assets. The additions and amortisation charge during the year are disclosed by operating segments in note 1. Disposals represents retirement of fully amortised assets, and those that are no longer in use, from the fixed assets register.

14. Intangible assets arising on consolidation

Since 1 April 2004, intangible assets arising on consolidation include goodwill and other separately identifiable intangible assets such as customer relationships and customer contracts that arose on business combinations. The amortisation and any impairment is included in the consolidated income statement within the column 'Acquisition and disposal costs'. The Group reviews the performance of the acquired businesses and reassesses the period over which the acquired intangible asset is likely to continue to generate cash flows that exceed the carrying value.

(i) Goodwill

Goodwill arises on the acquisition of subsidiaries when the aggregate of the fair value of the consideration transferred, the amount of any non-controlling interest and the fair value of any previously held equity interest in the acquiree exceeds the amount of the identifiable net assets acquired. If the amount of the identifiable assets and liabilities acquired is greater, the difference is recognised immediately in the income statement. Goodwill is initially recognised at cost and is subsequently held at cost less any provision for impairment.

Goodwill arises on the acquisition of investments in joint ventures when the cost of investment exceeds ICAP's share of the net fair value of the joint venture's identifiable assets and liabilities. Goodwill arising on the acquisition of joint ventures is included in 'Investments in joint ventures' and is not tested separately for impairment. See note 21.

Goodwill arises on the acquisition of interests in associates when the cost of investment exceeds ICAP's share of the net fair value of the associate's identifiable assets and liabilities. Goodwill arising on the acquisition of associates is included in 'Interests in associates' and is not tested separately for impairment. See note 22.

Where the Group makes an acquisition and the balances are reported as provisional at the year end, the Group has a measurement period of up to 12 months from the date of acquisition to finalise the provisional amounts where new information becomes available about facts and circumstances that existed at the balance sheet date, which could impact the value of goodwill and intangible assets arising on consolidation. The measurement period ends as soon as the information required is received.

On disposal of a subsidiary, joint venture or associate, the attributable goodwill is included in the calculation of the profit or loss on disposal, except for goodwill written off to reserves prior to 1998, which remains eliminated.

(ii) Separately identifiable intangible assets

The Group has recognised separately identified intangible assets on acquisitions where appropriate. These generally include customer contracts and customer relationships. Intangible assets acquired by the Group are stated initially at fair value and are adjusted subsequently for amortisation and any impairment. Amortisation and impairment of intangibles arising on consolidation are recognised in the second column of the consolidated income statement. Where an impairment has taken place, the asset is reviewed annually for any reversal of the impairment. Any reversals of impairment are credited to the consolidated income statement. All separately identifiable intangible assets have a finite life (excluding goodwill).

Amortisation of separately identifiable intangible assets is charged to the consolidated income statement on a straight-line basis over their estimated useful lives as follows:

Customer relationships	2 – 10 years
Customer contracts	Period of contract
Other intangible assets	Period of contract

A deferred tax liability is recognised against the asset for which the amortisation is non-tax deductible. The liability unwinds over the same period as the asset is amortised.

(iii) Impairment

Goodwill is not amortised but is tested for impairment annually and whenever there is an indicator of impairment. Goodwill and other intangible assets arising on consolidation are allocated to a cash generating unit (CGU) at acquisition for the purpose of impairment testing, which is undertaken at the lowest level at which goodwill is monitored for internal management purposes. The identification of CGUs is reviewed where there is a significant change to the Group's segmental reporting structure. Impairment testing is performed by comparing the recoverable amount of a CGU with its carrying amount. The carrying amount of a CGU is based on the assets and liabilities of each CGU, including attributable goodwill. The recoverable amount of a CGU is the higher of its fair value less cost to sell and its value in use (VIU). VIU is the present value of the expected future cash flows from a CGU. Where the carrying value of the asset exceeds its VIU, an impairment charge is recognised immediately in the consolidated income statement, and the asset is stated at cost less accumulated impairment losses. For goodwill, impairment charges previously recognised are not reversed and impaired intangible assets are reviewed annually for reversal of previously recognised impairment.

This process requires the exercise of significant judgement by management; if the estimates made prove to be incorrect or performance does not meet expectations which affect the amount and timing of future cash flows, goodwill and intangible assets may become impaired in future periods.

14. Intangible assets arising on consolidation continued

(a) Intangible assets arising on consolidation

	Goodwill £m	Other £m	Total £m
Cost			
As at 1 April 2015	1,062	625	1,687
Additions	5	–	5
Transfer to held for sale	(92)	–	(92)
Exchange adjustments	24	–	24
As at 31 March 2016	999	625	1,624
Amortisation and impairment			
As at 1 April 2015	185	572	757
Amortisation charge for the year	–	38	38
Write off	3	–	3
As at 31 March 2016	188	610	798
Net book value			
As at 31 March 2016	811	15	826

	Goodwill £m	Other £m	Total £m
Cost			
As at 1 April 2014	1,013	622	1,635
Transfers to held for sale	(13)	(2)	(15)
Exchange adjustments	62	5	67
As at 31 March 2015	1,062	625	1,687
Amortisation and impairment			
As at 1 April 2014	185	517	702
Amortisation charge for the year	–	55	55
As at 31 March 2015	185	572	757
Net book value			
As at 31 March 2015	877	53	930

The Group recognises £826m of intangible assets arising on consolidation, with £811m relating to goodwill and £15m relating to other intangible assets. The other intangible assets at 31 March 2016 mainly represent customer relationships, and have varying remaining amortisation periods across CGUs.

The £826m of intangible assets excludes goodwill and other intangible assets of £92m primarily relating to IGBB which were reclassified to held for sale assets (note 4). There was no impairment recognised in relation to IGBB. Following the reclassification of the shipping business to held for sale, an impairment charge of £9m was recognised.

The individual CGUs' goodwill, other intangible assets arising on consolidation and net assets were tested for impairment, which resulted in no impairment. During the year, exiting non-core Electronic Markets businesses resulted in writing off £3m of goodwill, which has been presented as exceptional.

Additions of £5m relate to the acquisition of Molten Markets Inc. The goodwill is monitored as part of EBS for impairment review purposes.

14. Intangible assets arising on consolidation continued
(b) Impairment testing of intangible assets arising on consolidation

CGU	Business segment	As at 31 March 2016 % of total goodwill and other intangibles	Goodwill £m	Other £m	Net book value £m
BrokerTec	Electronic Markets	18	145	–	145
EBS	Electronic Markets	44	357	5	362
Reset	Post Trade Risk and Information	18	146	–	146
TriOptima	Post Trade Risk and Information	7	57	–	57
Traiana	Post Trade Risk and Information	13	106	10	116
Total		**100**	**811**	**15**	**826**

CGU	Business segment	As at 31 March 2015 % of total goodwill and other intangibles	Goodwill £m	Other £m	Net book value £m
BrokerTec	Electronic Markets	16	145	–	145
EBS	Electronic Markets	40	345	33	378
Reset	Post Trade Risk and Information	15	141	–	141
TriOptima	Post Trade Risk and Information	6	52	–	52
Traiana	Post Trade Risk and Information	13	103	19	122
Information	Post Trade Risk and Information	–	3	–	3
Global Broking	Global Broking	10	88	1	89
Total		100	877	53	930

Impairment testing methodology
The recoverable amount of a CGU is determined using VIU calculations, which are based on discounting management's pre-tax cash flow projections for the CGU. The pre-tax discount rate used is the weighted average cost of capital (WACC) ICAP allocates to investments in the businesses within which the CGU operates. A long-term growth rate estimate is used to extrapolate the cash flows in perpetuity because of the long-term nature of the businesses in the CGUs.

	Discount rate		Long-term growth rate	
Key assumptions	2016 %	2015 %	2016 %	2015 %
BrokerTec	8.7	8.7	4.5	4.9
EBS	8.9	8.9	4.2	4.6
Reset	9.0	9.0	4.3	4.6
TriOptima	8.4	8.5	4.3	4.5
Traiana	8.5	8.5	4.5	5.1

Discount rates
The Group's pre-tax WACC was 8.6% (2014/15 – 8.5%). The Group's WACC is a function of the Group's cost of equity, derived using a Capital Asset Pricing Model (CAPM), and the Group's cost of debt. The cost of equity estimate depended on inputs in the CAPM reflecting a number of variables including the risk-free rate and a premium to reflect the inherent risk of the business being evaluated. These inputs are based on the market's assessment of economic variables and management judgement, which are subject to scrutiny by the GFC and the Audit Committee (see page 49). All inputs to the CAPM model were externally sourced. The CGU-specific WACCs were then derived by adjusting the Group WACC for business-specific risk factors.

Nominal long-term growth rate
The growth rate reflects weighted average real GDP growth and inflation for the countries within which the CGUs operate. The rates are based on the International Monetary Fund's medium term forecasts as they are deemed to be reliable estimates of likely future trends. The rates applied do not exceed the expected growth in the local economy or, for businesses which operate on a global scale, the global GDP. Given continuing challenges, a nil terminal growth rate was applied for Global Broking.

14. Intangible assets arising on consolidation continued

(b) Impairment testing of intangible assets arising on consolidation continued

Management's judgement in estimating the cash flows of a CGU

The cash flow projections for each CGU are based on plans approved by the board of directors. For the 2015/16 annual impairment testing of Traiana, management's cash flow projections for the three years ending 31 March 2018 were used. For all other CGUs, management cash flow projections for the year ending 31 March 2017 were used.

Based on the conditions at the balance sheet date and having assessed sensitivities of the key assumptions, management determined that a reasonably possible change in any of those key assumptions noted above would not cause an impairment in any of the CGUs.

15. Provisions

A provision is recognised where there is a present obligation, either legal or constructive, as a result of a past event for which it is probable there will be a transfer of economic benefits to settle the obligation. A provision is only recognised where a reliable estimate can be made of the value of the obligation.

	Restructuring £m	Regulatory matters £m	Legal £m	Other £m	Total £m
As at 1 April 2015	17	15	2	5	39
Amounts recognised in the income statement	–	–	–	7	7
Settled during the year	(5)	(1)	(1)	–	(7)
Reclassified from accruals	–	–	(1)	–	(1)
Exchange adjustments	–	(1)	–	(1)	(2)
Transfer to held for sale (note 4)	(2)	(11)	–	(2)	(15)
As at 31 March 2016	10	2	–	9	21
As at 1 April 2014	–	13	1	5	19
Amounts recognised in the income statement	17	11	1	–	29
Settled during the year	–	(8)	–	–	(8)
Reclassified from accruals	–	–	–	1	1
Exchange adjustments	–	(1)	–	(1)	(2)
As at 31 March 2015	17	15	2	5	39

The expected maturity profile of the contractual provisions is disclosed in note 18.

Other provisions of £7m recognised during the year include £6m estimated provisions relating to separation costs to be incurred prior to the completion of the IGBB disposal. Transferred to held for sale includes £2m of restructuring provisions relating to the onerous lease provisions for Jersey City offices in the US, £2m of other provisions, and £11m of regulatory matters provisions in relation to the €14.9m fine imposed by the European Commission in February 2015.

Restructuring provisions of £10m at 31 March 2016 relate to onerous lease provisions for the London and Singapore offices as the Group will continue to retain the leases following the completion of the IGBB disposal.

16. Contingent liabilities, contractual commitments and guarantees

The Group's contingent liabilities include possible obligations that arise from past events whose existence will be confirmed only by the occurrence, or non-occurrence, of one or more uncertain future events not wholly within the control of ICAP. Additionally, contingent liabilities also include present obligations that have arisen from past events but are not recognised because it is not probable that settlement will require the outflow of economic benefits, or because the amount of the obligations cannot be reliably measured. Contingent liabilities are not recognised in the financial statements but are disclosed unless the probability of the outflow of the Group's economic resources is remote. Judgements applied in concluding the appropriateness of contingent liabilities disclosure are confirmed after consultation with external counsel and discussions with the Audit Committee.

16. Contingent liabilities, contractual commitments and guarantees continued

Contingent liabilities

The Company and its subsidiaries continue to co-operate with the government agencies in Europe and the US relating to their investigations into the setting of yen Libor. The Company is no longer a named defendant in the initial US civil litigation against various yen Libor and euroyen Tibor setting banks. However, the plaintiff in that litigation was given permission by the court to add ICAP Europe Limited (IEL) as a defendant, and an amended complaint doing so was filed on 29 February 2016. IEL intends to file a motion to dismiss the amended complaint by the 16 May 2016 deadline set by the court for such a motion. On 24 July 2015, a new litigation was filed on behalf of two additional plaintiffs in the same court based on similar allegations. The new litigation includes claims against ICAP plc and IEL, both of which have filed motions to dismiss for lack of personal jurisdiction and have joined co-defendants' motion to dismiss for failure to state a claim. Oral argument on these motions is scheduled for 5 May 2016. Plaintiffs in the Euribor civil litigation named ICAP plc and IEL on 13 August 2015 as parties to that pre-existing litigation. ICAP plc and IEL have joined the other defendants in filing motions to dismiss for lack of personal jurisdiction and for failure to state a claim. These motions are fully briefed and the parties are awaiting scheduling of oral argument. Plaintiffs in one of the US dollar Libor civil litigations sought permission to add the Company and IEL as defendants in that case. On 15 April 2016, the court denied the plaintiffs' request on the grounds that it lacked personal jurisdiction over the Company and IEL, with the result that neither company will be added to the litigation. It is not practicable to predict the ultimate outcome of these inquiries or the litigations. As a result it is not possible to provide an estimate of any potential financial impact on the Group.

ICAP continues to co-operate with inquiries by the US government agencies into the setting of USD ISDAFIX rates. In 2014, civil lawsuits were filed in the US against USD ISDAFIX setting banks, where a subsidiary of the Company was originally named, but was subsequently replaced by ICAP Capital Markets LLC, as a defendant. Those suits have now been consolidated into a single action. The Company intends to defend these litigation claims vigorously. It is not practicable to predict the ultimate outcome of these inquiries or the litigation. As a result it is not possible to provide an estimate of any potential financial impact on the Group.

On 25 November 2015, a civil class action was filed in the United States District Court for the Southern District of New York against a number of banks, Tradeweb Markets LLC and ICAP Capital Markets LLC (ICM) alleging that the defendants together colluded to prevent buy-side customers from accessing the interest rate swaps market on electronic, exchange-like platforms. ICM will be filing a motion to dismiss the complaint for failure to state a claim. On 18 February 2016, a civil class action was filed in the United States District Court for the Northern District of Illinois against a number of banks, Tradeweb Markets LLC and ICM alleging that the defendants boycotted and collusively targeted a series of new electronic, exchange-like trading platforms that would have allowed access to buy-side customers. The action asserts claims of violation of antitrust laws and unjust enrichment. ICAP has not yet been formally served with the complaint. In addition to these two class action litigations, ICM has been named as a defendant in civil litigation filed on 18 April 2016 against a group of banks, as well as Tradeweb, in the United States District Court for the Southern District of New York by the Tera Exchange and affiliated entities. The suit alleges that the defendants conspired to boycott plaintiff's platform in order to undermine increased competition in the interest rate swaps market. The action includes claims of violation of antitrust laws, unjust enrichment, and tortious interference with business relations. ICM has not yet been formally served with the complaint. The case has been accepted by the Southern District of New York as related to the class action litigation described above. It is not possible to predict the outcome of these litigations or to provide an estimate of any potential liability or financial impact on the Group.

From time to time the Group is engaged in litigation in relation to a variety of matters, and is also required to provide information to regulators and other government agencies as part of informal and formal inquiries or market reviews.

Details of regulatory and other matters that have a provision recognised for them are detailed in note 15.

Contractual commitments

Operating lease commitments

At the end of the financial year, the Group had outstanding commitments for future minimum lease payments under non-cancellable operating leases which fall due as follows (including commitments that will transfer to TP ICAP):

	As at 31 March 2016 £m	As at 31 March 2015 £m
Within one year	**24**	22
Between one and five years	**53**	64
After five years	**11**	17
	88	103

The commitments include onerous lease provisions, but before the estimated receipt of £2m under a non-cancellable sublease as at 31 March 2016 (2014/15 – £3m). Operating lease commitments relate to the rental of premises for office space in the UK, US, Israel and Asia Pacific.

16. Contingent liabilities, contractual commitments and guarantees continued

Contractual commitments continued

Guarantees

In the normal course of business certain Group companies enter into guarantees and indemnities to cover clearing and settlement arrangements and/or the use of third party services/software. It is not possible to quantify the extent of any potential liabilities, but there are none currently expected to have a material impact on the Group's consolidated results or net assets. As at 31 March 2016, the Group has given £231m (2014/15 – £373m) of guarantees to counterparties.

17. Trade and other receivables

Trade receivables are recognised initially at fair value and subsequently reviewed for recoverability. A provision for impairment of trade receivables is established when there is objective evidence that the Group will not be able to collect all amounts due according to the original terms of receivables. Significant financial difficulties of the debtor, probability that the debtor will enter bankruptcy or financial reorganisation, and default or delinquency in payments, are considered indicators that the trade receivable is impaired. The amount of the provision is the difference between the asset's carrying amount and the present value of the future cash flows. The carrying amount of the asset is reduced through the use of an allowance account, and the amount of the loss is recognised in the consolidated income statement within 'operating expenses'. When a trade receivable is determined to be uncollectable, it is written off against the allowance account for trade receivables. Subsequent recoveries of amounts previously written off are credited against 'Operating expenses' in the consolidated income statement.

Loans and receivables are non-derivative financial instruments which have a fixed or determinable value. They are recognised at cost, less any provisions for impairment in their value.

Fair value through profit or loss assets are designated as such where they meet the conditions of IAS39 'Financial Instruments: Recognition and Measurement'. They are recognised initially at fair value and any subsequent changes in fair value are recognised directly in the consolidated income statement. These assets are usually held for short-term gain, or are financial instruments not designated as hedges. The accounting policy for derivative financial instruments is included in note 27.

Matched principal transactions are those where the Group acts in a non-advisory capacity as principal in the commitment to purchase and sell securities and other financial instruments through two or more transactions between our customers. Such trades have no contractual settlement date and are complete only when all sides of the transaction are settled, and therefore an aged analysis of matched principal trade receivables is not appropriate. Substantially all matched principal receivables and payables settle within a short period of time, usually within three days of the trade date. All amounts due to and payable by counterparties in respect of matched principal business are shown gross as matched principal trade receivables and matched principal trade payables (note 19), except where a netting agreement, which is legally enforceable at all times, exists and the asset and liability are either settled net or simultaneously. If any unmatched trades remain outstanding, the asset or liability is held within matched principal trade receivables or payables as appropriate and fair valued through the consolidated income statement until the trade is completed.

The Group acts as an intermediary between our customers for collateralised stock lending transactions. Such trades are complete only when both the collateral and stock for each side of the transaction are returned. The gross amounts of collateral due to and receivable are disclosed in the balance sheet as deposits paid for securities borrowed and deposits received for securities loaned (note 18).

Financial instruments not held at fair value are impaired where there is objective evidence that the value may be impaired. The amount of the impairment is calculated as the difference between the carrying value and the present value of any expected future cash flows, with any impairment being recognised in the consolidated income statement. Subsequent recovery of amounts previously impaired are credited to the consolidated income statement.

17. Trade and other receivables continued

	Group as at 31 March 2016 £m	Group as at 31 March 2015 £m	Company as at 31 March 2016 £m	Company as at 31 March 2015 £m
Non-current receivables				
Deposits	3	2	–	–
Other receivables	6	3	124	124
	9	5	124	124
Current receivables				
Matched principal trade receivables	59,322	23,351	–	–
Deposits paid for securities borrowed	–	758	–	–
Other trade receivables	69	196	–	–
Impairment of other trade receivables	(1)	(3)	–	–
Amounts owed by subsidiaries	–	–	34	97
Amounts owed by associates	–	3	–	–
Amounts owed by other related parties	1	1	–	–
Derivative financial instruments	3	7	–	–
Other receivables	58	58	–	–
Prepayments	9	40	–	–
	59,461	24,411	34	97

Current trade receivables of £20,789m, not included above, have been reclassified to held for sale (note 4). The increase in trade receivables and payables is principally due to a change in clearing arrangements for certain US Treasuries within BrokerTec.

(a) Credit risk management

The Group is exposed to credit risk in the event of non-performance by counterparties in respect of its name give-up, matched principal, exchange-traded and corporate treasury operations. The Group does not bear any significant concentration risk to either counterparts or markets.

The credit risk in respect of name give-up and post trade risk and information services businesses is limited to the collection of outstanding commission and transaction fees and this is managed proactively by the Group's accounts receivable function with oversight from the independent credit risk function.

The matched principal business involves the Group acting as a counterparty on trades which are undertaken on a delivery versus payment basis. The Group manages its credit risk in these transactions through appropriate policies and procedures in order to mitigate this risk including stringent on-boarding requirements, setting appropriate credit limits for all counterparts which are closely monitored by the regional credit risk teams to restrict any potential loss through counterparty default. A significant portion of the Group's counterparty exposure at any given point throughout the year is to investment grade counterparts (rated BBB-/Baa3 or above). The Group's potential stressed counterparty credit risk calculated in the ICAAP is less than 5% of the Group's total capital resources.

The credit risk on core cash, cash equivalents and derivative financial instruments is monitored on a daily basis. All financial institutions that are transacted with for corporate purposes are approved by the Group Finance Committee and internal limits are assigned to each one based on a combination of factors including external credit ratings. The majority of cash and cash equivalents is deposited with investment grade rated financial institutions.

Company

The Company is exposed to credit risk in the event of non-performance by counterparties. This risk is considered minimal as all counterparties are Group companies and the risk of non-payment is viewed as low.

(b) Impairment of other trade receivables

Other trade receivables represent amounts receivable in respect of agency business and information services. All receivables are individually assessed for impairment at the reporting date. Management judgement is applied in determining whether there is objective evidence that a loss event has occurred and, if so, the measurement of the impairment allowance. In determining whether there is objective evidence that a loss event has occurred, judgement is exercised in evaluating all relevant information on indicators of impairment, which is not restricted to the consideration of whether payments are contractually past due but includes broader consideration of factors indicating deterioration in the financial condition and outlook of customers affecting their ability to pay. For those receivables where objective evidence of impairment exists, management determines the size of the allowance required based on a range of factors including probability of default and, if defaulted, expectation of recovery. If in a subsequent period, the

NOTES TO THE FINANCIAL STATEMENTS continued

17. Trade and other receivables continued

(b) Impairment of other trade receivables continued

amount of the impairment loss decreases and the decrease can be related objectively to an event occurring after the impairment was recognised, the previously recognised impairment loss is reversed and the reversal is recognised in the income statement.

As at 31 March 2016, £2m of other trade receivables remain impaired (2014/15 – £3m), which includes £1m classified as held for sale. There have been no new impairments during the year.

Past due but not impaired trade and other receivables are those in respect of which the debtor has failed to make a payment or a partial payment in accordance with the contractual terms of the invoice, but there is no major concern over the credit worthiness of the counterparty, therefore they are not impaired. In the prior reporting periods, receivables past a 'normal settlement date' were considered past due and were reported on that basis. As at 31 March 2016 the following other trade receivables were past due but not impaired:

Group	As at 31 March 2016 £m	As at 31 March 2015 £m
Less than 30 days overdue	101	113
Over 30 days, but less than 90 days overdue	48	54
Over 90 days, but less than 180 days overdue	13	12
Over 180 days overdue	16	14
	178	193

Other trade receivables past due but not impaired of £178m include £110m classified as held for sale.

(c) Offsetting financial assets and financial liabilities

The Group operates under a clearing arrangement for certain US matched principal transactions on a fully disclosed clearing basis, which provides the Group with the legally enforceable right to set off the recognised amounts and settle on a net basis. As such, certain matched principal trade receivables and payables (note 18) are recorded on a net basis. Absent the change in the clearing arrangements for certain US Treasuries within BrokerTec during the year, the gross amounts netted in the year would have been £59,322m higher.

Group	As at 31 March 2016 £m	As at 31 March 2015 £m
Gross recognised receivable	172,779	171,599
Gross recognised payable	171,807	171,182
Gross amounts that are netted	171,807	171,182
Gross amounts subject to netting arrangements that are not offset	972	417
Deposit securities paid (collateral)	37	15

The above disclosure is on a Group basis and therefore includes held for sale.

(d) Trade receivables by currency

The table below shows the concentration of the Group's trade receivables by currency (including those classified as held for sale):

Trade receivables as at 31 March 2016

Group	Pound sterling £m	Dollar £m	Euro £m	Yen £m	Other currencies £m	Total £m
Matched principal trade receivables	2,591	69,489	5,778	572	545	78,975
Deposits paid for securities borrowed	71	917	–	–	–	988
Other trade receivables (net)	31	110	20	2	15	178
	2,693	70,516	5,798	574	560	80,141

Trade receivables as at 31 March 2015

Group	Pound sterling £m	Dollar £m	Euro £m	Yen £m	Other currencies £m	Total £m
Matched principal trade receivables	4,533	13,475	3,120	356	1,867	23,351
Deposits paid for securities borrowed	–	758	–	–	–	758
Other trade receivables (net)	32	120	19	3	19	193
	4,565	14,353	3,139	359	1,886	24,302

18. Trade and other payables

Accounts payable are recognised initially at fair value based on the amounts exchanged and subsequently held at amortised cost.

The accounting policies for matched principal transactions and collateralised stock lending are included within the trade and other receivables note (note 17).

Details of the accounting policy relating to derivative financial instruments is included in note 27.

	Group as at 31 March 2016 £m	Group as at 31 March 2015 £m	**Company as at 31 March 2016 £m**	Company as at 31 March 2015 £m
Current payables				
Matched principal trade payables	**59,322**	23,307	**–**	–
Deposits received for securities loaned	**–**	758	**–**	–
Other trade payables	**9**	15	**–**	–
Amounts owed to subsidiaries	**–**	–	**507**	277
Amounts owed to joint ventures	**–**	2	**–**	–
Amounts owed to associates	**4**	–	**–**	–
Amounts owed to related parties	**1**	1	**–**	–
Derivative financial instruments	**12**	10	**–**	–
Accruals	**89**	231	**–**	–
Other tax and social security	**6**	13	**–**	–
Deferred income	**16**	21	**–**	–
Other payables	**4**	16	**3**	2
Contingent deferred consideration	**1**	3	**–**	–
Deferred consideration	**–**	1	**–**	–
	59,464	24,378	**510**	279

Current trade payables of £20,738m, not included above, have been reclassified to held for sale (note 4).

	Group as at 31 March 2016 £m	Group as at 31 March 2015 £m	**Company as at 31 March 2016 £m**	Company as at 31 March 2015 £m
Non-current payables				
Accruals	**–**	1	**–**	–
Contingent deferred consideration	**3**	1	**–**	–
Derivative financial instruments	**8**	30	**–**	–
Other payables	**–**	1	**–**	–
Deferred income	**1**	4	**–**	–
Total	**12**	37	**–**	–

As at 31 March 2016 the fair value of trade and other payables is not materially different from their book values.

Non-current trade payables of £4m, not included above, have been reclassified to held for sale (note 4).

NOTES TO THE FINANCIAL STATEMENTS
continued

18. Trade and other payables continued

(a) Maturity of trade and other payables and provisions

The table below shows the maturity profile of the Group's financial liabilities included within trade and other payables (excluding those classified as held for sale) based on the contractual amount payable on the date of repayment:

Maturity of trade and other payables and provisions as at 31 March 2016

	Less than three months £m	Three months to one year £m	One to five years £m	Greater than five years £m	Total £m
Matched principal trade payables	59,322	–	–	–	59,322
Other trade payables	9	–	–	–	9
Derivative financial instruments	4	8	8	–	20
Amounts owed to associates	4	–	–	–	4
Amounts owed to related parties	1	–	–	–	1
Other payables	4	–	–	–	4
Contingent deferred consideration	–	1	3	–	4
Provisions	1	3	5	1	10
Accruals	57	32	–	–	89
	59,402	44	16	1	59,463

Maturity of trade and other payables and provisions as at 31 March 2015

	Less than three months £m	Three months to one year £m	One to five years £m	Greater than five years £m	Total £m
Matched principal trade payables	23,307	–	–	–	23,307
Deposits received for securities loaned	758	–	–	–	758
Other trade payables	15	–	–	–	15
Derivative financial instruments	10	–	30	–	40
Amounts owed to joint ventures	2	–	–	–	2
Amounts owed to related parties	1	–	–	–	1
Other payables	13	3	1	–	17
Contingent deferred consideration	2	1	1	–	4
Deferred consideration	–	1	–	–	1
Provisions	3	17	19	–	39
Accruals	59	172	1	–	232
	24,170	194	52	–	24,416

The gross amounts payable have been disclosed above, rather than their net present value. Based on their short-term nature there is no material difference between the net present value and gross amount of the balances disclosed above.

Company

The current trade and other payables of £509m (2014/15 – £279m) are all due within 90 days.

19. Financial assets and liabilities

(a) Financial assets

The carrying value less impairment of current trade receivables and payables is assumed to approximate their fair values due to their short-term nature.

As at 31 March 2016 and 2015, the fair values of financial assets are not materially different from their book values.

The table below excludes financial assets classifed as held for sale:

Classification of financial assets as at 31 March 2016

	Hedging instruments £m	Available-for-sale £m	Loans and receivables £m	Total £m
Cash and cash equivalents	–	–	157	157
Restricted funds	–	–	26	26
Available-for-sale investments	–	9	–	9
Matched principal trade receivables	–	–	59,322	59,322
Non-current deposits paid	–	–	3	3
Other trade receivables (net)	–	–	68	68
Amounts owed from other related parties	–	–	1	1
Derivative financial instruments	3	–	–	3
Other receivables	–	–	64	64
	3	9	59,641	59,653

Classification of financial assets as at 31 March 2015

	Hedging instruments £m	Available-for-sale £m	Loans and receivables £m	Total £m
Cash and cash equivalents	–	–	481	481
Restricted funds	–	–	43	43
Available-for-sale investments	–	17	–	17
Matched principal trade receivables	–	–	23,351	23,351
Deposits paid for securities borrowed	–	–	758	758
Non-current deposits paid	–	–	2	2
Other trade receivables (net)	–	–	193	193
Amounts owed by associates	–	–	3	3
Amounts owed from other related parties	–	–	1	1
Derivative financial instruments	7	–	–	7
Other receivables	–	–	61	61
	7	17	24,893	24,917

NOTES TO THE FINANCIAL STATEMENTS continued

19. Financial assets and liabilities continued

(a) Financial assets continued

Financial assets can be reconciled to the balance sheet as follows:

	As at 31 March 2016 £m	As at 31 March 2015 £m
Current receivables (note 17)	59,461	24,411
Non-current receivables	9	5
Available-for-sale financial investments (note 23)	9	17
Cash and cash equivalents including restricted funds	183	524
Excluded:		
Prepayments	(9)	(40)
	59,653	24,917

Prepayments and certain items included within other receivables are not defined as financial assets under IAS39.

(b) Financial liabilities

As at 31 March 2016 and 2015, the fair values of financial liabilities are not materially different from their book values except for the fair value of the retail bond repayable in 2018 and five-year senior notes repayable in 2019 (note 10).

Classification of financial liabilities

	As at 31 March 2016			As at 31 March 2015		
	Hedging instruments £m	Amortised cost £m	Total £m	Hedging instruments £m	Amortised cost £m	Total £m
Matched principal trade payables	–	59,322	59,322	–	23,307	23,307
Deposits received for securities loaned	–	–	–	–	758	758
Other trade payables	–	9	9	–	15	15
Derivative financial instruments	20	–	20	40	–	40
Amounts owed to joint ventures	–	–	–	–	2	2
Amounts owed to associates	–	4	4	–	–	–
Amounts owed to related parties	–	1	1	–	1	1
Other payables	–	4	4	–	17	17
Contingent deferred consideration	–	4	4	–	4	4
Deferred consideration	–	–	–	–	1	1
Accruals	–	89	89	–	232	232
Borrowings and overdrafts	–	583	583	–	549	549
Provisions	–	10	10	–	32	32
	20	60,026	60,046	40	24,918	24,958

Provisions of £11m, not disclosed above, have been reclassified to held for sale (note 4).

Financial liabilities can be reconciled to the balance sheet as follows:

	As at 31 March 2016 £m	As at 31 March 2015 £m
Current payables	59,464	24,378
Non-current payables	12	37
Borrowings and overdrafts (note 10)	583	549
Provisions (note 15)*	10	32
Excluded:		
Tax and social security	(6)	(13)
Deferred income	(17)	(25)
	60,046	24,958

* Excludes non-contractual provisions.

Taxes payable, deferred income and certain provisions are not classified as financial liabilities under IAS39.

19. Financial assets and liabilities continued

(b) Financial liabilities continued

Company

Financial assets and liabilities

All the Company's financial assets are classified as loans and receivables and the financial liabilities are held at amortised cost. The fair value of these assets and liabilities is not materially different from their book values.

20. Principal subsidiaries

An entity is regarded as a subsidiary if the Company has control over its strategic, operating and financial policies and intends to hold the investment on a long-term basis for the purpose of securing a contribution to the Group's activities.

The Company recognises investments in subsidiaries initially at fair value, and subsequent changes in value as a result of impairment are recognised in the income statement.

Investment in subsidiaries – Company

The Company's immediate subsidiary companies are ICAP Group Holdings plc, Intercapital Limited and Garban Group Holdings Limited, all of which are incorporated in England and Wales and are 100% owned by the Company. At 31 March 2016 the book value of these investments was £2,315m (2014/15 – £2,036m). During the year, ICAP plc made a capital contibution of £279m to Intercapital Limited through intergroup receivables. There were no impairment charges recognised during the year.

All of the Company's other subsidiaries are indirectly owned. The exemption under section 410 of the Companies Act 2006 to show only the principal subsidiaries has ceased for accounts signed on or after 1 July 2015. A complete list of subsidiaries, joint ventures and associates is given in note 30. The Company's principal subsidiaries, their country of incorporation and the Group's ownership are listed below:

		% held
Australia	ICAP Australia Pty Limited*	100
	ICAP Brokers Pty Limited*	100
Brazil	ICAP do Brasil Corretora de Títulos e Valores Mobiliários Ltda*	100
England	EBS Dealing Resources International Limited	100
	ICAP Energy Limited*	100
	ICAP Europe Limited*	100
	ICAP Global Derivatives Limited*	100
	ICAP Management Services Limited*	100
	ICAP Securities Limited*	100
	iSwap Limited*	50.1
Japan	ICAP Totan Securities Co Ltd*	60
Singapore	Reset Private Limited	100
Sweden	TriOptima AB	100
Switzerland	EBS Service Company Limited	100
United States	BrokerTec Americas LLC	100
	EBS Dealing Resources Inc	100
	ICAP Capital Markets LLC	100
	ICAP Corporates LLC*	100
	ICAP Energy LLC*	100
	ICAP Securities USA LLC*	100
	ICAP Services North America LLC*	100
	Traiana Inc	86.7

* These subsidiaries are included within discontinued operations.

The percentage held represents the percentage of issued ordinary share capital held (all classes) and also represents the voting rights of the Company.

The Group has an economic interest of 40.2% in iSwap Limited, but the investment is classed as a subsidiary because the Group is the largest single shareholder (next largest economic interest is 13.3%). The Group also employs the key management personnel of iSwap Limited.

NOTES TO THE FINANCIAL STATEMENTS continued

20. Principal subsidiaries continued

Investment in subsidiaries – Company continued

ICAP do Brasil Corretora de Títulos e Valores Mobiliários Ltda has a 31 December year end as required as part of local regulatory requirements. All other principal subsidiaries have a 31 March year end.

All companies operate in their country of incorporation. ICAP Energy Limited, ICAP Europe Limited, ICAP Securities Limited, EBS Dealing Resources International Limited, ICAP Securities USA LLC, ICAP Corporates LLC and BrokerTec Americas LLC also operate from branches outside the countries of incorporation.

21. Investment in joint ventures

Investments in joint ventures are recognised using the equity method. Under this method, such investments are initially stated at cost, including attributable goodwill, and are adjusted thereafter for the post acquisition change in the Group's share of net assets.

Investments in joint ventures are reviewed for indicators of impairment under IAS39 'Financial Instruments: Recognition and Measurement'. Whenever application of IAS39 indicates that an investment may be impaired, the carrying amount of the investment, including attributed goodwill, is tested for impairment as a single asset under IAS36, by comparing the carrying amount with its recoverable amount (the higher of VIU and fair value less costs to sale).

The Group adopted IFRS11 'Joint Arrangements' and IAS28 'Investments in Associates and Joint Ventures' for the financial year beginning 1 April 2014. Previously, the Group proportionally consolidated the joint ventures' results and position of its joint ventures under IAS31. The Group determined that as a result of the adoptions of IFRS11 and IAS28 the joint ventures' results will not be proportionately consolidated in the Group financial statements but will be treated under the equity accounting method.

Movements in investments in joint ventures

	2015/16 £m	2014/15 £m
As at 1 April	13	10
Share of profit for the year	4	4
Dividends received	(2)	(1)
Transfer to held for sale (note 4)	(9)	–
As at 31 March	6	13

Summary financial information of joint ventures

The Group's share of joint ventures' assets, liabilities and profit is given below:

	As at 31 March 2016 £m	As at 31 March 2015 £m
Assets	29	16
Liabilities	(15)	(5)

	Year ended 31 March 2016 £m	Year ended 31 March 2015 £m
Revenue	16	18
Operating expenses	(11)	(13)
Profit before tax	5	5
Tax	(1)	(1)
Share of profit of joint ventures after tax	4	4
Attributable to:		
Continuing operations	1	1
Discontinued operations	3	3

21. Investment in joint ventures continued

Joint ventures – Group

The Group's joint ventures and their country of incorporation are listed below:

		% held	Principal activity
England	TFS-ICAP Limited	23.0	Broking
Germany	Tradition Financial Services GmbH	33.3	Broking
Mexico	SIF ICAP, S.A. de C.V.*	50.0	Broking
United States	TFS-ICAP LLC	23.0	Broking

* This joint venture is included in held for sale assets.

All joint ventures have a 31 December year end. The difference in the joint ventures' year ends to the Group's year end is not considered to have a material impact on their results.

22. Investment in associates

Investments in associates are recognised using the equity method. Under this method, such investments are initially stated at cost, including attributable goodwill, and are adjusted thereafter for the post acquisition change in the Group's share of net assets.

Investments in associates are reviewed for indicators of impairment under IAS39 'Financial Instruments: Recognition and Measurement'. Whenever application of IAS39 indicates that an investment may be impaired, the carrying amount of the investment, including attributed goodwill, is tested for impairment as a single asset under IAS36, by comparing the carrying amount with its recoverable amount (higher of VIU and fair value less costs to sell).

Movements in interests in associates

	2015/16 £m	2014/15 £m
As at 1 April	68	65
Additions	39	1
Transfer from available-for-sale investment	1	–
Share of profit for the year	3	4
Dividends received	(6)	(4)
Other movements	11	–
Impairment	(25)	–
Exchange adjustments	3	2
Transfer to held for sale (note 4)	(42)	–
As at 31 March	52	68

Additions

During the year, the Group invested £17m in acquiring new associates and increasing its stake in existing associates. New PTRI investments include £7m in Abide Financial Limited and £7m in AcadiaSoft, Inc. The Group also invested £3m to increase its stake in Duco Technology Limited, an existing PTRI associate. The remaining £22m of additions is mainly driven by the recognition of a £20m investment in Howe Robinson Partners Pte Ltd representing fair value of a 35% stake on 1 April 2015.

Impairment charges

During the year, following the identification of impairment indicators under IAS39, impairment reviews were performed in our investments, resulting in impairment charges of £10m in BSN Holdings Limited, £14m in Howe Robinson Partners Pte Ltd and £1m in Capital Shipbrokers Limited.

Other

Other includes £11m investment in ENSO LP on 1 October 2014. The Group's investment in associates at 31 March 2015 did not include the additional investment, with an equal and opposite error in the Group's translation reserve at 31 March 2015. This has been corrected in the current period.

22. Investment in associates continued

Summary financial information for associates

The Group's share of associates' assets (excluding goodwill), liabilities and profit is given below:

	As at 31 March 2016 £m	As at 31 March 2015 £m
Assets	93	67
Liabilities	(41)	(26)

	Year ended 31 March 2016 £m	Year ended 31 March 2015 £m
Revenue	66	41
Operating expenses	(61)	(35)
Profit before tax	5	6
Tax	(2)	(2)
Share of profit of associates after tax	3	4
Attributable to:		
Continuing operations	(1)	5
Discontinued operations	4	(1)

The Group's associates and their country of incorporation are listed below:

		% held	Principal activity
China	Shanghai CFETS-ICAP International Money Broking Co Limited	33.0	Broking
England	BSN Capital Partners Limited	25.1	Broking
Hong Kong	Capital Shipbrokers Limited	45.0	Broking
Japan	Totan ICAP Co., Ltd*	40.0	Broking
	Central Totan Securities Co., Ltd*	20.0	Broking
Jersey	ENSO LP	42.0	PTRI
Malaysia	Amanah Butler Malaysia Sdn Bhd*	32.1	Broking
Spain	Corretaje e Información Monetaria y de Divisas SA*	21.5	Broking
Singapore	Howe Robinson Partners Pte Ltd	35.0	Broking
United States	CLS Aggregation Services LLC	42.5	PTRI
	First Brokers Securities LLC*	40.0	Broking
	OpenGamma Inc	15.4	PTRI

* These associates are included in held for sale assets.

All share holdings are in ordinary shares except for the investment in Capital Shipbrokers Limited which is a combination of voting and non-voting shares.

BSN Capital Partners Limited, Shanghai CFETS-ICAP International Money Broking Co Limited, CLS Aggregation Services LLC and OpenGamma Inc have 31 December year ends. The difference in these associates' year ends to the Group's year end is not considered to have a material impact on their results. All other associates have a 31 March year end.

23. Available-for-sale investments

Available-for-sale financial assets are debt and equity non-derivative financial assets and are initially recognised at fair value.

Available-for-sale investments in equity assets that do not have a quoted market price in an active market and whose fair value cannot be reliably measured, are subsequently recorded at cost less impairment. If there is objective evidence that an impairment loss has been incurred on such financial assets, the amount of the impairment loss is measured as the difference between the carrying amount of the financial asset and the present value of estimated future cash flows discounted at the current market rate of return for a similar financial asset.

All other available-for-sale financial assets are fair valued subsequently at each period end. Any subsequent changes in fair value are recognised directly in other comprehensive income. When a decline in the fair value of an available-for-sale financial asset has been recognised in other comprehensive income and there is objective evidence that the asset is impaired, the cumulative unrealised loss that had been recognised in other comprehensive income is transferred to the consolidated income statement.

23. Available-for-sale investments continued

Impairment losses recognised in the consolidated income statement for an investment in an available-for-sale equity instrument are not reversed through the consolidated income statement. Dividends on available-for-sale equity investments are recognised in the consolidated income statement when the right to receive payment is established. When an available-for-sale financial asset is derecognised, any cumulative unrealised gain or loss recognised previously in other comprehensive income is transferred to the consolidated income statement.

These assets are generally expected to be held for the long term and are included in non-current assets. Assets such as shares or seats in exchanges, cash-related instruments, and long-term equity investments that do not qualify as associates or joint ventures, are classified as available-for-sale.

	2015/16 £m	2014/15 £m
As at 1 April	17	18
Additions	5	–
Disposals	(1)	(2)
Impairment	–	(1)
Revaluation in the year recognised in other comprehensive income	–	1
Transfer to associates	(1)	–
Exchange adjustments	–	1
Transfer to held for sale (note 4)	(11)	–
As at 31 March	9	17

Additions of £5m include £2.5m of additional investment in DTCC common stock, £1m investment in Cloud9 Technologies LLC, £0.8m additional investment in Exotix Partners LLP and £0.7m investment in Digital Asset Holdings LLC.

The disclosure below does not include available-for-sale investments which have been transferred to held for sale (note 4).

	Year ended 31 March 2016 £m	Year ended 31 March 2015 £m
Non-current available-for-sale investments		
Held at fair value	1	2
Held at cost less impairment	8	15
Total	9	17

The fair value of £1m (2014/15 – £2m) was determined using level 1 inputs, being the quoted prices of the equity instruments.

	Year ended 31 March 2016 £m	Year ended 31 March 2015 £m
Listed securities		
Equities listed in the US	1	1
Equities listed in the rest of the world	–	1
Total listed securities	1	2
Unlisted securities		
Equity investments	4	15
Other	4	–
Total unlisted securities	8	15
Total available-for-sale investments	9	17

NOTES TO THE FINANCIAL STATEMENTS continued

23. Available-for-sale investments continued

Available-for-sale investments are denominated in the following currencies:

Group	Pound sterling £m	Dollar £m	Euro £m	Yen £m	Other currencies £m	Total £m
As at 31 March 2016	**7**	**2**	**–**	**–**	**–**	**9**
As at 31 March 2015	6	3	1	5	2	17

24. Property and equipment

Property and equipment is recognised initially at cost including the original purchase price of the asset and the costs attributable to bringing the asset into its intended use. Property and equipment is subsequently presented at initial cost less accumulated depreciation and any provisions for impairment in its value. It is depreciated on a straight-line basis over its expected useful economic life as follows:

Short leasehold property improvements	Period of lease
Furniture, fixtures and equipment	3 – 5 years

The Group reviews its depreciation rates regularly to take account of any changes in circumstances. These rates are determined on consideration of factors such as the expected rate of technological development and anticipated usage levels.

When a leasehold property becomes surplus to the Group's foreseeable business requirements, a provision is made on a discounted basis for the expected future net cost of the property.

	2015/16			2014/15		
Group	**Short leasehold property improvements £m**	**Furniture, fixtures and equipment £m**	**Total £m**	Short leasehold property improvements £m	Furniture, fixtures and equipment £m	Total £m
Cost						
As at 1 April	**45**	**97**	**142**	49	114	163
Additions	**2**	**15**	**17**	–	9	9
Disposals	**(1)**	**(26)**	**(27)**	(6)	(33)	(39)
Exchange adjustments	**2**	**3**	**5**	2	7	9
Transfer to held for sale (note 4)	**(45)**	**(31)**	**(76)**	–	–	–
As at 31 March	**3**	**58**	**61**	45	97	142
Accumulated depreciation						
As at 1 April	**31**	**71**	**102**	31	88	119
Charge for the year	**3**	**8**	**11**	4	11	15
Disposals	**(1)**	**(26)**	**(27)**	(6)	(33)	(39)
Exchange adjustments	**2**	**4**	**6**	2	5	7
Transfer to held for sale (note 4)	**(34)**	**(27)**	**(61)**	–	–	–
As at 31 March	**1**	**30**	**31**	31	71	102
Net book value						
As at 31 March	**2**	**28**	**30**	14	26	40

Additions during the year include assets under construction that are expected to become available for use of £5m (2014/15 – £4m).

25. Share capital

Ordinary shares are recognised in equity as share capital at their nominal value. The difference between consideration received and the nominal value is recognised in the share premium account.

Company shares held in trust in connection with the Group's employee share schemes are deducted from consolidated shareholders' equity. Purchases, sales and transfers of the Company's shares are disclosed as changes in the consolidated shareholders' equity. The assets and liabilities of the trusts are consolidated in full into the Group's consolidated financial statements.

Treasury Shares are recognised in equity and are measured at cost. Consideration received for the sale of such shares is also recognised in equity, with any difference between the proceeds from the sale and original cost being taken to retained earnings.

(a) Issued share capital

	2015/16		2014/15	
Allotted, called up and fully paid	Number of shares millions	Nominal value £m	Number of shares millions	Nominal value £m
As at 1 April 2015 and at 31 March 2016	665	66	665	66

During the year no ordinary shares were issued (2014/15 – nil) or cancelled (2014/15 – nil).

The number of ordinary shares in issue at 31 March 2016 was 664,537,006 (2014/15 – 664,537,006) with 12,986,546 (2014/15 – 15,314,513) held as Treasury Shares and 4,787,904 (2014/15 – 5,573,089) held in employee share trusts. The cost of Treasury Shares is deducted from retained earnings. The cost of shares held in employee share trusts is loaned to the trusts by the Company and is reported as other receivables.

(b) Potential issues of share capital

Certain employees hold 3,678,251 share options over the Company's shares, which are potentially issuable. These options were granted between 2005/06 to 2015/16 and the weighted average exercise price ranges from 272.0p to 486.0p.

(c) Shares held in trust for employee share schemes

The Company has established employee share trusts in respect of the SEEPP, the BSMP, the Traiana Plan and the LTIP which are funded by the Company and have the power to acquire shares in the open market to meet the Company's future obligations under these schemes. As at 31 March 2016, these trusts owned 4,787,904 ordinary shares in the Company (2014/15 – 5,573,089) with a market value of £23m (2014/15 – £29m).

	Number of shares millions	
	2015/16	2014/15
As at 1 April	6	6
Exercised by employees during the year	(1)	–
As at 31 March	**5**	**6**

(d) Treasury Shares

During the year the Company did not purchase any of its own shares (2014/15 – nil), but transferred 2,327,967 shares (2014/15 – 1,393,008) to employees under its share-based payments schemes. As at 31 March 2016, the number of shares held as Treasury Shares was 12,986,546 (2014/15 – 15,314,513).

	Number of shares millions	
	2015/16	2014/15
As at 1 April	15	17
Transferred to employees	(2)	(2)
As at 31 March	**13**	**15**

NOTES TO THE FINANCIAL STATEMENTS
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26. Reserves
(a) Analysis of consolidated other reserves

Group	Merger reserve £m	Capital redemption reserve £m	Hedging reserve £m	Revaluation reserve £m	Total other reserves £m
As at 1 April 2015	28	1	(6)	56	79
Unrealised (loss)/gain in the year	–	–	(3)	1	(2)
As at 31 March 2016	**28**	**1**	**(9)**	**57**	**77**

Group	Merger reserve £m	Capital redemption reserve £m	Hedging reserve £m	Revaluation reserve £m	Total other reserves £m
As at 1 April 2014	28	1	2	55	86
Unrealised (loss)/ gain in the year	–	–	(8)	1	(7)
As at 31 March 2015	28	1	(6)	56	79

The merger reserve was created on the merger of Garban and Intercapital in 1999 and also includes goodwill arising before 1 January 1998 written off to reserves. This amount remains eliminated.

The capital redemption reserve was created as a result of shares cancelled in 1998 and 2005. The revaluation reserve represents revaluations of available-for-sale investments. The hedging reserve arises from fair value movements of derivative financial instruments that were designated as cash flow hedges on the balance sheet.

(b) Company reserves
The Company has retained earnings of £1,309m (2014/15 – £1,324m) of which £512m (2014/15 – £512m) is not distributable.

27. Currency risk management

The Group uses various financial instruments as hedges to reduce exposure to FX and interest rate movements. These can include forward FX contracts, currency options and cross-currency swaps. All derivative financial instruments are initially recognised on the balance sheet at their fair value, adjusted for transaction costs. Where derivative financial instruments do not qualify for hedge accounting, changes in the fair value are recognised immediately in the consolidated income statement, along with transaction costs. Where they do qualify, gains and losses are recognised according to the nature of the hedge relationship and the item being hedged. Hedges are either classified as fair value hedges, cash flow hedges or net investment hedges.

The fair values of the Group's derivative financial instruments are determined using appropriate valuation techniques from observable data, including discounted cash flow analysis, as no active markets with quoted prices exist for the instruments held by the Group.

The method of recognising the movements in the fair value of a derivative depends on whether the instrument has been designated as a hedging instrument and, if so, the nature of the exposure being hedged. To qualify for hedge accounting, the terms of the hedge must be documented clearly at inception and there must be an expectation that the derivative will be highly effective in offsetting changes in the fair value or cash flows attributable to the hedged risk. Hedge effectiveness is tested throughout the life of the hedge and, if at any point it is concluded that the relationship can no longer be expected to remain highly effective in achieving its objective, the accounting for the hedge relationship is terminated.

Fair value hedges: derivative financial instruments are classified as fair value hedges when they hedge an exposure to changes in the fair value of a recognised asset or liability that is attributable to a particular risk that could affect the consolidated income statement. The hedging instrument is recorded at fair value on the balance sheet, with changes in its fair value being taken through the consolidated income statement. For periods in which the hedge is shown to be effective, the gain or loss on the hedged item attributable to the hedged risk adjusts the carrying amount of the hedged item and is recognised in the consolidated income statement. The gain or loss relating to the ineffective portion is recognised in the consolidated income statement.

Cash flow hedges: derivative financial instruments are classified as cash flow hedges when they hedge the Group's exposure to changes in the cash flows attributable to a particular asset or liability or a highly probable forecast transaction. Gains or losses on designated cash flow hedges are recognised directly in other comprehensive income, to the extent that they are determined to be effective. Any remaining ineffective portion of the gain or loss is recognised immediately in the consolidated income statement. On recognition of the hedged asset or liability, any gains or losses relating to the hedging instrument that had previously been recognised directly in other comprehensive income are included in the initial measurement of the fair value of the asset or liability. When a hedging instrument expires or is sold, or when a hedge no longer meets the criteria for hedge accounting, any cumulative gain or loss in equity remains there and is recognised in the consolidated income statement when the forecast transaction is ultimately recognised. When a forecast transaction is no longer expected to occur, the cumulative gain or loss that was reported in other comprehensive income is transferred immediately to the consolidated income statement.

Net investment hedges: changes in the value of foreign-denominated investments due to currency movements are recognised directly in other comprehensive income. The accounting treatment for a net investment hedging instrument, whether it is a derivative financial instrument or a recognised asset or liability on the balance sheet, is consistent with the aforementioned treatment for a cash flow hedge. Gains and losses accumulated in other comprehensive income are included in the consolidated income statement on the ultimate disposal of the foreign-denominated investment. The gain or loss relating to any ineffective portion is recognised in the consolidated income statement.

Group

The Group presents its consolidated financial statements in pounds sterling and conducts business in a number of other currencies, principally the dollar and euro. Consequently the Group (both continuing and discontinued operations) is exposed to FX risk due to exchange rate movements which affect the Group's transactional revenue and the translation of the earnings and net assets of its non-pound sterling operations.

(a) Transactional exposures

The Group's policy is for all subsidiaries to hedge their material non-functional currency transactional exposures through a combination of forward FX contracts and options for up to two years forward. Under this policy, a minimum of 75% of the forecast exposures are hedged for the first six months, 50% for the following six months and 25% for the next six months. The majority of these exposures relate to dollar and euro sales arising in pound sterling functional currency companies.

The Group has contracts in place, designated as cash flow hedges under IAS39 where appropriate, with a total notional value of 63% of its forecast dollar and 50% of its forecast euro transactional exposures for the year to 31 March 2017. These contracts are at average rates of $1.5275/£ and €1.3479/£ respectively.

NOTES TO THE FINANCIAL STATEMENTS continued

27. Currency risk management continued

Group continued

(b) Balance sheet translational exposures

The Group is exposed to balance sheet translational exposures at the local entity level where the local consolidated balance sheet may contain monetary assets or liabilities denominated in a currency other than the entity's functional currency. Where material, it is the Group's policy to hedge 100% of these exposures using a mix of foreign currency swaps and forward FX contracts.

Balance sheet translational exposures also arise on consolidation as a result of the retranslation of the balance sheet of the Group's non-pound sterling operations, principally dollar and euro, into pounds sterling, the Group's presentational currency. The Group's general policy is not to actively manage these exposures, as active management using instruments with a shorter tenure than the underlying net asset can give rise to a net cash outflow. However, from time to time it will use forward FX contracts, cross-currency swaps or non-pound sterling denominated borrowings to mitigate these exposures. As at 31 March 2016 the Group has $235m of forward FX contracts, €100m of the 2019 five-year senior notes and the €15m 2023 ten-year senior notes, designated as hedging instruments against the underlying dollar and euro exposures respectively. As at 31 March 2016 these exposures were $1.4bn (2014/15 – $1.5bn) and €0.2bn (2014/15 – €0.2bn) including intangible assets arising on consolidation, but before $0.2bn (2014/15 – $0.4bn) and €0.1bn (2014/15 – €0.1bn) of hedging.

The table below shows the actual impact on the Group's equity of movements in the dollar and euro exchange rates in terms of transactional and translational exposures. The table below also discloses the anticipated impact on the Group's equity of a 10 cent weakening, which the Group considers to be an appropriate sensitivity measure, in the dollar and euro in terms of transactional and translational exposure.

	2015/16			2014/15		
	Dollar £m	Euro £m	Total £m	Dollar £m	Euro £m	Total £m
Actual impact	41	(8)	33	68	(9)	59
10 cent weakening	(65)	(8)	(73)	(60)	(7)	(67)

(c) Derivative financial instruments

Among other methods, the Group uses derivative financial instruments to implement its FX policy. These include the use of forward FX contracts to hedge a portion of its transactional dollar and euro exposures and cross-currency interest rate swaps to hedge the FX and interest rate risks on its senior notes. Where these are designated and documented as cash flow hedges in the context of IAS39 and are demonstrated to be effective, mark-to-market gains and losses are recognised directly in other comprehensive income and transferred to the consolidated income statement on derecognition of the underlying item being hedged. The table below presents the carrying value of the Group's derivative financial instruments:

	As at 31 March 2016		As at 31 March 2015	
	Assets £m	Liabilities £m	Assets £m	Liabilities £m
Forward FX contracts – cash flow hedges	3	(12)	7	(12)
Cross-currency swaps – cash flow hedges	–	(8)	–	(28)
	3	(20)	7	(40)

No amounts (2014/15 – £nil) were recognised in the consolidated income statement in the year as a result of ineffective hedges.

Fair value hierarchy for the derivative financial instruments:

	As at 31 March 2016			As at 31 March 2015		
	Level 1 £m	Level 2 £m	Level 3 £m	Level 1 £m	Level 2 £m	Level 3 £m
Derivative assets	–	3	–	–	7	–
Derivative liabilities	–	(20)	–	–	(40)	–

In deriving fair value of all derivative instruments as at 31 March 2016, valuation models were used which incorporated observable market data. There were no significant inputs used in the models that were unobservable.

27. Currency risk management continued

Company

(d) Balance sheet translational exposures

The Company is exposed to balance sheet translational exposures where the balance sheet contains financial assets or liabilities denominated in a currency other than pounds sterling. While it is the Group's policy to hedge 100% of these exposures at Group level, at Company level these exposures can affect the Company's profit after tax.

At 31 March 2016, the Company had £11m of financial assets or liabilities denominated in foreign currencies which related to its ten-year senior notes (2014/15 – £10m).

(e) FX exposure

The table below shows the actual impact on the Group's 2015/16 results of the movement during the year of the dollar and euro exchange rates in terms of transactional and translational exposure:

	For the year ended 31 March 2016			For the year ended 31 March 2015		
	Dollar £m	Euro £m	Total £m	Dollar £m	Euro £m	Total £m
Group trading operating profit	14	(11)	3	(11)	(4)	(15)
Other	–	–	–	–	–	–
Group operating profit	14	(11)	3	(11)	(4)	(15)

The Group does not hedge the translation of those profits or losses earned by its non-pound sterling operations.

The principal exchange rates which affected the Group, expressed in currency per pound sterling, are shown below:

	Closing rate as at 31 March 2016	Closing rate as at 31 March 2015	Average rate year ended 31 March 2016	Average rate year ended 31 March 2015
Dollar	1.44	1.48	1.50	1.61
Euro	1.26	1.38	1.36	1.28

The table below shows the impact on the Group's 2015/16 results of a 10 cent appreciation, which the Group considers to be an appropriate sensitivity measure, in the dollar and euro in terms of transactional and translational exposure:

	Dollar £m	Euro £m	Total £m
Group trading operating profit	10	6	16
Other	–	–	–
Group operating profit	10	6	16

NOTES TO THE FINANCIAL STATEMENTS
continued

28. Related party transactions

Group

(a) Exotix Holdings Limited (Exotix)

As part of the disposal of Exotix to IPGL (a company controlled by Michael Spencer, the Group Chief Executive Officer) in 2007, the Group loaned employees of Exotix Limited, a subsidiary of Exotix, £1.5m to enable them to purchase a shareholding. The Group collected revenue of £15,225,771 (2014/15 – £8,439,804) on behalf of Exotix. As at 31 March 2016, there was a balance due to Exotix from the Group of £1,473,580 (2014/15 – £10,169,250). The Group holds £1.9m (2014/15 – £1.9m) as collateral from Exotix on deposit.

(b) TFS-ICAP LLC, TFS-ICAP Australia, TFS-ICAP Japan, TFS-ICAP Limited and TFS-ICAP Singapore

The Group invoices and collects revenue on behalf of TFS-ICAP LLC. As at 31 March 2016 the outstanding balance from all the joint ventures to the Group was £643,290 (2014/15 – £533,494 due from the Group).

(c) BSN Capital Partners Limited (BSN)

The Group provides BSN, an associate undertaking, with office space and facility services and also has a preferred brokerage agreement with BSN. As at 31 March 2016 the outstanding balance due to the Group was £1,192,603 (2014/15 – £497,824).

(d) CLS Aggregation Services LLC (CLSAS)

The Group recharged CLSAS, an associate company, £2,908,277 (2014/15 – £4,410,083) as compensation for technical services during the year. As at 31 March 2016 the total outstanding balance due to the Group was £320,870 (2014/15 – £459,588).

Related party transactions are made on an arm's-length basis.

Company

ICAP plc is the Group's ultimate parent company and is incorporated and domiciled in the UK.

During the year the Company entered into the following transactions with subsidiaries:

	Year ended 31 March 2016 £m	Year ended 31 March 2015 £m
Management services expenses	–	–
Net interest from related parties	4.0	3.0

Amounts owed to the Company from subsidiaries are disclosed in note 17 and amounts owed by the Company to subsidiaries are disclosed in note 18.

29. Post balance sheet events

On 13 April 2016, ICAP acquired ENSO Financial Analytics (ENSO), a leading provider of a data analytics platform for hedge funds and prime brokers, from its founders (Matthew Bernard, Michael Gentile and Dwaine Alleyne) and other minority stakeholders.

The Group made its first investment in ENSO in June 2013, followed by a subsequent investment in October 2014. ENSO will become a subsidiary of ICAP's PTRI division. The acquisition was led by Euclid Opportunities, ICAP's early-stage fintech investment incubator.

ENSO provides powerful portfolio analytics to the hedge fund and asset management industry. Its team of prime brokerage, asset management, technology and data specialists delivers identifiable and measurable operational insight on counterparty credit risk, collateral management, and portfolio financing and treasury functions. With more than $1trn in total assets under advisory, ENSO provides operational insights and key analytics to many of the world's most successful fund managers.

30. Group subsidiaries and related undertakings

In accordance with section 409 of the Companies Act 2006 a full list of subsidiaries, joint ventures and associated undertakings, the country of incorporation and the effective ownership percentage, as at 31 March 2016, is disclosed below. All subsidiaries are included in the consolidation and all joint ventures and associated undertakings are included in the Group's financial statements using the equity method of accounting.

Subsidiaries

Unless otherwise stated the subsidiary undertakings below are wholly-owned and the share capital disclosed comprises ordinary shares or common stock (or the local equivalent thereof) which are indirectly held by ICAP plc. These undertakings are controlled by the Group and their results are fully consolidated into the Group's financial statements.

Wholly-owned subsidiaries

Company name	Country of incorporation	Note
Altex-ATS Limited	UK	
Astley & Pearce (Curacao) N.V.	Netherlands Antilles	
Astley & Pearce (International) B.V.	Netherlands	
Astley & Pearce B.V.	Netherlands	
Astley & Pearce Deutschland GmbH	Germany	
Astley & Pearce Investments B.V.	Netherlands	
Astley & Pearce Limited	UK	
BGU Brokers Europe B.V.	Netherlands	1
BrokerTec Americas LLC	US	7
BrokerTec Europe Limited	UK	
BrokerTec Global Holdings Limited	UK	1
BrokerTec Holdings Inc.	US	
BrokerTec Investments	UK	
Capital Shipbrokers LLP	UK	2
Capital Shipbroking Limited	UK	
Catrex Limited	British Virgin Islands	
Cleverpride Limited	UK	
EBS Dealing Resources International Limited	UK	
EBS Dealing Resources Inc.	US	
EBS Dealing Resources Japan Limited	Japan	
EBS Financial Technologies Limited	Israel	
EBS Global Facility Limited	UK	
EBS Global Holdings Limited	UK	1
EBS Group Limited	UK	
EBS Holdco Inc.	US	
EBS Investments	UK	
EBS No. 2 Limited	UK	
EBS No. 4, LLC	US	7
EBS Service Company Limited	Switzerland	
Euclid Opportunities Limited	UK	
Euclid Opportunities SA	Luxembourg	
Exco Bierbaum AP Limited	UK	
Exco International Limited	UK	
Exco Nominees Limited	UK	
Exco Noonan Pension LLC	US	7
Exco Overseas Limited	UK	
Garban Broking Holdings (Europe) Limited	UK	1, 3, 4
Garban Broking Services Limited	UK	
Garban Group Holdings Limited	UK	5
Garban Harlow Resources Limited	UK	
Garban International	UK	
Garban-Intercapital (2001) Limited	UK	
Garban-Intercapital Quest Trustee Limited	UK	
Garban-Intercapital US Investments (Holdings) Limited	UK	
Garban-Intercapital US Investments (No 1) Limited	UK	
Godsell, Astley & Pearce (Foreign Exchange) Limited	UK	
Godsell Astley & Pearce (Holdings) Limited	UK	
Harlow (London) Limited	UK	
Harlow Butler (NZ) Limited	New Zealand	1
Harlow Ueda Savage Limited	UK	
Howe Robinson Shipping (India) Private Limited	India	
ICAP America Investments Limited	UK	
ICAP AP (Singapore) Pte. Limited	Singapore	
ICAP Australia Pty Limited	Australia	
ICAP Brokers Pty Limited	Australia	
ICAP Broking Holdings North America LLC	US	7
ICAP Capital Markets (Canada) Inc.	Canada	
ICAP Capital Markets LLC	US	7
ICAP Corporates LLC	US	7
ICAP Currency Options Pte. Ltd	Singapore	
ICAP del Ecuador S.A.	Ecuador	
ICAP Deutschland GmbH	Germany	
ICAP do Brasil Corretora de Títulos e Valores Mobiliários Ltda	Brazil	
ICAP do Brasil Participações Ltda	Brazil	
ICAP Electronic Markets Limited	UK	
ICAP Energy AS	Norway	
ICAP Energy Limited	UK	

NOTES TO THE FINANCIAL STATEMENTS continued

30. Group subsidiaries and related undertakings continued

Wholly-owned subsidiaries continued

Company name	Country of incorporation	Note
ICAP Energy LLC	US	7
ICAP Energy Pte. Ltd	Singapore	
ICAP Energy Suisse SA	Switzerland	
ICAP Equities Asia Limited	Hong Kong	
ICAP Europe Limited	UK	
ICAP Finance Limited	UK	
ICAP Financial Products Pte. Ltd	Singapore	
ICAP Foreign Exchange Brokerage Limited	Republic of Korea	
ICAP Futures (Australia) Pty Limited	Australia	
ICAP Futures Holdings Inc.	US	
ICAP Global Broking Holdings Limited	UK	
ICAP Global Broking Inc.	US	
ICAP Global Broking Investments	UK	
ICAP Global Derivatives Limited	UK	
ICAP Global Information Services Limited	UK	
ICAP Group Holdings plc	UK	6
ICAP Group Investments Inc.	US	
ICAP Holdings (Asia Pacific) Limited	UK	
ICAP Holdings (EMEA) Limited	UK	
ICAP Holdings (Latin America) Limited	UK	
ICAP Holdings (Nederland) B.V.	Netherlands	
ICAP Holdings (UK) Limited	UK	
ICAP Holdings (USA), LLC	US	7
ICAP Holdings Limited	UK	
ICAP (Hong Kong) Limited	Hong Kong	
ICAP Hyde Holdings Limited	UK	1
ICAP IEB Z Limited	UK	1, 3, 4
ICAP Information Services Inc.	US	
ICAP Information Services Limited	UK	
ICAP International Investments Limited	UK	
ICAP International Limited	UK	
ICAP Investment Holdings Inc.	US	
ICAP Investments (Nederland) B.V.	Netherlands	
ICAP Investments LLC	US	7
ICAP Lat Am Services S.A.	Argentina	
ICAP Latin American Holdings B.V.	Netherlands	
ICAP Ltd. & Co. oHG	Germany	
ICAP Luxembourg Holdings (No. 1) S.A.R.L.	Luxembourg	
ICAP Luxembourg Holdings (No. 2) S.A.R.L.	Luxembourg	
ICAP Luxembourg Services	Gibraltar	
ICAP Management Services Hong Kong Limited	Hong Kong	
ICAP Management Services Limited	UK	
ICAP Management Services Private Limited	Singapore	
ICAP Media LLC	US	7
ICAP Merger Company LLC	US	7
ICAP New Zealand Limited	New Zealand	
ICAP North America LLC	US	7
ICAP Post Trade Holdings Limited	UK	
ICAP Scandinavia Fondsmæglerselskab A/S	Denmark	
ICAP Securities & Derivatives Exchange Limited	UK	
ICAP Securities (No. 1) B.V.	Netherlands	
ICAP Securities (No. 2) B.V.	Netherlands	
ICAP Securities Co. Limited	Thailand	
ICAP Securities Hong Kong Limited	Hong Kong	
ICAP Securities Limited	UK	
ICAP Securities USA LLC	US	7
ICAP SEF (US) LLC	US	7
ICAP Services No. 1	Gibraltar	
ICAP Services No. 2	Gibraltar	
ICAP Services North America LLC	US	7
ICAP Shipping (Germany) GmbH	Germany	
ICAP Shipping (Hong Kong) Limited	Hong Kong	
ICAP Shipping (Shanghai) Co. Limited	China	
ICAP Shipping Derivatives Limited	UK	1, 8
ICAP Shipping International Limited	UK	
ICAP Shipping Limited	UK	
ICAP Shipping Middle East DMCCO	United Arab Emirates	
ICAP Shipping Singapore Pte. Ltd	Singapore	
ICAP Shipping Tankers Limited	UK	
ICAP Shipping Tankers Pte Limited	Singapore	
ICAP Spot USA LLC	US	7
ICAP UK Investments No. 1	UK	
ICAP UK Investments No. 2	UK	
ICAP United Inc.	US	
ICAP US Financial Services LLC	US	7, 9
ICAP US Holdings No. 1 Limited	Gibraltar	
ICAP US Holdings No. 2 Limited	Gibraltar	
ICAP US Investment Company	UK	
ICAP WCLK Limited	UK	
ICAP-AP (Thailand) Co. Ltd	Thailand	
Intellectual Property Holdings Inc.	US	
Interbank Financial Services Sp. z o.o.	Poland	

30. Group subsidiaries and related undertakings continued

Wholly-owned subsidiaries continued

Company name	Country of incorporation	Note
Intercapital Limited	UK	5
Intercapital Management Services No. 2 Limited	UK	
Intercapital Management Services Pte. Ltd	Singapore	
Intercapital Securities Inc.	US	
Intercapital Services North America LLC	US	7
LCA Group Pty Ltd	Australia	1
Linkbrokers Derivatives LLC	US	7
Midhurst Chartering Limited	UK	
MKI Securities International, Limited	UK	1
Molten Markets, Inc.	US	
Municipal Brokers Limited	UK	
Nexstep HK 2 Limited	Hong Kong	
Nexstep HK 3 Limited	Hong Kong	
Nextgen Holding Co., Ltd	Thailand	4
Noranda Investments Pte. Ltd	Singapore	
ReMatch Holdings Limited	UK	
ReMatch Inc.	US	
ReMatch Limited	UK	
Reset Holdings Private Limited	Singapore	
Reset Private Limited	Singapore	3, 4
The Link Asset & Securities Company (Proprietary) Limited	South Africa	
The Link Asset and Securities Company Limited	UK	
TriOptima AB	Sweden	
TriOptima Asia Pacific Pte. Limited	Singapore	
TriOptima Japan K.K.	Japan	
TriOptima North America LLC	US	7
TriOptima UK Limited	UK	
Vantage Capital Holdings Ltd	British Virgin Islands	
Wrightson ICAP LLC	US	7

Subsidiaries where the effective interest is less than 100%

Company name	Country of incorporation	% ICAP ownership	Note
FCB Harlow Butler (Capital Market) Pty Ltd	South Africa	66.3	1
Garban South Africa (Pty) Limited	South Africa	66.3	
ICAP African Brokers Limited	Nigeria	66.3	
ICAP Broking Services South Africa (Pty) Ltd	South Africa	66.3	
ICAP Capital Markets Argentina S.A.	Argentina	60.0	
ICAP Colombia Holdings S.A.S.	Colombia	94.2	
ICAP Holdings South Africa (Pty) Limited	South Africa	66.3	
ICAP Philippines Inc.	Philippines	99.9	10
ICAP Securities South Africa (Proprietary) Limited	South Africa	66.3	
ICAP Totan Securities Co., Ltd	Japan	60.0	7
Intermoney AP & Co. Geld-und Eurodepotmakler OHG	Germany	74.7	2
iSwap AUD NZD Pty Limited	Australia	50.1	
iSwap Euro Limited	UK	50.1	
iSwap Limited	UK	50.1	11
iSwap US Inc	US	50.1	
Pronous Asset Management LLC	US	70.0	7
PT ICAP Indonesia	Indonesia	85.0	
Traiana Limited	UK	86.7	
Traiana Technologies Limited	Israel	86.7	
Traiana, Inc.	US	86.7	4

30. Group subsidiaries and related undertakings continued

Related undertakings

Associated undertakings

Unless otherwise stated, the share capital disclosed comprises ordinary shares or common stock (or the local equivalent thereof) which are indirectly held by ICAP plc. The ownership percentage is provided for each associated undertaking.

Company name	Country of incorporation	% ICAP ownership	Note
Abide Financial Limited	UK	30.0	12, 13
AcadiaSoft, Inc.	US	25.0	14
Amanah Butler Malaysia Sdn Bhd	Malaysia	32.1	
Automated Confirmation Service Limited	UK	30.3	
BSN Capital Partners Limited	UK	25.1	
BSN Capital Partners LLC	US	25.1	7
BSN Holdings Limited	Cayman Islands	25.1	4
Capital Shipbrokers Limited	Hong Kong	50.0	15
Central Totan Securities Co., Ltd	Japan	20.0	
CLS Aggregation Services LLC	US	42.5	7
Corretaje e Información Monetaria y de Divisas, S.A.	Spain	21.5	4
Datos Técnicos, S.A.	Peru	25.0	
Duco Technology Limited	UK	40.7	16
Enso Financial Management LLP	US	20.0	2
Enso LP	Jersey	42.0	2, 17
Exotix Holdings Limited	UK	21.8	
Exotix Investment Partners LLP	UK	20.5	2
First Brokers Securities LLC	US	40.0	7, 18
Howe Robinson Partners (Gibraltar) Limited	Gibraltar	35.0	
Howe Robinson Partners (UK) Limited	UK	35.0	

Company name	Country of incorporation	% ICAP ownership	Note
Howe Robinson Partners Pte. Ltd	Singapore	35.0	
ICAP (Middle East) W.L.L.	Bahrain	49.0	
ICAP Bio Organic S. de RL de CV	Mexico	25.0	2
ICAP IL India Private Limited	India	40.0	19
ICAP Institutional Stock Exchange of India Limited	India	38.0	
ICAP Training Solutions (Proprietary) Ltd	South Africa	46.4	
KAF-Astley & Pearce Sdn. Bhd.	Malaysia	40.0	
OpenGamma, Inc.	US	15.4	20
Plataforma Mexicana de Carbono S. de R.L. de C.V.	Mexico	50.0	2
Shanghai CFETS-ICAP International Money Broking Co., Ltd	China	33.0	5, 7
SIF Agro, S.A. de C.V.	Mexico	50.0	
SIF ICAP Chile Holdings Ltda	Chile	50.0	2
SIF ICAP Chile SpA	Chile	30.0	
SIF ICAP Derivados, S.A. de C.V.	Mexico	50.0	21
SIF ICAP Servicios, S.A. de C.V.	Mexico	50.0	22
The Notification Company Limited	UK	50.0	1, 23
Totan ICAP Co., Ltd	Japan	40.0	

30. Group subsidiaries and related undertakings continued

Related undertakings continued

Joint ventures

The ownership percentage is provided for each joint venture. These undertakings are indirectly held by ICAP plc.

Company name	Country of incorporation	% ICAP ownership	Note
BCIE-ICAP Capital Markets S.A. de C.V.	Mexico	50.0	1
Patshare Limited	UK	50.0	
SIF ICAP, S.A. de C.V.	Mexico	50.0	
SET-ICAP FX S.A.	Colombia	47.9	
SET-ICAP Securities S.A.	Colombia	47.4	
TFS-ICAP Currency Options Limited	UK	23.0	
TFS-ICAP Holdings Limited	UK	45.0	
TFS-ICAP Holdings LLC	US	45.0	
TFS-ICAP Limited	UK	23.0	
TFS-ICAP LLC	US	23.0	
Tradition Financial Services GmbH	Germany	33.3	

Notes
1. In liquidation as at 31 March 2016
2. Partnership interest
3. A ordinary shares or A ordinary common stock
4. B ordinary shares or B ordinary common stock
5. Directly held by ICAP plc
6. Directly held by ICAP plc with the exception of one share that is held indirectly
7. Membership interest
8. Ordinary shares and junior redeemable non-cumulative preference shares
9. A common shares, B common shares and series B preferred shares
10. A ordinary shares (99.9%)
11. B ordinary shares and A2 shares
12. D ordinary shares
13. E ordinary shares
14. Series B convertible preferred stock (11.1%) and series D convertible preferred stock (37.4%)
15. A ordinary shares (50%) and B ordinary shares (45%)
16. A ordinary shares (96.9%)
17. Class A units (87%) and class B units (15.2%)
18. Class B units
19. Non-cumulative non-convertible redeemable preference shares, non-cumulative optionally convertible preference shares and ordinary shares (40%)
20. Series C preferred stock (66.2%)
21. Series I ordinary shares and series II ordinary shares
22. Series IB shares
23. A ordinary shares, B ordinary shares (50%) and C ordinary shares (50%)

In the Annual Report the following words shall have the following meanings:

Basel III
An international regulatory framework, developed by the Basel Committee on Banking Supervisions, to strengthen the regulation, supervision and risk management of the banking sector

BSMP
The ICAP 2003 and 2013 Bonus Share Matching Plan

CCP
central counterparty

CDS
credit default swaps

CFETS
Shanghai CFETS-ICAP International Money Broking Co. Limited

CGU
cash generating unit

CNH
represents the exchange rate of renminbi that trades offshore in Hong Kong

Code
FRC's UK Corporate Governance Code published in September 2014

Companies Act
Companies Act 2006 (as amended)

Company or ICAP
ICAP plc (formerly Garban-Intercapital plc and Garban plc)

CPI
consumer price index

CRD
Capital Requirements Directive

Dodd-Frank Act
The Dodd-Frank Wall Street Reform and Consumer Protection Act

dollar or $
unless otherwise specified all references to dollars or $ dollar symbol are to the currency of the US

DSBP
ICAP plc 2015 Deferred Share Bonus Plan

ECB
European Central Bank

EMIR
European Market Infrastructure Regulation

EPS
earnings per share

ETR
effective tax rate

EU
European Union

Exco
Exco plc, which changed its name to Intercapital plc on 26 October 1998

FCA
Financial Conduct Authority

FICC
Fixed Income Clearing Corporation

Fitch
Fitch Ratings Limited

FRC
Financial Reporting Council

FTSE 100
index comprised of the 100 largest companies listed on the London Stock Exchange in terms of their market capitalisation

FTSE 250
index comprised of medium-capitalised companies listed on the London Stock Exchange not included in the FTSE 100 index

FTSE All-Share
the aggregation of the FTSE 100, FTSE 250 and FTSE Small Cap indices

FX
foreign exchange

Garban
Garban plc

GDP
gross domestic product

GEMG
Global Executive Management Group

GFC
Group Finance Committee

GOC
Global Operating Committee

Group
the Company and its subsidiary undertakings

Group CEO
Group Chief Executive Officer

HMRC
Her Majesty's Revenue & Customs

IAS
International Accounting Standards

IASB
International Accounting Standards Body

ICAAP
internal capital adequacy assessment process

ICAP shares
ICAP plc ordinary shares of 10p each

ICAP Trust
ICAP Employee Share Trust

IFRS
International Financial Reporting Standards

IGBB
ICAP's global hybrid voice broking and information business, including ICAP's associated technology and broking platforms (including i-Swap and Fusion) and certain of ICAP's joint ventures and associates

IIS
ICAP Information Services

INFBV
INCAP Finance BV

Intercapital
Intercapital Limited (formerly Intercapital plc)

Intercapital companies
those companies acquired from IPGL at the time of their merger with Exco in October 1998

IPGL
IPGL (Holdings) Limited

ISDA
International Swaps and Derivatives Association

ISDX
ICAP Securities & Derivatives Exchange Ltd

Libid
London interbank bid rate

Libor
London interbank offered rate

LTIP
long term incentive plan

merger
the merger of Garban and Intercapital on 9 September 1999

MiFID
Markets in Financial Instruments Directive

MiFIR
Markets in Financial Instruments Directive and Regulation

Moody's
Moody's Investors Services

NDF
non-deliverable forward

Newco
ICAP Newco plc, a public limited company incorporated in England and Wales with registered number 10013770, whose registered office is at 2 Broadgate, London EC2M 7UR

non-bank
encompassing the professional trading community including hedge funds, trading houses and corporates

NSCC
National Securities Clearing Corporation

OTC
over-the-counter markets in which instruments are traded directly between participants by telephone and/or electronically rather than via an exchange

PSP
ICAP plc 2015 Performance Share Plan

PTRI
Post Trade Risk and Information

PwC
PricewaterhouseCoopers LLP

RCF
revolving credit facility

Reset
Reset Holdings Private Limited and its subsidiaries

RPI
retail price index

SEEPP
ICAP Senior Executive Equity Participation Plan

SEF
swap execution facility

SPA
Agreement for the sale and purchase of the share capital of ICAP Global Broking Holdings Ltd dated 11 November 2015

Tibor
Tokyo interbank offered rate

TP ICAP
Enlarged Tullett Prebon on completion of the Transaction

Traiana
Traiana, Inc. and its subsidiaries

Transaction
the proposed disposal of IGBB by the ICAP Group to Tullett Prebon as set out in the circular and explanatory statement issued to shareholders of ICAP plc on 1 March 2016

Treasury Shares
shares as defined by the Companies Acquisition of Own Shares (Treasury Shares) Regulations 2003 which came into force on 1 December 2003

TriOptima
TriOptima AB and its subsidiaries

TSR
total shareholder return

Tullett Prebon
Tullett Prebon plc, a company registered in England and Wales with registered number 05807599, whose registered office is at Tower 42, Level 37, 25 Old Broad Streeet, London EC2N 1HQ

In this document, according to context, the expressions ICAP and the Group are also used to mean the ICAP plc Group as a whole, or ICAP plc and/or its relevant subsidiaries. The business of ICAP plc is solely that of a holding company. ICAP plc itself conducts no broking or other activities.

Forward-looking statements
The Annual Report contains certain forward-looking statements with respect to the expectations, plans and aims of the Group relating to future performance, financial position and results. All forward-looking statements involve risk and uncertainty because they relate to future events and circumstances that are beyond the Group's control and/or that may cause results and developments to differ materially from those anticipated. The forward-looking statements reflect knowledge and information available at the date of preparation of this Annual Report. However, we can give no assurance that expectations will not differ materially from actual outcomes and the Company undertakes no obligation to update these forward-looking statements. Nothing in this Annual Report should be construed as a profit forecast.

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