

**Structured Credit America Ltd**

**Financial Statements  
2012**

**MIZUHO**



# Financial Statements 2012

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## **General Information**

### **Directors**

Mr G. Halliday  
Mr P. Hearn  
Mr M. Mochizuki

### **Company Secretary**

Mr B. Lanaghan

### **Auditors**

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

### **Registered Office**

Bracken House  
One Friday Street  
London EC4M 9JA  
Tel: 020 7236 1090

Registered in England and Wales Number 6810694

## **Directors' Report**

The Directors submit their Report and the financial statements for the year ended 31<sup>st</sup> March 2012.

### **Principal Activity**

Structured Credit America Ltd ('the Company') is a private limited company incorporated on 5<sup>th</sup> February 2009, and its immediate parent company at 31<sup>st</sup> March 2012 is Mizuho Securities UK Holdings Ltd. The Company is a member of the London based securities underwriting, broking and trading group ('the Group') within the Mizuho Financial Group, headed by Mizuho Financial Group, Inc..

The Company acquired a portfolio of US securitisation securities and related derivatives from Mizuho International plc ("Mizuho International") on 1<sup>st</sup> April 2009, and its principal activity is to manage and dispose of this portfolio as opportunities arise.

Services are provided to the Company by the Group company: Mizuho International plc to facilitate the Company's business operations.

### **Results and dividends**

The Company suffered a loss of £0.4 million for the year ended 31<sup>st</sup> March 2012 (2011: profit £4.4 million). The Company has made good progress during the financial period in disposing of its portfolio of US asset backed debt securities and related derivative transactions. Total assets at the balance sheet date have fallen to £33.7 million from £35.6 million (2011), and these principally comprise receivables due from a related party.

The Directors do not recommend the payment of a dividend.

### **Going Concern**

After making enquiries, the Directors have reasonable expectation that the Company has adequate resources to continue in operational existence for the foreseeable future. The Company has a strong capital position and has no significant funding requirements. Furthermore, management is not aware of any material uncertainties that may cast significant doubt upon the Company's ability to continue as a going concern. Accordingly, the going concern basis in preparing the financial statements continues to be adopted.

### **Future Prospects**

The Company is well placed to continue to manage the run off of its portfolio of US securitisation securities and related derivatives, and has sufficient share capital to support this business for the foreseeable future.

## **Directors' Report (continued)**

### **Principal risks and uncertainties**

The Company places surplus liquidity on deposit with Mizuho International plc, and is thus exposed to the credit risk associated with this fellow Group Company.

As an entity which holds securities and has entered into derivative contracts which principally relate to US mortgage assets, the Company is affected by the factors driving these markets. The major risks to which the Company is exposed are market risk, credit risk, liquidity risk, operational risk and legal risk. As these different risk factors can impact the Company's decision making and earnings, the Directors have established a comprehensive framework for managing these risks, with the Executive Committee and Risk Committee of Mizuho Securities UK Holdings Ltd setting and regularly reviewing policies and limits.

### **Directors**

The following served as Directors of the Company during the period ended 31<sup>st</sup> March 2012:

Mr G. Halliday  
Mr P. Hearn  
Mr M. Mochizuki

There are no Directors' interests requiring disclosure under the Companies Act 2006.

The Company has granted an indemnity to its Directors against liability in respect of proceedings brought by third parties, subject to the conditions set out in section 234 of the Companies Act 2006. Such qualifying third party indemnity provision remains in force as at the date of approving the Directors' Report.

### **Charitable and Political Donations**

The Company made no charitable donations or donations to political parties or their affiliated organisations.

### **Payment to Creditors**

It is the Company's policy to settle all of its trading transactions on or before the agreed settlement date. Trade creditors are paid in accordance with the relevant agreed contractual terms.

Trade creditors are paid in accordance with the relevant agreed contractual terms by another Group company: Mizuho International plc, and recharged to the Company under the terms of the Service Level Agreement between the Company and this entity.

At 31<sup>st</sup> March 2012 the amount owed by the Company, expressed as a proportion of the amounts invoiced by suppliers was 30 days (2011: 30 days).

## Directors' Report (continued)

### Auditors

Ernst & Young LLP were reappointed as Auditors of the Company during this financial period. Ernst & Young LLP, have expressed their willingness to continue in office and a resolution re-appointing them as Auditors and authorising the Directors to determine their remuneration will be proposed at the forthcoming Annual General Meeting.



By Order of the Board  
B. Lanaghan  
Company Secretary  
24<sup>th</sup> May 2012

## Statement of Directors' Responsibilities

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

Company law requires the Directors to prepare financial statements for each financial period. Under that law the Directors have elected to prepare the financial statements in accordance with United Kingdom Generally Accepted Accounting Practice (United Kingdom Accounting Standards and applicable law). Under company law the Directors must not approve the financial statements unless they are satisfied that they give a true and fair view of the state of affairs of the Company and of the profit or loss of the Company for that period. In preparing these financial statements, the Directors are required to:

- Select suitable accounting policies and then apply them consistently;
- Make judgements and accounting estimates that are reasonable and prudent;
- State whether applicable UK Accounting Standards have been followed, subject to any material departures disclosed and explained in the financial statements; and
- Prepare the financial statements on the going concern basis unless it is inappropriate to presume that the Company will continue in business.

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

Each of the Directors has ensured that so far as they are aware, there is no relevant audit information of which the Company's auditors are unaware, and consider that they have each taken all of the steps they ought to have taken as a Director to make themselves aware of any relevant audit information and to establish that the Company's auditors are aware of that information.

# **Independent Auditor's Report to the Members of Structured Credit America Ltd**

We have audited the financial statements of Structured Credit America Ltd for the year ended 31<sup>st</sup> March 2012 which comprise the Profit and Loss Account, the Balance Sheet and the related notes 1 to 15. The financial reporting framework that has been applied in their preparation is applicable law and United Kingdom Accounting Standards (United Kingdom Generally Accepted Accounting Practice).

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

## **Respective responsibilities of Directors and auditors**

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

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

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

## **Opinion on financial statements**

In our opinion the financial statements:

- Give a true and fair view of the state of the Company's affairs as at 31<sup>st</sup> March 2012 and of its loss for the year then ended;
- Have been properly prepared in accordance with United Kingdom Generally Accepted Accounting Practice; and
- Have been prepared in accordance with the requirements of the Companies Act 2006.

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

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

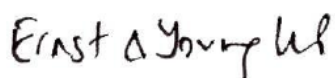


## Independent Auditor's Report to the Members of Structured Credit America Ltd (continued)

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

We have nothing to report in respect of the following matters where the Companies Act 2006 requires us to report to you if, in our opinion:

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



Maurice McCormick (Senior Statutory Auditor)  
For and on behalf of Ernst & Young LLP, Statutory Auditor  
London  
24<sup>th</sup> May 2012

## Profit and Loss Account

for the year ended 31<sup>st</sup> March 2012

	Note	2012 £ millions	2011 £ millions
Interest receivable		0.2	0.3
Dealing profits	4	-	5.7
Other operating income	4	1.7	1.7
Operating profit		1.9	7.7
Administrative expenses	5	(2.3)	(3.3)
(Loss) / profit on ordinary activities before taxation		(0.4)	4.4
Tax on profit on ordinary activities	6	-	-
(Loss) / profit for the period		(0.4)	4.4

The Company has no recognised gains or losses other than the (loss) / profit for both periods.

# Balance Sheet

at 31<sup>st</sup> March 2012

Registered number: 6810694

	Note	2012 £ millions	2011 £ millions
<b>Assets</b>			
Trading financial assets	7	0.4	0.7
Loans and advances to banks	8	31.6	33.6
Trade receivables		1.6	1.2
Prepayments and accrued income		0.1	0.1
<b>Total Assets</b>		<b>33.7</b>	<b>35.6</b>
<b>Liabilities and Equity</b>			
Trading derivative liabilities	9	1.8	1.7
Other liabilities		1.9	3.5
<b>Total liabilities</b>		<b>3.7</b>	<b>5.2</b>
<b>Equity</b>			
Paid up share capital	10	18.0	18.0
Profit and loss account	11	12.0	12.4
<b>Total Equity</b>		<b>30.0</b>	<b>30.4</b>
<b>Total Liabilities and Equity</b>		<b>33.7</b>	<b>35.6</b>

Approved and authorised for issue by the Board of Directors on 24<sup>th</sup> May 2012 and signed on its behalf by



G. Halliday  
Chief Executive Officer

# Notes to the financial statements

## 1. BASIS OF PREPARATION

The financial statements have been prepared under UK Generally Accepted Accounting Principles, and in accordance with the provisions of the Companies Act 2006.

The financial statements have been prepared in accordance with applicable Accounting Standards.

The Company is exempt from preparing consolidated financial statements in accordance with FRS 2.21(b) since it is a wholly owned subsidiary undertaking and its immediate parent is established under the law of an EEA state (see note 15). The financial statements present information about the Company as an individual entity and not about its group.

### Accounting policies

The accounting policies that are significant in the context of the Company's financial statements are described in note 2.

### Basis of measurement

The financial statements have been prepared under the historical cost convention, as modified for derivative financial instruments, financial assets and liabilities at fair value through profit and loss, all of which are measured at fair value.

### Functional and presentation currency

The consolidated financial statements are presented in Sterling which is the Company's functional currency and the financial information is presented in £ millions and has been rounded to the nearest £100,000 unless otherwise indicated.

### Financial instruments disclosures

In accordance with the scope exclusions contained in FRS 29, the Company has not provided detailed disclosures for its financial instruments and risk management processes since more than 90% of the voting rights are controlled by the parent undertaking which includes the Company in its own financial statements, and which are publicly available and include disclosures that comply with FRS 29.

## Notes to the financial statements (continued)

### Related party disclosures

In accordance with the scope exclusions contained in FRS 8, the Company has not disclosed details of transactions entered into with wholly owned members of the Group controlled by its ultimate parent (see note 15).

### Cash flow statement

In accordance with the scope exclusions contained in FRS 1, the Company is not required to prepare a cash flow statement since more than 90% of the voting rights are controlled by its ultimate parent undertaking which includes the Company in its own financial statements, and which are publicly available.

## 2. ACCOUNTING POLICIES

### A – Financial instruments

#### *Regular way purchase or sale of financial assets*

Settlement date accounting is applied for the purposes of recognising and de-recognising financial assets.

#### *Recognition*

Financial instruments are recognised when the Company becomes party to the contractual provisions of the relevant financial asset or financial liability.

Financial instruments are initially recorded at fair value, being the amount at which an asset or liability would be exchanged or settled between knowledgeable, willing parties in an arms length transaction, and in the case of financial assets or liabilities not subsequently measured at fair value through profit and loss plus any incremental directly attributable costs of acquisition or issue, assuming that transactions do not take place under a forced sale or liquidation scenario, and that the Company is a going concern.

#### *De-recognition of financial assets*

A financial asset is de-recognised when:

- The contractual rights to receive the cash flows from the asset expire; or
- Either the Company has transferred substantially all the risks and rewards of the financial asset or the Company has neither transferred nor retained substantially all the risks and rewards of the financial asset but has transferred control of the financial asset.

Where the Company has neither transferred nor retained substantially all of the risks and rewards of ownership, but control has not been transferred, the Company will account for its continuing involvement in the asset. Under this approach, the Company will continue to recognise the transferred asset to the extent of the continuing involvement in that asset and recognise an associated liability such that the net carrying value of the transferred asset and associated liability is equal to the fair value of the retained rights and obligations.

## Notes to the financial statements (continued)

### *De-recognition of financial liabilities*

Financial liabilities are de-recognised when they have been extinguished as a result of the cancellation, discharge or expiry of the obligations specified in the contract.

### *Offsetting*

Financial assets and liabilities are set off and the net amount presented on the balance sheet when and only when the Company has a legal right to set off the amounts and intends either to settle on a net basis or to realise the asset and settle the liability simultaneously.

Income and expenses are presented on a net basis only when permitted by the accounting standards or for gains and losses arising from a group of similar transactions such as the Company's trading activities.

## **B – Trading financial instruments**

Non derivative financial instruments are classified as held for trading if they are acquired for the purpose of selling in the near term or are part of a portfolio of identified financial instruments that are managed together and for which there is evidence of a recent actual pattern of short term profit taking. Trading financial instruments include trading debt securities.

Subsequent to initial recognition, trading financial instruments are measured at fair value. Gains or losses realised on de-recognition of trading financial instruments and changes in fair value on trading financial instruments are recognised in the profit and loss account and reported under net trading profit / loss.

### *Reclassification from trading non derivative financial instruments*

The Company will reclassify non derivative financial assets, other than those designated as at fair value through profit and loss account upon initial recognition (see accounting policy C) out of the fair value through profit and loss account classification (trading financial assets) if they are no longer held for the purpose of being sold or repurchased in the near term, as follows:

- If the financial asset would have met the definition of loans and receivables, (if the financial asset had not been required to be classified as held for trading at initial recognition, i.e. it was a loan and receivable held with the intention to sell in the near term), then it may be reclassified if the entity has the intention and ability to hold the financial asset for the foreseeable future or until maturity; or
- If the financial asset would not have met the definition of loans and receivables, then it may be reclassified out of the trading classification in rare circumstances.

## **C – Derivative financial instruments**

### *Trading derivative instruments*

Subsequent to initial recognition, trading derivative instruments are measured at fair value and disclosed as financial assets when the fair value is positive and financial liabilities when the fair value is negative. Realised and unrealised gains or losses arising from trading derivative instruments are recognised in the profit and loss account and reported within net trading profit.

## Notes to the financial statements (continued)

### D – Loans and advances

Subsequent to initial recognition, loans and advances are measured at amortised cost using the effective interest method less impairment, with any resulting interest income taken to profit and loss account.

### E – Fair value measurement

Financial instruments measured at fair value comprise:

- Trading financial instruments; and
- Trading derivatives.

Fair values are derived from quoted market prices or valuation techniques as described below.

#### *Active market*

Financial instruments that trade within an active market are valued using quoted market prices or rates available within that market. An active market exists where regular prices are provided by exchanges, dealers, brokers, industry groups or pricing services, and these prices represent actual market transactions.

Financial instruments may be priced from the most advantageous active market to which the Company has access, and this may result in the recognition of revenue on trade date ('day one profit'), to the extent that a fair value instrument has been traded at a favourable price in comparison to prices available within an active market.

Long positions are marked to the bid side, and short positions to the offered side of an active market. Where the Company holds positions which create offsetting risk positions, then those offsetting positions are valued at mid market rates, with any resulting net risk positions being marked to the bid or offered side as appropriate.

#### *No active market*

Financial instruments that do not trade within an active market are valued using a valuation technique, which may consist of:

- Analysis of current or recent third party transactions in the same instrument; or
- Reference to the value of other instruments, that are substantially the same as the instrument to be valued; or
- Use of a valuation model.

Valuation techniques, including valuation models, meet the following conditions:

- Consistency with accepted methodologies for pricing financial instruments;
- Inclusion of all relevant factors that market participants would consider in setting a price;
- Use of market observable data where possible; and
- Periodic calibration to actual market transactions where possible.

If, on trade date, a valuation technique results in a different estimate of fair value to the actual transaction price, then the valuation technique will be calibrated to the transaction price, so that no gain or loss is recognised except as described below.

## Notes to the financial statements (continued)

Gains or losses will only be recognised subsequently, to the extent that they arise from changes in a factor (including time) that market participants would consider in setting a price.

Fair value estimates from valuation techniques may be used on trade date without calibration to the transaction price, resulting in the recognition of day one gains and losses, under the following conditions:

- Fair value is supported by current market transactions in the same instrument; or
- Fair value is based upon a valuation technique whose variables include only data from observable markets.

Day one gains or losses that do not meet these criteria are deferred and amortised over the life of the financial instrument to which they relate.

### F – Foreign currencies

Foreign currency carrying values at initial recognition are translated into the functional currency at the exchange rate at the date of the transaction.

Monetary assets and liabilities denominated in foreign currencies are expressed in the functional currency of the Company at the mid-market rates of exchange ruling at the balance sheet date. Transactions in foreign currencies are recorded using an average rate of exchange for the period. Foreign currency translation differences are included in operating income.

Non monetary items that are measured in terms of historical cost in a foreign currency are translated into functional currency at the original transaction rate. Non monetary items measured at fair value in a foreign currency are translated using the exchange rates at the date when fair value was determined.

### G – Identification and measurement of impairment

At each balance sheet date, the Company assesses whether there is objective evidence that financial and other assets not carried at fair value through profit and loss are impaired.

Financial assets are impaired when objective evidence demonstrates that a loss event has occurred after the initial recognition of the financial asset, and that the loss event has an impact on the future cash flows on the financial asset that can be estimated reliably.

Impairment losses on financial assets carried at amortised cost are measured as the difference between the carrying amount of the financial assets and the present value of future cash flows discounted at the asset's original effective interest rate. Losses are recognised in the profit and loss account and reflected in an allowance account against loans and advances. Interest on impaired assets continues to be recognised through the unwinding of the discount. When a subsequent event causes the amount of impairment loss to decrease, the impairment loss is reversed through profit and loss.

Other assets are recorded at no more than their recoverable amount. Impairment losses are measured as the difference between the carrying value and the recoverable amount and recognised through profit and loss.



## Notes to the financial statements (continued)

### H – Recognition of income and expenses

Revenue is recognised to the extent that it is probable that the economic benefits will flow to the Company and that revenue can be reliably measured. The following specific recognition criteria must also be met before revenue is recognised.

#### *Interest income and expense*

Interest income and expense are recognised in profit and loss using the effective interest rate method. The effective interest rate is the rate that exactly discounts the estimated future cash payments and receipts through the expected life of a financial asset or financial liability, or a shorter period where appropriate, to the carrying amount of the financial asset or financial liability. The effective interest rate is established on initial recognition of the financial asset or financial liability and is not subsequently revised. The calculation of the effective interest rate includes all the fees and points paid or received, transaction costs, and discounts or premiums that are an integral part of the effective interest rate. Transaction costs are incremental costs that are directly attributable to the acquisition, issue or disposal of a financial asset or financial liability.

#### *Dealing profit / loss*

Dealing profit / loss comprises gains less losses related to trading financial assets, trading financial liabilities, derivative instruments held for risk management purposes and financial instruments designated as at fair value through profit and loss account.

Dealing profit / loss includes all realised and unrealised fair value changes, interest, dividends and foreign exchange differences.

### I – Taxation

Current tax assets and liabilities are measured at the amount expected to be recovered from or paid to the taxation authorities, based on tax rates and laws that are enacted or substantively enacted by the balance sheet date.

Deferred tax is recognised in respect of all timing differences that have originated but not reversed at the balance sheet date where transactions or events that result in an obligation to pay more tax or a right to pay less tax in the future have occurred at the balance sheet date. This is subject to deferred tax assets only being recognised if it is considered more likely than not that there will be suitable profits from which the future reversal of the underlying timing differences can be deducted. Timing differences are the differences between the Company taxable profits and its results as stated in the financial statements, which are capable of reversal in one or more subsequent periods.

Deferred tax is measured on a non discounted basis at the tax rates that are expected to apply in the periods in which the timing differences are expected to reverse based on the tax rates and laws that have been enacted or substantively enacted at the balance sheet date.

### J – Provisions

Provision is made where an obligation arises as a result of a past event and it is probable that the Company will make a transfer of economic benefits to satisfy such obligation. Such provision is made based on the Directors' best estimate of the economic benefits to be transferred, discounted where relevant at an appropriate discount rate.

## Notes to the financial statements (continued)

### 3. ESTIMATES AND JUDGEMENTS

The preparation of financial statements requires management to make judgements, estimates and assumptions that affect the application of accounting policies and reported amounts of assets, liabilities, income and expenses. The results of the Company are sensitive to accounting policies, assumptions and estimates that underlie the preparation of the financial statements.

When preparing the financial statements, it is the Directors' responsibility under applicable UK Law to select suitable accounting policies and make judgements and estimates that are reasonable and prudent. Estimates and underlying assumptions are reviewed on an ongoing basis. Revisions to accounting estimates are recognised in the period in which the estimate is revised and in any future periods affected.

The accounting policies that are deemed critical to the Company financial performance and position, in terms of the materiality of the items to which the policy is applied, or which involve a high degree of judgement and estimation are summarised below:

#### *Valuation of financial instruments*

The Company accounting policy for valuation of financial instruments is set out in note 2E.

## Notes to the financial statements (continued)

### 4. NET TRADING PROFIT AND OTHER OPERATING INCOME

#### Dealing profits

	<b>2012</b> £ millions	2011 £ millions
US Structured Credit business	-	5.7
<b>Dealing profits</b>	<u>-</u>	<u>5.7</u>

All dealing profits are derived from financial instruments held for trading.

#### Other operating income

	<b>2012</b> £ millions	2011 £ millions
US Structured Credit business	1.7	1.7
<b>Other operating income</b>	<u>1.7</u>	<u>1.7</u>

Other operating income is derived from the release to profit and loss of the discount received on the purchase of the business from Mizuho International, over the remaining expected life of that business.

### 5. ADMINISTRATIVE EXPENSES

#### Administrative expenses

	<b>2012</b> £ millions	2011 £ millions
Other administrative expenses	2.3	3.3
	<u>2.3</u>	<u>3.3</u>

#### Average number of employees

The Company does not have any employees.

#### Auditors' remuneration

Auditors' remuneration is borne by a Group company: Mizuho International, of which £15,000 (2011: £15,000) was charged to the Company during the period.

## Notes to the financial statements (continued)

### Directors' emoluments

The Directors of the Company, excluding the Chief Executive Officer, are also Directors of Mizuho International plc ("Mizuho International"). The Directors of Mizuho International received total remuneration for the year of £3.5 million (2011: £2.7 million) which was paid by Mizuho International. The Directors do not believe that it is practicable to apportion their total remuneration between their services as Directors of the Company and as Directors of Mizuho International.

The aggregate emoluments of the highest paid Director are £1.8 million (2011: £1.8 million).

The remuneration of the Chief Executive of the Company, an employee of Mizuho International, which was attributable to his services to the Company for the year was £0.1 million (2011: £0.1 million).

## 6. TAX ON (LOSS) / PROFIT ON ORDINARY ACTIVITIES

### Charge for taxation

	2012 £ millions	2011 £ millions
<b>Current taxation</b>		
Current tax	-	-
Tax on (loss) / profit on ordinary activities	<u>-</u>	<u>-</u>

### Current taxation reconciliation

The current tax for the Company for the period is lower than the standard rate of corporation tax in the UK of 26% (2011: 28%). The differences between the standard rate charge and the actual current tax are explained below:

	2012 £ millions	2011 £ millions
(Loss) / profit on ordinary activities before taxation	<u>(0.4)</u>	<u>4.4</u>
Current taxation at 26% (2011: 28%)	0.1	(1.2)
Effects of:		
- (Unrecognised) / utilised tax losses	(0.1)	1.2
Current tax	<u>-</u>	<u>-</u>

## Notes to the financial statements (continued)

### Deferred taxation

There are no deferred tax balances as at the balance sheet date in respect of both the current year and prior period.

Based on the likely timing and level of future profits, the Directors have concluded that no deferred tax asset should be recognised in respect of tax losses. The total deferred tax asset available not recognised amounted to £140.3 million (2011: £151.9 million). The tax losses relate to a business transferred from Mizuho International plc.

### 7. TRADING FINANCIAL ASSETS

	2012 £ millions	2011 £ millions
Other debt securities	0.4	0.7
<b>Trading financial assets</b>	<b>0.4</b>	<b>0.7</b>

Further details of the classification and fair value measurement of trading financial assets and liabilities are disclosed in note 14.

### 8. LOANS AND ADVANCES TO BANKS

	2012 £ millions	2011 £ millions
Placements with banks	31.6	33.6
Amounts include: Due from related parties.	<b>31.5</b>	<b>33.6</b>

Further details of the classification and fair value measurement of loans and advances to banks are disclosed in note 14.

### 9. TRADING DERIVATIVE LIABILITIES

	2012 £ millions	2011 £ millions
Credit	1.8	1.7
<b>Trading derivative liabilities</b>	<b>1.8</b>	<b>1.7</b>



## **Notes to the financial statements (continued)**

### **12. CONTINGENT LIABILITIES**

In the normal course of business the Company is involved in various lawsuits and no material adverse impact on the financial position of the Company is expected to arise from any of these proceedings.

### **13. EVENTS AFTER BALANCE SHEET DATE**

There have been no events after the balance sheet date that require disclosure.

## Notes to the financial statements (continued)

### 14. FINANCIAL ASSETS AND FINANCIAL LIABILITIES

#### Classification and fair value of financial assets and liabilities

The classification and fair values of financial assets and financial liabilities are analysed in the tables below.

2012	Classification		Fair value	
	Held for trading £ millions	Loans and receivables £ millions	Fair value instruments £ millions	Non Fair value instruments £ millions
<b>Financial assets:</b>				
Trading assets	0.4	-	0.4	-
Loans and advances to banks	-	31.6	-	31.6
			<u>0.4</u>	
<b>Financial liabilities:</b>				
Trading derivatives liabilities	1.8	-	1.8	-
			<u>1.8</u>	

2011	Classification		Fair value	
	Held for trading £ millions	Loans and receivables £ millions	Fair value instruments £ millions	Non Fair value instruments £ millions
<b>Financial assets:</b>				
Trading assets	0.7	-	0.7	-
Loans and advances to banks	-	33.6	-	33.6
			<u>0.7</u>	
<b>Financial liabilities:</b>				
Trading derivatives liabilities	1.7	-	1.7	-
			<u>1.7</u>	

For financial assets and financial liabilities that are payable on demand or having a short term maturity, carrying amounts approximate fair values. This applies to loans and advances to banks.



## Notes to the financial statements (continued)

### 15. PARENT UNDERTAKINGS

The Company is a wholly owned subsidiary of Mizuho Securities UK Holdings Ltd, a company incorporated in the United Kingdom. The Company's ultimate parent undertaking is Mizuho Financial Group, Inc., which is incorporated in Japan.

Copies of the group financial statements of Mizuho Securities UK Holdings Ltd can be obtained from:

Corporate Communications Department  
Mizuho Securities UK Holdings Ltd  
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Copies of the group financial statements for Mizuho Financial Group, Inc. can be obtained from:

Corporate Communications  
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[http://www.mizuho-fg.co.jp/english/investors/financial/fin\\_statements/index.html](http://www.mizuho-fg.co.jp/english/investors/financial/fin_statements/index.html)