TULLETT PREBON (EUROPE) LIMITED

Annual Report and Financial Statements

for the year ended 31 December 2015

Registered number: 966604

TULLETT PREBON (EUROPE) LIMITED

Contents

TULLETT PREBON (EUROPE) LIMITED

STRATEGIC REPORT

REVIEW OF THE BUSINESS

The Company, incorporated in England and Wales, is a wholly-owned subsidiary within the Tullett Prebon plc group (the "Group") and operates as part of the Group's European inter-dealer broker ("IDB") business.

The Company is a member of the London Stock Exchange, Euronext Paris, Euronext Amsterdam, Eurex, the London Metal Exchange and ICE Futures Europe.

It is authorised and regulated by the Financial Conduct Authority.

The Company's principal activity during the year continued to be that of an IDB in wholesale money, foreign exchange, off balance sheet financial instruments, Gilts, corporate repos, Global Depositary Receipts, Interest rate derivatives, FX options, and energy markets, providing services to banks, other financial institutions, local authorities and corporate clients. The Company operates a hybrid business model with liquidity pools being managed by voice brokers supported by proprietary screens which display historical data, analytics and real time prices.

The level of activity in the wholesale OTC financial markets during 2015 continued to be under pressure from the cyclical and structural factors affecting the interdealer broker industry.

Volatility, and the steepness and absolute level of yield curves, are key drivers of activity in the financial markets. Measures of financial market volatility have been a little higher during 2015 than in the previous two years but have remained low in absolute terms, and volatility and trading volumes in many product areas continued to be sporadic. Interest rates for many of the major currencies have fallen further during 2015 and this has often been accompanied by a further flattening of the yield curve, with a reduction in the spread between short and longer term rates. Credit spreads in many of the major bond markets have also become further compressed. The increase in interest rates in the United States towards the end of the year was a small step towards a more normal interest rate environment.

Volumes in the financial markets also continue to be adversely affected by the more onerous regulatory environment applicable to many of our bank customers whose trading activity has been suppressed by the deleveraging of their balance sheets and lower risk appetite.

In contrast, activity in the Energy and commodities markets, particularly in physical oil and oil related financial instruments, has been buoyant. Commodity prices, particularly crude oil which is the world's most actively traded commodity, were volatile throughout 2015, resulting in a higher level of market activity.

As shown in the Company's profit and loss account on page 8, the Company's revenue has decreased by 5.9% compared with 2014 to £241,259,000. The Company's operating profit for the year ended 31 December 2015 was £38,179,000 a £3,951,000 decrease from 2014. This equates to an operating margin of 15.8% for the business compared with the 16.4% achieved in 2014.

The balance sheet on page 10 of the financial statements shows that the Company's net assets have decreased to £106,558,000 (2014: £109,281,000) primarily as a result of decreased retained earnings. Cash balances have decreased by £1,517,000 compared to 2014. Net current assets have decreased to £103,615,000 (2014: £103,944,000) and are sufficient to meet all existing liabilities that fall due.

The Company's Paris, Luxembourg, Madrid and Tokyo branches continued in operation throughout 2015.

The Group manages its European IDB operations on a regional basis. For this reason, the Company's directors believe that further key performance indicators at a company level are not necessary or appropriate for an understanding of the development, performance or position of the business.

The performance of the European IDB broking region, which includes the Company, is detailed in the Group's annual report which does not form part of this report.

PRINCIPAL RISKS AND UNCERTAINTIES

The key risks which the Company faces in its day to day operations can broadly be categorised as credit, market, operational, liquidity, capital and reputational risk.

Credit risk is the risk of financial loss to the Company in the event of non-performance by a client or counterparty with respect to its contractual obligations to the Company. As the Company's business is contracted on an agency or intermediary basis, the main credit risk is more akin to a market risk, as the exposure in such cases is to movements in securities prices and foreign currency. A significant proportion of transactions brokered by the Company are on a 'Name passing' basis, where the Company acts as agent in arranging the trade. Whilst the Company does not suffer any exposure in relation to the underlying instrument brokered (given that the Company is not a principal to the trade), it is exposed to the risk that the client fails to pay the brokerage it is charged.

Market risk is the vulnerability of the Company to movements in the value of financial instruments. Market risk can arise in those instances where one or both counterparties in a Matched Principal transaction fail to fulfil their obligations (i.e. an initially unsettled transaction) or through trade mismatches or other errors. The risk in these situations is restricted to short-term price movements in the underlying securities held or to be delivered by the Company and movements in foreign exchange rates.

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

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

Capital management risk is the risk arising from failure to maintain adequate levels of capital. The Company is exposed to the risk of new regulations imposing a fundamental change to the structure or activity of financial markets which could result in the obligation to hold punitive levels of regulatory capital. The Company monitors closely regulatory developments in its markets and is actively involved in consultation and rule setting processes so as to ensure an informed debate of all regulatory issues potentially affecting the IDB markets, both on an individual firm basis and through trade associations. The Company board also undertake an informed assessment of whether the Company holds sufficient capital in the context of the Company's overarching business objectives, the nature of its business model and risk profile, and its risk management framework. The Company has maintained appropriate excess of financial resources throughout the year.

Reputational risk is the risk that the Company's ability to do business might be damaged as a result of its reputation being tarnished.

Management in front office and support functions have the day-to-day responsibility for ensuring that the Company operates in accordance with the Enterprise Risk Management Framework which includes policies and procedures for these key risks. Further details of the Enterprise Risk Management Framework are fully outlined in the Group's Annual Report, which does not form part of this report.

FUTURE DEVELOPMENTS

The directors expect the general level of activity to remain consistent in the forthcoming year.

The directors have evaluated subsequent events through to the date the financial statements were available to be issued. No significant events occurred subsequent to the balance sheet date that would have a material impact on the financial statements.

This report was approved by the Board of Directors and signed on its behalf by:

David Venus & Company LLP
Company Secretary
1 March 2016

Tower 42
Level 37
25 Old Broad Street
London
EC2N 1HQ

Registered No:
966604

DIRECTORS' REPORT

The directors present their Annual Report and financial statements for the year ended 31 December 2015.

FUTURE DEVELOPMENTS AND EVENTS AFTER THE BALANCE SHEET DATE

Details of future developments and events that have occurred after the balance sheet date can be found in the Strategic Report on page 3.

RESEARCH AND DEVELOPMENT

During 2015 the Company did not have any significant research and development activities. All research and development activities are carried out in Tullett Prebon Group Limited. This cost is recovered by Tullett Prebon Group Limited by way of a management charge to the Company.

EXISTENCE OF BRANCHES OUTSIDE THE UK

The company has branches, as defined in section 1046(3) of the Companies Act 2006, outside the UK as follows:

- France, Paris
- Luxembourg, Luxembourg
- Spain, Madrid
- Japan, Tokyo

GOING CONCERN

The directors have a reasonable expectation that the Company has adequate resources to continue in operational existence for the foreseeable future. Thus they continue to adopt the going concern basis in preparing the financial statements.

Further details regarding the adoption of the going concern basis can be found in note 1, accounting policies, in the financial statements on page 12.

FINANCIAL RISK MANAGEMENT OBJECTIVES AND POLICIES

The Company's activities expose it to a number of financial risks including market risk, credit risk, capital risk and liquidity risk. Details of financial risks are included in the Strategic report.

RESULTS AND DIVIDENDS

The profit for the year, after taxation, amounted to £30,945,000 (2014: £32,505,000) and will be transferred to reserves.

The directors paid an interim dividend of £20,000,000 (2014: £22,000,000). The directors propose a final dividend for 2015 of £21,000,000 (2014: £14,000,000).

DIRECTORS

The directors, who served throughout the year except as noted, were as follows:

P J Ashley
J Birkholz
M P Bolton (resigned 4 Nov 2015)
P S Dunkley
A C Hadley
G H Martin
R W Osborne
R G Parkes (resigned 30 June 2015)
A A Polydor
N J J Potter
A J D Wink

DIRECTOR'S INDEMNITIES

The Company has made qualifying third party indemnity provisions for the benefit of its directors which were made during the year and remain in force at the date of this report.

POLITICAL CONTRIBUTIONS

The Company did not make any political donations during the year (2014:£0).

DIRECTORS' REPORT

DISABLED EMPLOYEES

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

EMPLOYEE CONSULTATION

Details of the number of employees and related costs can be found in note 3 to the financial statements on page 16.

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

AUDITOR

Each of the persons who is a director at the date of approval of this report confirms that:

- so far as the director is aware, there is no relevant audit information of which the Company's auditor is unaware; and
- the director has taken all the steps that he/she ought to have taken as a director in order to make himself/herself 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 s418 of the Companies Act 2006.

Pursuant to s386 of the Companies Act 1985, an elective resolution was passed on 17 March 2005 dispensing with the requirement to appoint auditors annually. This election was in force immediately before 1 October 2007. Therefore Deloitte LLP are deemed to continue as auditors.

APPROVAL OF REDUCED DISCLOSURES

The Company, as a qualifying entity, has taken advantage of the disclosure exemptions in FRS 102 paragraph 1.12. The Company's shareholder has been notified in writing about the intention to take advantage of the disclosure exemptions and no objections have been received.

The Company also intends to take advantage of these exemptions in the financial statements to be issued in the following year. Objections may be served on the Company by Tullett Prebon Investment Holdings Ltd, as the immediate parent of the entity.

Approved by the Board and signed on its behalf by

David Venus & Company LLP

Company Secretary

1 March 2016

Tower 42
Level 37
25 Old Broad Street
London
EC2N 1HQ
Registered No:
966604

DIRECTORS' RESPONSIBILITIES STATEMENT

The directors are responsible for preparing the Annual 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 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.

Independent auditor's report to the members of Tullett Prebon (Europe) Limited

We have audited the financial statements of Tullett Prebon (Europe) Limited for the year ended 31 December 2015 which comprise the Profit and Loss Account, the Statement of Comprehensive Income, the Balance Sheet, the Statement of Changes in Equity, and the related notes 1 to 19. 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, including FRS 102 "The Financial Reporting Standard applicable in the UK and Republic of Ireland".

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

Respective responsibilities of directors and auditor

As explained more fully in the Directors' Responsibilities Statement, 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 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.

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 December 2015 and of its profit for the year then ended;
- have been properly prepared in accordance with United Kingdom Generally Accepted Accounting Practice; and
- have been 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 Strategic Report and the Directors' Report for the financial year for which the financial statements are prepared is consistent with the financial statements.

Matters on which we are required to report by exception

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

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

Robert Topley FCA (Senior Statutory Auditor)
for and on behalf of Deloitte LLP
Chartered Accountants and Statutory Auditor
London, United Kingdom
Date: 1 March 2016

PROFIT AND LOSS ACCOUNT
for the year ended 31 December 2015

	Notes	2015 £000	2014 £000
TURNOVER	2	241,259	256,287
Staff costs	3	(134,175)	(144,901)
Administrative expenses		(69,343)	(69,259)
Total administration expenses		(203,518)	(214,160)
Other operating income		438	3
OPERATING PROFIT		38,179	42,130
Finance income (net)	4	94	182
Dividend received and receivable		1,395	779
PROFIT ON ORDINARY ACTIVITIES BEFORE TAXATION	5	39,668	43,091
Tax charge on profit on ordinary activities	7	(8,723)	(10,586)
PROFIT ON ORDINARY ACTIVITIES AFTER TAXATION		30,945	32,505

Profit for the current and preceding years relates solely to continuing operations.

STATEMENT OF COMPREHENSIVE INCOME
for the year ended 31 December 2015

	2015 £000	2014 £000 restated
Profit for the financial year	30,945	32,505
Foreign exchange translation differences on foreign currency net investment in branches	254	239
Fixed asset investment revaluation	(52)	(342)
Share based payment credit	120	-
Other comprehensive income	322	(103)
Tax relating to components of other comprehensive income	10	68
Total comprehensive income attributable to equity shareholder of the Company	31,277	32,470

TULLETT PREBON (EUROPE) LIMITED

BALANCE SHEET
as at 31 December 2015

	Note	2015 £000	2014 £000 Restated
FIXED ASSETS			
Intangible assets	9	233	437
Tangible assets	10	2,185	2,441
Investments	11	3,730	3,782
		6,148	6,660
CURRENT ASSETS			
Debtors due within one year	12	57,850	443,833
Cash at bank and in hand	13	64,953	66,470
		122,803	510,303
CREDITORS: amounts falling due within one year	14	(19,188)	(406,359)
NET CURRENT ASSETS		103,615	103,944
TOTAL ASSETS LESS CURRENT LIABILITIES		109,763	110,604
PROVISIONS FOR LIABILITIES	15	(3,205)	(1,323)
NET ASSETS		106,558	109,281
CAPITAL AND RESERVES			
Called-up share capital	16	23,000	23,000
Other reserves		2,713	2,755
Profit and loss account		80,845	83,526
SHAREHOLDER'S FUNDS		106,558	109,281

The financial statements of Tullett Prebon (Europe) Limited (registered number 966604) were approved by the Board of Directors and authorised for issue on 1 March 2016. They were signed on its behalf by:

Paul Ashley

P J Ashley
Director

STATEMENT OF CHANGES IN EQUITY
as at 31 December 2015

	Called-up share capital £000	Other Reserves £000	Profit and loss account £000	Total equity shareholder's funds £000
At 31 December 2013 as previously stated	23,000	2,051	90,782	115,833
Changes on transition to FRS 102 (see note 19)	-	978	-	978
At 1 January 2014 as restated	23,000	3,029	90,782	116,811
Profit for the financial year	-	-	32,505	32,505
Fixed asset investment revaluation (see note 19)	-	(274)	-	(274)
Foreign exchange translation differences on foreign currency net investment in branches	-	-	239	239
Total comprehensive income	23,000	2,755	123,526	149,281
Dividends paid on equity shares (see note 8)	-	-	(40,000)	(40,000)
At 31 December 2014 restated	23,000	2,755	83,526	109,281
Profit for the financial year	-	-	30,945	30,945
Foreign exchange translation differences on foreign currency net investment in branches	-	-	254	254
Share based payment credit	-	-	120	120
Fixed asset investment revaluation	-	(42)	-	(42)
Total comprehensive income	23,000	2,713	114,845	140,558
Dividends paid on equity shares (see note 8)	-	-	(34,000)	(34,000)
At 31 December 2015	23,000	2,713	80,845	106,558

1. ACCOUNTING POLICIES

The principal accounting policies are summarised below. They have all been applied consistently throughout the year and to the preceding year.

a. General information and basis of accounting

Tullett Prebon (Europe) Limited is a company incorporated in the United Kingdom under the Companies Act. The nature of the Company's operations and its principal activities are set out in the strategic report on pages 1 to 3.

The financial statements have been prepared under the historical cost convention, modified to include certain items at fair value, and in accordance with Financial Reporting Standard 102 (FRS 102) issued by the Financial Reporting Council. The financial statements for the year ended 31 December 2015 are the first financial statements that comply with FRS102. The date of transition is 1 January 2014. The transition to FRS102 has resulted in restatement for material adjustments under FRS102. The nature if the changes and their impact on opening equity are disclosed in note 19.

The functional currency of Tullett Prebon (Europe) Limited is considered to be pounds sterling because that is the currency of the primary economic environment in which the Company operates.

Tullett Prebon (Europe) Limited meets the definition of a qualifying entity under FRS 102 and has therefore taken advantage of the disclosure exemptions available to it in respect of its separate financial statements. Tullett Prebon (Europe) Limited is consolidated in the financial statements of its ultimate parent, Tullett Prebon plc, which may be obtained at: Tower 42, Level 37, 25 Old Broad Street, London, EC2N 1HQ. Exemptions have been taken in relation to share-based payments, presentation of a cash flow statement and remuneration of key management personnel.

b. Going concern

After consideration of the Company's business review and the risks and uncertainties as set out in the Strategic Report, and having considered the Company's forecasts including the Company's liquidity and capital, the directors have a reasonable expectation that the Company has adequate resources to continue in operational existence for the foreseeable future. Accordingly, the going concern basis continues to be used in preparing these financial statements.

c. Goodwill

Goodwill arising on the acquisition of businesses representing the excess of the fair value of the consideration given over the fair value of the identifiable assets and liabilities acquired is capitalised and written off on a straight line basis over its useful economic life, which is 10 years. Provision is made for any impairment.

d. Intangible fixed assets

The cost of intangible fixed assets is their purchase cost, together with any incidental costs at acquisition. Development costs are only recognised as an intangible provided they meet all criteria required under FRS 102. Intangible fixed assets are stated at cost less accumulated amortisation. The cost is written off in equal annual instalments based on the estimated useful lives, which are:

Computer Software	up to 5 years.

e. Tangible fixed assets

The cost of fixed assets is their purchase cost, together with any incidental costs at acquisition. Fixed assets are stated at cost less accumulated depreciation and provision for any impairment. The cost is written off in equal annual instalments based on the estimated useful lives, which are:

Motor vehicles	3 to 5 years
Plant and machinery, fixtures and fittings	3 to 5 years
Land and buildings	over the period of the lease

Assets held under finance leases are depreciated over their expected useful lives on the same basis as owned assets or, where shorter, the term of the relevant lease.

1. ACCOUNTING POLICIES (CONTINUED)

f. Taxation

Current tax, including UK corporation tax and foreign tax, is provided at amounts expected to be paid (or recovered) using the tax rates and laws that have been 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 in the future or a right to pay less tax in the future have occurred at the balance sheet date. Timing differences are differences between the Company's taxable profits and its results as stated in the financial statements that arise from the inclusion of gains and losses in tax assessments in periods different from those in which they are recognised in the financial statements. Deferred tax liabilities or assets are calculated using the tax rates and laws that have been enacted or substantively enacted by the reporting date that are expected to apply to the reversal of the timing difference.

Deferred tax liabilities are recognised for timing differences arising from investments in associates, except where the Company is able to control the reversal of the timing difference and it is probable that it will not reverse in the foreseeable future.

Deferred tax assets are recognised to the extent that it is regarded as more likely than not they will be recovered. Deferred tax assets and liabilities are not discounted.

Current tax assets and liabilities are offset only when there is a legally enforceable right to set off the amounts and the Company intends either to settle on a net basis or to realise the asset and settle the liability simultaneously.

g. Financial assets and financial liabilities

The Company has elected to apply the recognition and measurement provisions of IAS 39 Financial Instruments: Recognition and Measurement (as adopted for use in the EU) financial assets and financial liabilities are recognised when the company becomes party to the contractual provisions of the instrument.

Financial instruments are derecognised when all derecognition criteria IAS 39 are met and the Group no longer controls the contractual rights that comprise the financial instrument. This is normally the case when the instrument is sold, or all of the cash flows attributable to the instrument are passed through to an independent third party.

Financial assets are classified on initial recognition as 'available-for-sale', 'loans and receivables' or 'at fair value through profit and loss account'. Financial liabilities are classified on initial recognition as either at 'fair value through profit or loss' or as other financial liabilities'.

(i) Loans and receivables

Loans and receivables are non-derivative financial instruments that have fixed or determinable payments that are not listed in an active market. Loans and receivables are measured at amortised cost using the effective interest method, less any impairment. Interest income is recognised using the effective interest rate, except for short term receivables when the recognition of interest would be immaterial. Settlement balances, trade receivables, loans and other receivables are classified as loans and receivables.

(ii) Available-for-sale

The Group's investment in equity securities and certain debt securities are classified as available-for-sale financial assets. Subsequent to initial recognition, they are measured at fair value and changes therein, other than impairment losses and foreign exchange gains and losses on available-for-sale monetary items. For equity financial assets, where the fair value cannot be reliably measured, the assets are held at cost less any impairment provisions. These assets are generally expected to be held for the long terms are included in non-current assets. Assets such as holdings 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. When an investment is derecognised, the cumulative gain or loss in other comprehensive income is transferred to profit or loss.

(iii) Fair value through profit or loss

Financial assets and liabilities can be designated at fair value through the income statement where they meet specific criteria set out in IAS 39 'Financial Instruments: Recognition and Measurement' or where assets or liabilities are held for trading. Subsequent changes are recognised directly in the income statement.

1. ACCOUNTING POLICIES (CONTINUED)

(iv) Other financial liabilities and financial assets

Other financial liabilities, including borrowings, are initially measured at fair value, net of transaction costs, and are subsequently measured at amortised cost using the effective interest method, with interest expense recognised on an effective yield basis.

Financial assets, other than those at fair value through the income statement, are assessed for indicators of impairment at each balance sheet date. Financial assets are impaired where there is objective evidence that, as a result of one or more events that occurred after the initial recognition of the financial asset, the estimated future cash flows of the investment have been impacted. Impairment is recognised in the income statement.

h. Share-based payments

The ultimate parent, Tullett Prebon plc, issues equity-settled share-based payments to certain of the Company's directors and employees. Equity-settled share-based payments are measured at fair value at the date of grant. The fair value determined at the grant date of the equity-settled share-based payments is expensed on a straight-line basis over the vesting period, based on estimated number of shares that will eventually vest.

The fair value of share options issued is determined using appropriate valuation models. The expected life used in the model has been adjusted, based on management's best estimate for the effects of non-transferability, exercise restrictions, and behavioural considerations.

The estimated fair value of shares granted is based on the share price at grant date, reduced where shares do not qualify for dividends during the vesting period. Market based performance conditions for equity-settled payments are reflected in the initial fair value of the award.

i. Cash flow statement

The Company is exempt from reporting a cash flow statement in accordance with FRS 102: Section 1 Scope of this Financial Reporting Standard, as the Company is a wholly owned subsidiary of Tullett Prebon plc, which is registered in England and Wales and which prepares Group financial statements which are publicly available.

j. Settlement Balances

The Company engages in Matched Principal brokerage whereby securities are bought from one counterparty and simultaneously sold to another counterparty. Settlement of such transactions typically takes place within a few business days of the transaction date according to the relevant market rules and conventions. The amounts due from and payable to counterparties in respect of as yet unsettled Matched Principal transactions are shown gross, except where a netting agreement, which is legally enforceable at all times, exists and the asset and liability are either settled net or simultaneously.

k. Broker contract payments

Brokers are employed on fixed term contracts. Broker contract payments made in accordance with a contract's terms that are in advance of the expected economic benefit due to the Group are accounted for as prepayments and included within prepayments and accrued income. Broker contract payments made in advance are subject to repayment conditions during the contract period and the prepayment is amortised over the shorter of the contract term and the period the payment remains recoverable. Amounts that are irrecoverable, or become irrecoverable are written off immediately. Broker contract prepayments are subject to annual review.

Broker contract payments made in arrears are accrued and are included within accruals and deferred income.

l. Related party transactions

The Company has taken advantage of reporting exemptions in accordance with FRS 102: Section 33 Related Party Disclosures, since it is a wholly owned subsidiary of a group where the voting rights are controlled within the Group and the Group's parent financial statements are publicly available.

1. ACCOUNTING POLICIES (CONTINUED)

m. Lease commitments

Rentals under operating leases are charged to the profit and loss account on a straight-line basis over the term of the lease.

n. Provisions

Provisions are recognised when the Company has a present obligation, legal or constructive as a result of a past event where it is probable that this will result in an outflow of economic benefits that can be reasonably estimated.

o. Dividend policy

Dividend income from investments is recognised when the Company's rights to receive payment have been established.

p. Turnover

Turnover comprises:

Name Passing brokerage, where counterparties to a transaction settle directly with each other. Turnover for the provision of the service of matching buyers and sellers of financial instruments is stated net of VAT, rebates and discounts and is recognised in full on trade date.

Matched Principal brokerage, turnover being the net proceeds from a commitment to simultaneously buy and sell financial instruments with counterparties, is recognised on trade date.

Executing Broker brokerage, where the Group executes transactions on certain regulated exchanges, and then 'gives-up' the trade to the relevant client, or its clearing member. Turnover for the provision of the service of matching buyers and sellers of financial instruments is stated net of sales taxes, rebates and discounts and is recognised in full on trade date.

q. Trade date accounting

Security transactions and related income are recorded on a trade date basis.

r. Employee benefits

Tullett Prebon (Europe) Limited participates in Tullett Prebon Group Limited's defined benefit plan and the net defined benefit cost of the plan is therefore recognised in Tullett Prebon Group Limited, as the group entity legally responsible for the plan. Tullett Prebon (Europe) Limited recognises a cost equal to their contribution payable for the period in their profit or loss. For defined contribution schemes the amount charged to the profit and loss account in respect of pension costs and other retirement benefits is the contributions payable in the year. Differences between contributions payable in the year and contributions actually paid are shown as either accruals or prepayments in the balance sheet.

Other long-term employee benefits are measured at the present value of the benefit obligation at the reporting date.

s. Foreign currency

Transactions in foreign currencies are converted at exchange rates ruling at the transaction dates.

Monetary assets and liabilities, denominated in foreign currencies at the balance sheet date are translated into sterling at the rates of exchange ruling at the balance sheet date. Exchange gains and losses are taken to the profit and loss account.

For the purpose of presenting the financial statements, the assets and liabilities of the Company's foreign operations are translated at exchange rates prevailing on the balance sheet date. Exchange differences arising are recorded in the statement of total recognised gains and losses and transferred to the Company's profit and loss account in equity.

2. Turnover and revenue

An analysis of the Company's turnover by geographical market is set out below.

	2015 £000	2014 £000
Turnover:		
Europe	240,355	255,607
Asia	904	680
	241,259	256,287

An analysis of the Company's revenue is as follows:

	2015 £000	2014 £000
Brokerage fees	241,259	256,287
Turnover	241,259	256,287
Dividends	1,395	779
Interest	130	182
Other operating income	438	3
Total revenue	243,222	257,251

3. Staff numbers and costs

Their aggregate remuneration comprised:

	2015 £000	2014 £000
Wages and salaries	111,659	122,025
Social security costs	17,786	19,442
Other pension costs	4,730	3,434
	134,175	144,901

The Company's operations are carried out by employees of the Company's branches and Tullett Prebon Group Limited. Staff costs represent amounts incurred directly or charged to the Company as a direct allocation of expenses by Tullett Prebon Group Limited. During the year, the average monthly number of employees identified as being directly involved in the operation of the Company was 512 (2014: 531).

Defined contribution and defined benefit pension schemes are operated for the employees of Tullett Prebon Group Limited.

Full details of the pension schemes including the main financial assumptions for the defined benefit plan (which is closed to new members and future accrual), is disclosed in accordance with FRS 102 Section28: Employee Benefits, in the financial statements of Tullett Prebon Group Limited.

The pension charge for the year was £4,730,000 (2014: £3,434,000) which represents a direct allocation of expenses by Tullett Prebon Group Limited to the Company.

4. Finance income (net)

	2015 £000	2014 £000
Interest receivable and similar income	130	182
Interest payable and similar charges	(36)	-
	94	182

Interest receivable and similar income

	2015 £000	2014 £000
Bank deposits	130	182
	130	182

Interest payable and similar charges

	2015 £000	2014 £000
Bank overdrafts	(36)	-
	(36)	-

5. Profit on ordinary activities before taxation

Profit on ordinary activities before taxation is stated after charging:

	2015 £000	2014 £000
Depreciation of tangible fixed assets (note 10)	195	193
Operating lease rentals		
- land and buildings	217	238
Amortisation of intangible assets (note 9)	204	206
Cost improvement programme	4,296	7,893
Auditor's remuneration		
- for audit of the Company's statutory accounts	83	83
- audit related assurance services	51	36

The cost improvement programme in 2015 and 2014 reflects the cost of actions taken to reduce operating costs, including redundancies and the write down of related balance sheet items.

A material proportion of the Company's expenditure, including auditor's remuneration in respect of audit work, is incurred by Tullett Prebon Group Limited. This is recovered by Tullett Prebon Group Limited by way of a management charge to the Company.

6. Directors' remuneration and transactions

	2015 £000	2014 £000
Directors' remuneration		
Remuneration (including pension contributions)	4,399	4,769
Company contributions to pension schemes	23	20
	4,422	4,789
	Number	**Number**
The number of directors who:		
Are members of a defined benefit pension scheme	7	7
	2015 £000	**2014 £000**
Remuneration of the highest paid director:		
Remuneration (excluding pension contributions)	1,037	1,128
Company contributions to pension schemes	-	-

During 2015 a Deferred Bonus Plan was introduced by the Group which applies to certain of the Company's employees. The awards made in 2015 are subject to the completion of service conditions and the fulfilment of other conduct requirements. The number of deferred Group shares, reflecting the monetary value of these awards, will be determined in March 2016 at the then market price.

The deferred Group shares vest in tranches up to March 2019 and will be settled by the Tullett Prebon plc Employee Benefit Trust 2007 from Group shares purchased by it in the open market.

The fair value of the deferred Group shares equates to the monetary value of the awards at grant date and includes the value of expected dividends that will accrue to the beneficiaries.

The Company recognised a share-based expense of £120,000 reflecting the 2015 cost attributable to its employees.

Further disclosures are included in the Group's Consolidated Financial Statements.

7. Tax on profit on ordinary activities

The tax charge comprises:

	2015 £000	2014 £000
Current tax on profit on ordinary activities		
UK corporation tax charge on profit for the year	8,674	10,331
Double tax relief	(115)	(527)
	8,559	9,804
Foreign tax	188	851
Adjustments in respect of prior years		
UK corporation tax	(24)	(69)
Total current tax	8,723	10,586
Total tax on profit on ordinary activities	8,723	10,586

Factors affecting the current tax charge

The tax assessed on the profit on ordinary activities for the year is more than the standard rate of corporation tax in the UK of 20.25% (2014: 21.50 %).

The difference between the total tax charge shown above and the amount calculated by applying the standard rate of UK corporation tax to the profit before tax is as follows:

	2015 £000	2014 £000
Profit on ordinary activities before tax	39,668	43,091
Profit on ordinary activities multiplied by the standard rate of corporation tax in the UK	8,033	9,265
Effects of:		
- Expenses not deductible for tax purposes	876	1,233
- Non-taxable dividends	(283)	(168)
- Tax effect on share based payments	43	-
- Foreign tax	73	324
- Adjustment to tax in respect of previous periods	(24)	(69)
- Other	5	1
Total tax charge for period	8,723	10,586

8. Dividends on equity shares

	2015 £000	2014 £000
Amounts recognised as distributions to equity holders in the period:		
Final dividend for the year ended 31 December 2014 of 120.62p (2013: 155.09p) per ordinary share	14,000	18,000
Interim dividend for the year ended 31 December 2015 of 172.32p (2014: 189.56p) per ordinary share	20,000	22,000
	34,000	40,000

The proposed final dividend is subject to approval by the directors and has not been included as a liability in these financial statements.

9. Intangible fixed assets

	Goodwill £000	Purchased Software £000	Total £000
At 1 January 2015	4,492	140	4,632
Exchange adjustments	-	(44)	(44)
At 31 December 2015	4,492	96	4,588
Amortisation			
At 1 January 2015	(4,059)	(136)	(4,195)
Charge for the year	(200)	(4)	(204)
Exchange adjustments	-	44	44
At 31 December 2015	(4,259)	(96)	(4,355)
Net book value			
At 31 December 2015	233	0	233
At 31 December 2014	433	4	437

Goodwill (the fair value of assets acquired less the cost of acquisition) relates to acquisition of businesses from Tullett Liberty GmbH and Tullett Prebon (Oil) Limited, both Group companies, on 1 November 2002 and 31 October 2010 respectively. Goodwill is being amortised over its estimated useful life of 10 years.

10. Tangible fixed assets

	Land and Buildings £000	Plant and Machinery Fixtures and fittings £000	Motor Vehicles £000	Total £000
Cost				
At 1 January 2015	2,752	1,037	248	4,037
Restatement of opening balances	396	1,833	(220)	2,009
At 1 January 2015 restated	3,148	2,870	28	6,046
Additions	-	63	-	63
At 31 December 2015	3,148	2,933	28	6,109
Depreciation				
At 1 January 2015	(608)	(740)	(248)	(1,596)
Restatement of opening balances	(488)	(1,865)	220	(2,133)
At 1 January 2015 restated	(1,096)	(2,605)	(28)	(3,729)
Charge for the year	(47)	(148)	-	(195)
At 31 December 2015	(1,143)	(2,753)	(28)	(3,924)
Net book value				
At 31 December 2015	2,005	180	-	2,185
Net book value				
At 31 December 2014	2,144	297	-	2,441

The opening balances have been restated for a prior period error which has no effect on opening reserves.

11. Fixed asset investments

	Other investments £000	Associates £000	Total £000
Carrying value before impairment			
At 31 December 2013	1,980	922	2,902
Changes on transition to FRS 102 (see note 19)	1,222	-	1,222
At 1 January 2014	3,202	922	4,124
Changes on transition to FRS 102 (see note 19)	(342)	-	(342)
At 31 December 2014	2,860	922	3,782
Movement in the fair value of listed investments	(52)	-	(52)
At 31 December 2015	2,808	922	3,730

The restated amount to opening balances as at 1 January 2015 is gross of deferred tax.

At 31 December 2015 the Company held investments in the issued share capital of the following companies:

Company	*Business*	*Country of incorporation*	*% held*
Associates			
Tullett Prebon SITICO (China) Limited	Derivatives and money broking	China	33%
Other investments			
Euroclear plc 1,809 ordinary shares shares of €1 each	Settlement agent	Belgium	<1%
LME Holdings Ltd 25,000 ordinary shares shares of £0.01 each	Dealing exchange	England	<1%

Other investments were previously held at cost less impairment. On adoption of FRS 102, other investments are recorded at fair value with changes in fair value reflected in other comprehensive income. The Company's investment in Euroclear plc has been valued using recent traded prices. The Company's investment in LME Holdings Limited has been valued based on net asset value. Associates are measured at cost less impairment. No impairment gains or losses were recognised during the year (2014:£0).

12. Debtors

	2015 £000	2014 £000
Amounts falling due within one year:		
Trade debtors	26,789	29,468
Settlement balances	12,413	402,946
Amounts owed by Group undertakings	14,720	7,100
Prepayments and accrued income	3,744	4,093
Other debtors	184	226
	57,850	443,833

Included in settlement balances is an amount of £12,357,000 (2014: £402,935,000) in respect of transactions not yet due for settlement. This amount represents sale of securities where settlement will take place on a delivery versus payment basis. The form of these transactions is that the Company takes temporary control until the transactions are settled. Settlement balances past due date total £56,000 (2014: £11,000), and are settled in the normal course of business.

13. Cash at bank and in hand

Cash at bank for 2014 is £64,953,000 (2014: £66,470,000).

14. Creditors

	2015 £000	2014 £000
Amounts falling due within one year:		
Trade creditors	518	777
Other creditors	1,876	1,886
Settlement balances	12,411	401,251
Amounts owed to group undertakings	520	709
Corporation tax	1,132	249
Accrual and deferred income	2,731	1,487
	19,188	406,359

Included in settlement balances above is an amount of £12,354,000 (2014: £401,241,000) in respect of transactions not yet due for settlement. Settlement balances past due date total £57,000 (2014: £10,000), and are paid in the normal course of business.

15. Provisions for liabilities

	Deferred taxation £000	Restructuring £000	Total £000
At 1 January 2015	176	1,147	1,323
Charged to profit and loss account	-	2,974	2,974
Charged to other comprehensive income	(10)	-	(10)
Utilisation of provision	-	(1,180)	(1,180)
Exchange adjustment	-	98	98
At 31 December 2015	166	3,039	3,205

The provisions in respect of restructuring in 2015 relate to costs of staff rationalisation as part of the cost improvement programme.

Deferred tax

Deferred tax is provided as follows:

	2015 £000	2014 £000
Other timing differences	166	176
Provision for deferred tax	166	176

Deferred tax assets and liabilities are offset only where the Company has a legally enforceable right to do so and where the assets and liabilities relate to income taxes levied by the same taxation authority on the same taxable entity or another entity within the Company.

The Company does not expect a net reversal of deferred tax assets to occur during 2016 (2015: nil).

16. Called-up share capital and reserves

	2015 £000	2014 £000
Allotted, called-up and fully-paid		
23,000,000 ordinary shares of £1 each (2014: 23,000,000)	23,000	23,000

The Company has one class of ordinary shares which carry no right to fixed income.

The Company's other reserves are as follows:

Other reserves represent capital redemption reserves and gains/losses arising on revaluation on other investments held. The profit and loss reserve represents cumulative profits or losses, net of dividends paid and other adjustments.

17. Financial commitments

At 31 December 2015, the Company had the following future minimum lease payments under non-cancellable operating leases:

	2015 Buildings	2015 Other	2014 Buildings	2014 Other
	£000	£000	£000	£000
Annual commitment on leases expiring:				
- within one year	247	61	70	2
- between one and five years	77	40	289	168
	324	101	359	170

18. Controlling party

The Company's immediate parent undertaking is Tullett Prebon Investment Holdings Limited.

The Company's ultimate parent and controlling party is Tullett Prebon plc. The parent undertaking of the smallest group which includes the Company for which group accounts are prepared is Tullett Prebon Group Holdings plc.

The parent undertaking of the largest group which includes the Company for which group accounts are prepared is Tullett Prebon plc.

Copies of Tullett Prebon Group Holdings plc and Tullett Prebon plc financial statements are available from the registered office: Tower 42, Level 37, 25 Old Broad Street, London, EC2N 1HQ

19. Explanation of transition to FRS 102

This is the first year that the Company has presented its financial statements under Financial Reporting Standard 102 (FRS 102) issued by the Financial Reporting Council. The following disclosures are required in the year of transition. The last financial statements under previous UK GAAP were for the year ended 31 December 2014 and the date of transition to FRS 102 was therefore 1 January 2014. Other investments were previously held at cost less impairment. On adoption of FRS 102, other investments are recorded at fair value with changes in fair value reflected in other comprehensive income. The Company's investment in Euroclear plc has been valued using recent traded prices. The Company's investment in LME Holdings Limited has been valued based on net asset value.

Reconciliation of equity - Other reserves

	At 31 December 2014 £000	At 31 December 2013 £000
Other reserves reported under previous UK GAAP	2,051	2,051
Adjustments to equity on transition to FRS 102		
Revaluation of other investments (note 11)	880	1,222
Deferred tax on revaluation (note 15)	(176)	(244)
Net revaluation of other investments	704	978
Other reserves reported under FRS 102	2,755	3,029